

# Bathurst Wholefood Co-op

## Purchasing and payment procedure

### Our objectives

- To purchase locally grown and/or organic foods and related products, for sale to co-operative members and the wider community
- To work in conjunction with existing organisations to raise awareness in the community about the benefits of buying/consuming locally sourced produce
- and
- To promote and/or create a route to market for local/organic produce and value-add items generated by the local farming community.

### Purpose

In line with the mission of the Co-op, the following procedure is designed to provide a framework for decisions by the shop manager and shop coordinators/s on procurement of produce, as well as a framework to minimise risk of fraud and loss through the process.

### Steps

1. Order or accept goods
2. Create payment for goods
3. Authorise payment for goods
4. Maintain relationship with suppliers for future procurement

### 1.0 – Order or accept goods

The listing below is a sliding scale of the various procurement channels

- 1.0.1 Existing supplier with a published price list
- 1.0.2 New supplier with a published price list, and likelihood of future supply
- 1.0.3 New supplier with a published price list, with unlikely chance of future supply
- 1.0.4 Existing supplier without a published price list, but low likelihood of future supply
- 1.0.5 New supplier without a published price list, with unlikely chance of future supply

The purchasing for item 1.01 will be reasonably simple, risk-free, and systematic. As you descend the list the procurement will need deeper understanding of the various competing pressures and as such will likely need more discussion before acceptance. The Shop Manager/s should be comfortable in seeking consultation with the shop committee and board members in situations they have concerns. Many suppliers to the co-op will align with 1.0.5 in the form of local community members with backyard produce – we will still welcome these influxes of produce, however note they these are not reliable sources for regular supply.

### *1.1 – Related or associated suppliers*

Where the supplier is a previous or current employee of the co-op, or a previous or serving director of the board, it is important to be transparent with any interactions on this purchasing procedure.

This Procedure acknowledges that all co-op employees, directors and owners are extended as a minimum standard the same opportunities to supply to the co-op as any non-associated supplier. It is acknowledged that most employees of the co-op are engaged based on their passion for our objectives, and that any directors and co-op owners are volunteers because they share the objectives of the co-op.

As such we need to be clear that the procedures herein are to provide transparency and remove any chance of their contributions reducing their options as suppliers; which would contradict our objectives as outlined above.

## *1.2 Acceptable pricing*

The Bathurst Wholefood Co-op is not yet large enough to warrant a dedicated procurement officer. Instead, we rely on the Shop Manager/s maintaining a working knowledge of acceptable competitive pricing, and what our owners and the wider community are prepared to pay for the various produce we stock. Wherever there is doubt on this the Shop Manager/s should seek further discussion with any other knowledgeable and up to date related parties, and consult other wholefood cooperatives or government pricing guides.

Mark-up on pricing is consistent across all fruit and vegetable items whether locally or non-locally sourced. Markups vary for value-add items, according to freight costs, ease and frequency of ordering and demand.

When this pricing discussion is with related or associated suppliers (as referred to in dot point 1.1 above) any pricing discussion should be recorded, with a follow-up letter or email if discussion is verbal, and the pricing decision justified in writing against these criteria.

It is acknowledged there may not always be a competitive marketplace for comparable locally grown organic produce, given the broad nature of our product lines, seasonal variability and limited local suppliers (supply and demand).

## 2.0 – Create payment for goods

Our procedure for payment of goods is as follows;

- 2.0.1 Suppliers provide an acceptable tax invoice
- 2.0.2 Shop Manager compares this invoice against quoted price or price list where possible
- 2.0.3 If the supplier requires payment on receipt, this shall be done via the cash procedure utilising the book and the supplier acknowledging receipt of the payment. This will then be reconciled retrospectively in the accounting software to the appropriate account
- 2.0.4 If the supplier will accept EFT (electronic funds transfer), which is our preferred method, the invoice will be uploaded to the accounting software and reconciled to the correct account

## 3.0 – Authorise payment for goods

Periodically the Shop Manager/s will create batch payments to those suppliers to enable timely payment of these invoices to the supplier

The following considerations should be acknowledged in this EFT process;

- 3.0.1 Ideally one or two batches per week is more efficient than daily payment batches, but we do not wish to put any of our suppliers under undue financial stress. Typically, most invoices

should be paid either within 7 days where payment terms are not specified, or before the due date where payment terms are specified

- 3.0.2 Where payment is made on receipt of goods, it is important where possible to provide transparency and ideally a third party will be present to witness the transaction. This is why our preferred method is EFT
- 3.0.3 Where EFT is made, the following considerations should be met; The approval in the internet banking should utilise dual signatories for any payments over \$100. This will require signatories to be responsive in their approvals, and those asking for signatories to provide as much notice of the pending approval as is practical. Signatories should be Shop Manager/s and a minimum of two (2) board members.
- 3.0.4 The Co-op will also maintain a minimal balance in a debit card facility for the shop manager to use for incidental purchases within the budget provided, or where payment via EFT is not accepted below \$100. Above \$100, or outside or budgeted amounts, a second written approval should be sought prior to purchases being completed. We do acknowledge from time to time there may be emergencies where this is not possible, and in these circumstances correspondence via email should be forwarded to the required parties as soon as practical ,and certainly within 24 hours of any such expenditure
- 3.0.5 Where payment is being made to any signatory, or a business they are associated with, that signatory shall not be the signatory on that transaction

#### 4.0 – Maintain relationship with suppliers for future procurement

It is the intention of the board of the Co-op continue to build and foster relationships with suppliers who match the mission of the Co-op. To do this any perceived conflicts should be referred to the Shop Manager/s initially and the Chair of the board should be advised if the Shop Manager has any concerns on the matter.

From time to time there will be suppliers who offer similar produce, and the Shop Manager/s initially should be transparent with these suppliers, as to the process for comparison and decision making as to which supplier, and produce is being favoured. Whilst our intention is to support all local organic suppliers, this may not always be practical due to our constraints and location.

Where there is a supplier overlooked in this process, the shop manager should prioritise the maintenance of this relationship to enable future interactions.