

Description: Credit and Purchasing Policy**Authorisation Requirements: The Board****Authorisation:**

Prepared By: _____ Date: ____/____/____ Reviewed By: _____ Date: ____/____/____

Issued : ____/____/____ Authorised and Signed By: _____ Date : ____/____/____

Overall Objective:

As AMIA continues to grow & diversify the overall objective of the policy is the prudent control of credit, costs and resources. As part of this process, AMIA has developed an approach to credit control and purchasing that ensures the company is able to maximise cash flow opportunities and cost savings wherever possible, by dealing with preferred customers & suppliers and by making a range of quantity purchases and quality credit decisions.

To support this approach all employees are required to follow the AMIA policy approach to credit control and purchasing to ensure that the substantial savings and profitability designed into this approach are passed throughout the company.

Key Items:

- The policy has been created in order to: - improve Cash Flow, reduce or minimise risk and to limit AMIA's exposure to costly errors or bad debts.
- The following table lists the transaction limits for Credit, Purchasing & Sales.
- Any Sales / Purchases exceeding the limits set for the General Manager must be referred to the Board of Management for authorization and approval.

Conditions and Process for Credit / Cash Sales Customer Accounts

- 1) Minimum essential customer information required is
 - * Company Name (if applicable) – Include ACN and/or ABN (for tax purposes)
 - * Contact Name(s)
 - * Contact Phone Number(s)
 - * Postal, Street and Site Addresses and who is to be invoiced for the works.
 - * References (if requesting Credit Application)
 - * Guarantees – (Director(s) or Bank) to be in place for work valued over \$20,000.00.

- 2) Please refer to table for levels of authority required for each sale. Appropriate signatures must be obtained before proceeding with any sale.
- 3) Staff Purchases – Must be quoted by the General Manager (Cost + Over Heads 24% + GST) and will be treated as a Cash Sale. This percentage is deemed to include 21% overhead and 3% margin.
- 4) Samples given to a customer must be accompanied by “No Charge” paperwork as per the normal sale process to that customer. i.e. Cash Sale or appropriate Account.
- 5) Before an order is processed for a job to commence, Customers are required to:
 - a) Pay a 10% deposit (or other % with the consent of the General Manager) **or**,
 - b) Give powder-coat goods as collateral **prior** to their quote/order being converted into an AMIA job **or**,
 - c) Submit a written order if they have an approved credit account **or**,
 - d) Complete an “AMIA Credit Application” form along with a written order. The Credit checking procedure must be followed and the Customer account approved **before proceeding** with the order.
- 6) Completed credit applications will have a “Credit Reference” check performed. If successful a letter will be sent to the applicant setting out AMIA’s Trading Terms. If unsuccessful contact will need to be made with the applicant and a deposit requested or other payment terms as agreed.
- 7) Once conditions 3) & 4) above have been met, a yellow “Job Docket” will be created. **No job is to commence production without a “System” authorised & generated Job Docket.**
- 8) AMIA’s standard Trading Terms are 30 days from end of month. Supply to Customers will be on hold when their account reaches 45 days (or 15 days overdue from agreed terms). Discretion of the General Manager must be sought before extended terms are implemented.
- 9) Home warranty insurance is required for all domestic projects worth \$12,000.00 or more. Refer to Schedule Table.

- 10) Upon completion of the works, the Job Docket and any attachments must be checked again and clearly marked to reflect the “actual” works done including quantities, items, designs, colours, final price and variations to the Contract Price. The Job Docket must be dated and a note made of how the goods are to be delivered / picked-up and a signed Proof of Delivery (P.O.D.) must be returned.
- 11) Submit the Job Docket to the Administration Manager with all associated paperwork attached for final processing and conversion to Delivery Docket or Invoice.
- 12) For account customers a green “Delivery Docket” will be produced for customer to sign upon receipt of goods. For cash customers an “Invoice” will be produced - payment must be received prior to goods being released. Customer/Freight Company should sign to acknowledge acceptance of goods received. Installed products require payment upon completion and arrangements are to be made for the company employee to receipt such payment. Should works require fitting over and extended period of months, a standard progress payment schedule will need to be provided with a letter of quotation.
- 13) Once goods have been despatched, copies of all relevant documents must be filed together.

Conditions and Process for Purchasing:

- 1) All purchases require a System generated Purchase Order which is to be issued by the Purchasing Manager.
- 2) If the Purchasing Manager is absent, the Administration Manager or General Manager or Operations assistant/ Manager can raise a Purchase Order.
- 3) Before a Purchase Order can be raised, a Purchase Order Requisition must be completed with all relevant details. Special attention must be paid to note where the expense will be accounted for. (I.e. Job Specific details, Stock Replenishment or Expenses).
- 4) All Requisitions must be signed by a Manager or Supervisor with the appropriate level of authority (as listed in the following table).

- 5) Orders in excess of the limits set for the Purchasing Manager will require a “Verification” signature on the Purchase Order to signify it has been checked i.e. The Purchase Order will be printed and checked by the General Manager before submission to a supplier.
- 6) Goods acquired on / charged to AMIA’s account without an official Purchase Order (or goods acquired in excess of those listed on a Purchase Order) will be the responsibility of the purchaser, unless the Purchasing Manager has been notified of the variance. (I.e. via Requisition at time of acquisition). If goods are acquired in contravention of paragraphs 3) & 4) above, the Purchasing Manager advise the Supplier of the responsible party for collection of the debt.
- 7) The Purchasing limits apply to all purchases other than monthly orders of “Windows” stock (Extrusion & Hardware) from G. James and (Glass) from Viridian Glass as these are relatively constant and large \$ value orders.
- 8) Budgets \$\$ must be provided for all non stocked, non standard products with the requisition when raised.

9) **Table of Authority and Authorisation Limits:**

NB: Orders above specified limits must be referred to next highest Manager or The Board of Management.

MD – Managing Director, BDD – Business Development Director, AO Administration Officer

	Sales & Projects		Purchasing		Capital Expenditure
Department	Contracts / Projects	Credit Account	Stock	Job Specific Requirements	
General Manager	< \$500,000	Refer A	< \$50,000	< \$50,000	< \$10,000
Logistics Supervisor	Refer MD	Refer MD	< \$2,000	< \$1,000	Nil
Purchasing officer / Operations Assistant (with Joint Verification)	Refer MD	Refer MD	< \$5,000	< \$2,000	< \$250
By Requisition					
Business Development Director	< \$ 200,000	Refer MD	< \$2,000	< \$1,000	< \$250
Business Development Coordinator	< \$10,000	Refer MD	< \$2,000	< \$ 5000	Nil
Administration Manager / Officer (AO)	< \$20,000	Ledger Credit Limit	< \$2,000	< \$500	Nil
Sales & Customer Service	< \$10,000	Ledger Credit Limit	< \$1,000	< \$500	Nil
Operations Manager	Refer MD	Refer MD	< \$5,000	< \$2,000	< \$250
Production Supervisors	Refer MD	Refer MD	< \$1,000	< \$1,000	Nil
Installation Supervisor	Refer MD	Refer MD	< \$1,000	< \$500	Nil

Other issues relating to the policy:

Every “new” account has to have a Credit Limit. This credit limit is to be set by the Managing Director. For each job thereafter, refer to the credit limit for the account and if it is exceeded refer to the Managing Director for authorisation and approval.
