PROCEDURE

Procurement

The current controlled version of this procedure is located on RSG Network IMS Folder. All other printed copies of this procedure are to be considered uncontrolled and should be validated against the current controlled version on the RSG Network IMS Folder before use.

Document Review Record				
Document No. and Name		QMS-PRO-001 Procurement Procedure		
Rev No	**Description**	**Prepared by**	**Checked by**	**Date**
0	New	Mackay Safety Consultants	E Wicks	10.06.2013
1	Format/style changes and rework to meet RSG activities	E Wicks	L Strappazon G Wicks	23.09.2013
2	OI's identified in Ext Cert Audit – clarify purpose, Section 7 - inclusion of Receipting Goods & Services. Section 8 - Inclusion of process for Supplier Evaluation (P-QA-002 now obsolete)	E Wicks	G Wicks	22.11.2013
3	Remove reference to F-AC-003 and include reference to the Administration Manual	E Wicks	L Strappazon	31.01.2014
4	More detail on 7.0 Receipt of goods, 6.0 Authority for Expenditure level increase & at Contract signing for project material	E Wicks	L Strappazon	02.07.2014
5	6. Authority for Expenditure level increase. 5.0 process change to purchase requisition to written out and corporate office to raise purchase orders. Position change from Finance to Commercial Manager	M Richards	L Strappazon	28.10.2015
6	Update Numbering Structure	L Strappazon	M Delaney	07.06.2016
7	Review and amend responsibilities section	A Forrest	L Strappazon	01.09.2016
8	Include consideration for Product Lifecycle.	A Forrest	L Strappazon	08.09.2016
9	Include project procurement references and procedure	M Delaney	L Strappazon	22.09.2016
10	Update Authority Levels, Amend 5.2.2, Amended 8.2, Remove Attachment 1, Include Flowchart	M Richards	L Strappazon	06.02.2018
11	Remove Supervisor Expenditure Authority	A Forrest	M Richards	03.12.2018
12	Amend Clause 5.3 – Credit Cards	A Forrest	A McFadzen	14.12.2018
13	Review	M Vorpagel	D McNeil	29.08.2019

Electronic approval by:
Name: David McNeil
Position: Operations Manager
Date: 29.08.2019

TABLE OF CONTENTS

1 PURPOSE

This procedure defines the means to ensure that purchased products or services conform to company requirements. The company must keep effective and accurate records of all purchases. The purpose of this procedure is to ensure the company has a documented process to ensure goods and services:

- are appropriately authorised prior to ordering,
- conform to specified purchase requirements,
- are provided by reputable suppliers,
- are received in a timely manner, and
- provide the best value obtainable to the Company.

Compliance with this procedure is a condition of employment with the company.

2 SCOPE

This procedure applies from the identification of the requirement to purchase goods or services, evaluation of suppliers, through to the completion of all purchasing transactions. This procedure is applicable to all company personnel (employees and contractors).

3 DEFINITIONS

Approved Suppliers List: A list of all identified suppliers that are used by the company (refer to intranet).

Company / the Company: Refers to Reay Services Group and associated entities.

Project Procurement: refers to the purchase of materials and/or services for awarded contracts

Supplier: An organisation that supplies a product or service that is essential for the ability of the company to deliver its own product or service.

MYOB: Accounting/finance package used by the company

Personnel: Reay Services Group employees and contractors.

Senior Management: Refers to the senior management team (including the Managing Director, Area/Operations Manager, and Commercial Manager)

Supervisor: Refers to the person directly in charge of the employee (this position is not limited to persons with the name Supervisor in their position title).

4 RESPONSIBILITIES

The Commercial Manager & Finance Department are to update and maintain as necessary. The Managing Director is to review and approve.

5 PURCHASING PROCEDURE

5.1 Identify requirement for procurement of good or service (planning)

Determination is made that a good or service is required, specifying what to purchase, how much and when to purchase and Contract BOQ Bill of Quantities (where applicable).

Clear description and specification of the good or service is critical to the successful purchasing process. Specifications may include:

- Contract specifications,
- Applicable Standards,
- Consideration of health, safety, environmental and quality issues,
- Reay Services Group Requirements, or
- Combination of the above

All supplied substances shall have a Safety Data Sheet for the substance included upon delivery. Safety and environmental aspects must be taken into account for storing, handling and disposing of substances.

Prior to purchase of equipment and/or services the purchaser must consider:

- Contract Scope of Work and specifications (where applicable)
- Relevant Australian Standards
- Additional safe guards for intended use
- Product Lifecycle (within the bounds of client requirements)
- Known hazards associated with equipment (eg. Noise, vibration levels)
- Provision of manufacturer's instructions and manuals
- Specific training requirements

Reay Services Group is committed to complying with AS/NZS ISO 9001. We encourage relationships with businesses and individuals with the same focus. It is a mandatory requirement that a Material Certificate must be supplied at time of delivery for materials purchased for each project.

Goods and services supplied must meet all relevant technical requirements as well as be delivered in a timely manner.

5.2 How to purchase / procure

Options to purchase/procure include:

- Purchase Order
- Credit Card
- Petty cash
- Contractor / Consultancy Agreement

All expenses must have a purchase order raised prior to the actual purchase.

Exceptions to this requirement include flight bookings, credit card purchases, and fuel card purchases – these must have a MYOB entry raised to reflect actual purchase as soon as practicable.

Consumable expenses may be purchased using Petty Cash. Appropriate records of purchase must be retained and Petty Cash Register updated to reflect expenditure.

5.2.1 Purchase authorisation

Any purchasing must be undertaken within the pre-determined and appropriate levels of "Authority to Spend" (Refer Section 6.0). Authorisation must be obtained prior to a purchase order being issued.

All purchases of materials and/or services on projects are to be reviewed and authorised by the Project Manager. A copy of the Project TQ authorised by the Client must be attached to the Purchase Order and copy sent to the General Manager where materials or services deviate from the Contract Scope of Work and/or specifications referenced in the Contract.

5.2.2 Obtain purchase order number

Administration will raise all purchase orders and enter details into MYOB. Administration will then distribute the PO to relevant personnel.

As a minimum, 3 quotes should be obtained to ensure best value and/or best lead times (may be exempted if using preferred supplier)

5.2.3 Send purchase order to supplier

The purchase order will be emailed from the corporate office and will include the requisitioner.

5.2.4 File purchase order

All purchase orders are maintained electronically within MYOB and/or internal network. (where applicable) a copy of the purchase order and material certificate must be filed with the Project MDR.

5.3 Credit Cards

For all purchases the aim of the company is to purchase everything via "Company Purchase Order" ensuring the costs are tracked and linked to the appropriate company account, and to also ensure that all purchases are authorised / approved through the correct channels.

If you are a person within the business that has been issued a credit card, the credit card is ONLY to be used for the following purchases:-

- Refuelling of the vehicle allocated to yourself, if there is not a designated Fuel Card.
- Travel Bookings – not actioned through Flight Centre, for example local travel to Middlemount, Moranbah etc.
- Incidentals and meals associated with business / work related travel.

Exceptions:

- Emergency purchases on a credit card must first be approved by the Operations Manager and then Managing Director, before a purchase takes place.
- All other credit card purchases are to be purchased through the Managing Directors Credit Card unless otherwise agreed.

Any employee issued with a company business credit card (card holder) must adhere to the following:

- spend limits and authorisation process for expenditure (see 5.3.1)
- no unauthorised use (see 5.3.2)
- it is the responsibility of the card holder to ensure the card be kept secure

- If lost or stolen it must be reported to the bank ASAP as well as the Managing Director.
- all expenses must be logged in MYOB
- all receipts must be retained and provided to the finance department as soon as possible (with spend and project / job details provided)

Breaches to this procedure may result in disciplinary action.

5.3.1 Spend limits for credit card holders

Spend limits and authorities must be complied with, and are detailed in the "Authority Level for Expenditure" table in section 6.0.

5.3.2 Unauthorised use

Company business credit cards should not be used for personal expenses.

Should a credit card be used by accident (ie. the card holder confused the company credit card with their own) then this shall be reported immediately to the card holders manager. Arrangement shall be made to ensure the money is reimbursed to Reay Services Group immediately.

6 AUTHORITY LEVEL FOR EXPENDITURE

Authorised purchasing expenditure levels are established by the company.

Level Number	Level of Expenditure – Purchase Order	Role Responsible and Authorised
2	$0 - $5,000	- Area Works Manager - HSEQ Officer - Project Estimator
3	$0 - $10,000	- Finance Coordinator
4	$0 - $20,000	Senior Management - Project Manager - Area/Operations Manager - Commercial Manager - General Manager
5	$20,000 and above	RSG Board of Management
	Level of Expenditure – Credit Card	**Role Responsible and Authorised**
	$0 - $1000	Card holders authority (business purchases only)
	$1000 and above	Card holders managers authority **however not to exceed Purchase Requisition authorisation levels.*
	***Note – NAB credit cards have spend limits placed Management	

Authorised role representative shall review, with appropriate personnel, the request to purchase and determine if and when purchase will be made. All unbudgeted project expenditure must be referred to the Operations Manager for approval.

7 RECEIPT OF GOODS AND SERVICES

Goods and services shall be checked upon receipt to ensure the correct quantity and product is supplied and to ensure the product is neither damaged nor otherwise unsuitable for use. Any deficiencies detected shall be recorded and reported to the supplier.
Records verifying the receipt of the goods and services against the original purchase order must be maintained. Projects shall implement a process to verify receipt of the goods and services and these records shall be forwarded to Accounts Payable to ensure that invoices may be processed appropriately.
Refer to the Administration Manual and/or individual Project Management Plans for specific details of managing the receipt of goods process.

A time of receipt all material purchased for projects is to be marked with Project Purchase Order number and P&ID reference number prior to storage in the designated project laydown area.

8 SUPPLIER EVALUATION PROCEDURE

8.1 New Supplier

Where the requirement for a new supplier has been identified or a supplier wishes to become an "approved supplier" to the company the following shall occur:

- Supplier / subcontractor shall be assessed.
- The main assessment criteria for the purchase of standard supply items are that the goods:
  - are available,
  - are suitable for the purpose,
  - cause no negative safety or environmental impact, i.e. comply with our safety specifications for the provision of equipment and material, and
  - an agreement has been reached on the price.

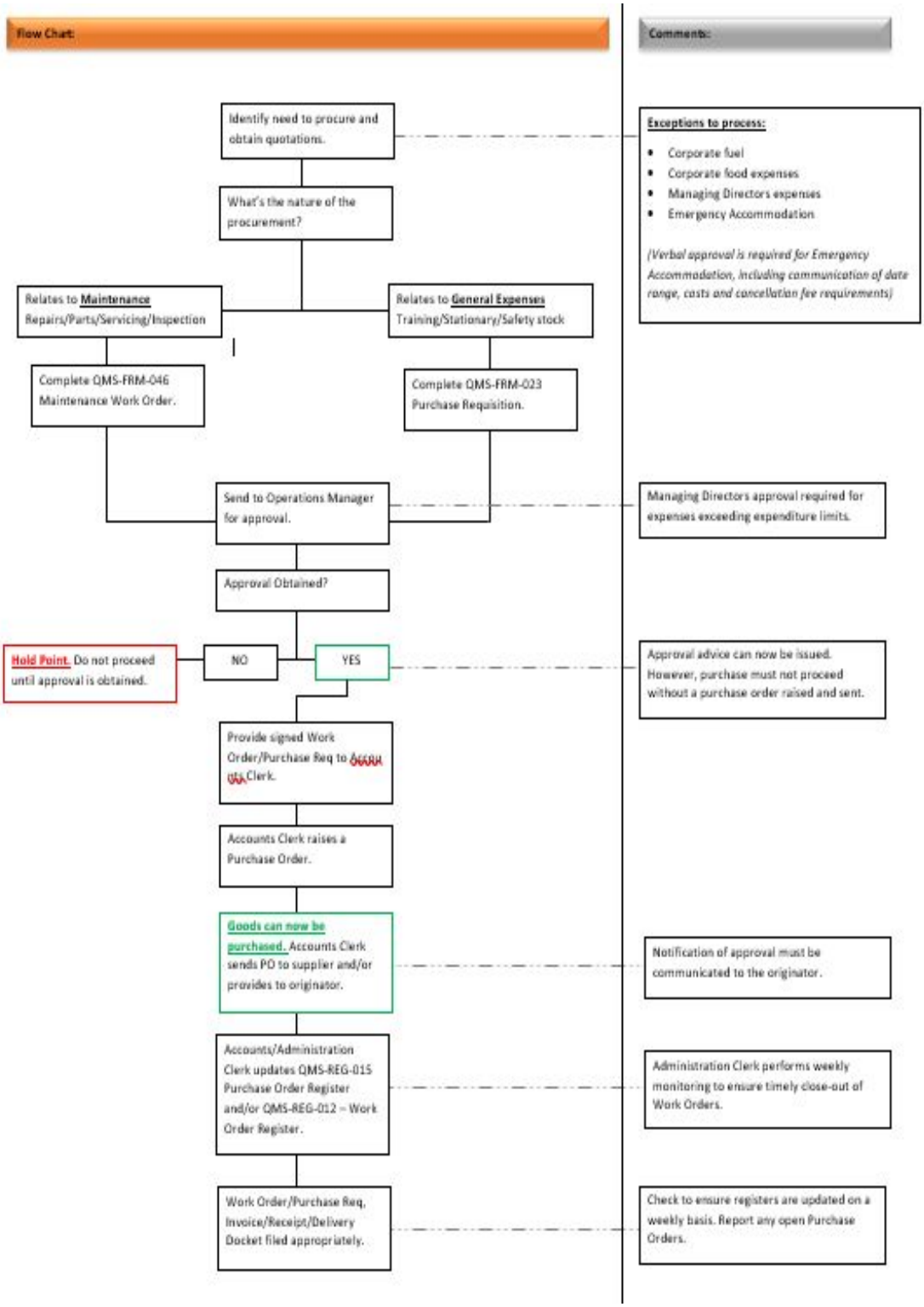
No further assessment is required.

Approved suppliers / subcontractors shall be entered to the MYOB system. Records shall be maintained in accord with QMS-PRO-004 Control of Quality Records.

8.2 Evaluation of Existing Suppliers

The ongoing surveillance of suppliers shall be on an annual basis. That is, surveillance and follow up shall take place when there are problems with a particular supplier and as a point of value checking. These issues are to be raised via the Control of Non Conformance Procedure QMS-PRO-006.
Many Suppliers and Subcontractors have established relationships with Reay Services Group. Our continued use of a Suppliers or Subcontractors is our assessment of them as satisfactory.
Where there are numerous, ongoing or serious problems with a supplier the General Manager or Commercial Manager may determine that a Supplier Performance Assessment should be conducted.
Records of assessments shall be maintained in accord with QMS-PRO-004 Control of Quality Records
This assessment and/or by the determination of the General or Commercial Manager may deem that ongoing use of this supplier is prohibited. The supplier shall in this instance be removed from the MYOB Supplier list.
Any surveillance / evaluation of suppliers shall be reviewed at Management Review meetings.

9 PROCEDURE FLOW CHART



10 REFERENCE DOCUMENTS

QMS-MAN-001 Quality Management System Manual
QMS-PRO-004 Control of Quality Records
QMS-PRO-006 Control of Non-Conformance
QMS-FRM-006 Technical Query
QMS-FRM-023 Purchase Requisition Form
Site Purchase Order Books
MYOB