**FQM LIMITED**

**Purchasing**

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| **Revision History** |
| **Rev No.** | **Description of Change** | **Reviewed by** | **Approved By** | **Date** |
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1. **Purpose**

The purpose of this procedure is to define the method and responsibilities for carrying out all purchasing activities under controlled conditions using approved suppliers/subcontractors.

Where services cannot be provided directly by [COMPANY NAME] then sub-contractors may be used. When services are sub-contracted the client must be informed in writing and acknowledgment obtained.

Where work normally provided by [COMPANY NAME] under a scope of accreditation is sub-contracted, the sub-contractor should hold the same accreditation. Sub-contracted work cannot be reported as accredited under the site scope of accreditation.

Both vendors and sub-contractors are referred to as ‘suppliers’ within this procedure.

1. **Scope**

This procedure applies to the purchase of all goods or services which may have an impact on the quality of the product or service offered by [COMPANY NAME].

All suppliers must be approved before use, once approved performance of suppliers must also be evaluated.

The process follows from purchase of goods/service through to invoicing of same.

1. **Relevant Documentation**

XX Purchase Order (PO)

XX PO with continuation page

XX PO Register

XX Vendor Questionnaire

XX Transport Log

XX Project Execution Procedure

XX Goods In/Out Procedure

XX Delegation of Authority (DOA)

1. **Definition**

Purchasing – the process by which the company determines the purchased product conforms to specified requirements; to ensure purchase orders clearly define the products orders; and selection of Suppliers.

Invoicing – the process by which the company ensures terms and conditions of suppliers/contractors are followed and payment processed accordingly.

1. **Responsibilities**

The relevant authority shall be responsible for purchasing activities in accordance with this procedure.

Requisitioner shall be responsible for raising purchase requests checking for adequacy and after order expediting the purchase orders, where appropriate, to ensure timely delivery.

Project/Procurement Coordinator shall be responsible for reviewing and approving all requisitions.

The QHSE department is responsible for the control of the Approved Vendor List, including provision of Vendor Questionnaires, Vendor Audits and Evaluations.

Accounts department are responsible for the control of invoicing and transfer of information into Sage.

1. **Procedures – Purchasing**
	1. **Purchase Requisitions**

All purchase orders for the supply of goods or services shall initially be requisitioned by the originator placing all relevant quotes/details into the electronic purchase requisition folder.

Quotations shall be obtained in writing by the Requisitioner, where applicable the Project/Procurement Coordinator will obtain quotations from alternative suppliers. All quotations will be retained electronically within the requisition file. Note: All quotations should include the requirement for any certification.

Only approved suppliers/subcontractors should be used, refer 6.4 below.

A transport log will be raised by Operations on a monthly basis.

* 1. **Purchase Order**

On receipt of the Purchase request a Purchase Order is produced by the Project/Procurement Coordinator, levels of certification required are noted by the QC code found on the back of the purchase order.

All certification shall be required with delivery of the goods or services and the company shall reserve the right to return the goods at their suppliers/subcontractors costs where the required documentation has not been received.

A monthly PO will be raised for transportation only, this will accompany the completed Requisition and Transport Log. Each line of the transport log will be transferred into the purchasing register accordingly

All purchase orders should be signed by the relevant personnel in accordance with [COMPANY NAME] DOA.

* 1. **Review and Approval of PO**

Following review for the adequacy of the requests following [COMPANY NAME] DOA.

Electronic copies of the PO shall remain within the Purchasing file, along with, supporting emails and quotations.

After issue of the PO any amendments required shall be advised to the approving authority and amended order issued. Any amended POs will be saved within the purchase order folder.

* 1. **Approved Vendor List (AVL)**

Suppliers are selected based on their ability to deliver purchased product or services in accordance with specification and on-time delivery. The QHSE Department controls the AVL and is responsible for its periodic update.

New vendors should be requested via QHSE department in form of an email.

Categories of Vendors will be determined and approved by Group QHSE Manager, dependent on risk. Any exceptions to the list will be at the discretion of Group QHSE Manager.

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| **Cat.** | **Risk** | **Description** | **Reviews Required** |
| A | High | Project or HSE critical * what is the risk to the end product should the product not be right
 | * Vendor questionnaire
* Certification to ISO 9001
* Preferred certification to ISO 14001 and ISO 45001
* Possession of a QHSE Compliance operating system
* Insurance documentation
* Subject to audit
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| B | Low | Low risk, i.e.* Stationery
* Service providers
* Plant hire
* Training
* One off purchases
 | * No assessment required
* Service to equipment, i.e. car maintenance will hold service records
* Services being carried out on site, i.e. Electrician will follow permit system on site and provided RAMS and test certification
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No assessment will be required for online and credit card purchases, these are low risk and will not form part of the AVL. All online and credit card purchases should have a PO raised and will be reviewed by Accounts.

Accounts/HR will also review the service providers and retain appropriate records, i.e. Banks, Insurance, IT, Phones, Energy Providers, Memberships (i.e. FPAL, IADC), Council and College, which will not form part of the AVL.

AVL is reviewed every 3 years, including revision of questionnaires, with continued review of certification prompted within Mango.

Audits are carried out on Vendors who are deemed Category A and/or have resulted in NCRs being raised, this is primarily decided at Management Review in January.

Should Vendor(s) not meet with the required standards set by Hydrus, they will be removed from AVL based on decision by Group QHSE Manager/Managing Director.

1. **Procedure – Delivery**

**7.1 Control of Delivery Dates**

Expected delivery date is noted within the PO Register by the Project/Procurement Coordinator, this is then monitored by the Project/Procurement Coordinator and any delivery dates which have passed their due date will be discussed with the supplier.

On arrival of goods confirmed delivery date will be entered on the register by designated person, which will assist in reviewing on time delivery.

Any delivery that is significantly out with delivery times will be raised as an NCR following the Non Conformance Reporting procedure.

1. **Invoicing**

Accounts will collate Supplier Invoices with the relevant Purchase Order and Delivery Note and these will be submitted to the Requisitioner on a weekly basis for approval. All Invoices will be stamped to allow each approver to sign and date them accordingly, as per DOA. Invoice details will be checked for costs; service and applicable job number and returned with signature(s) to Accounts within the folder provided.

Any disputes should be highlighted to accounts, along with the reason, to allow the invoice to be put on hold and Accounts to make contact with the Supplier to resolve the matter. If the Requisitioner has to contact the Supplier they should make accounts aware of any agreement made, and all correspondence saved in the PO/Supplier file.

A copy of any disputed Supplier Invoice will be put in the relevant Managers file and remain there until all disputes have been resolved.

On approval of all invoices and/or disputes Supplier Invoices will be paid accordingly, in line with Supplier terms and conditions.