



ATCO Gas

AUSTRALIA

Procurement Policy

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Document History

Revision	Date	Amended By	Details of Amendment
1	29/10/2010	S Lukis	Review Document, transition to new corporate template
2	12/05/2011	S Lukis	Amendment to Document
3	23/06/2011	S Lukis	Amendment to Payment Terms
4	08/08/2011	L D'Costa	Rebranded document with ATCO logo and removed all reference to WA Gas Networks and replaced with ATCO Gas Australia
5	12/07/2012	S Lukis	Review and update Document
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1. Purpose

The purpose of the Procurement Policy is to ensure an efficient and cost effective method for the procurement of goods and services, invoice processing and payment to suppliers, within approved guidelines.

2. Health, safety and the environment

ATCO Gas Australia is committed to providing an accident free and healthy workplace while minimising the impact of its activities on the environment. The operation of the procurement function will always be undertaken with the highest regard to health, safety and the environment.

3. Scope

ATCO Gas Australia purchases a vast range of goods and services to meet daily operational requirements. The Procurement procedures, process and actions detailed in Section 6 of this document identify the process for selecting the appropriate suppliers and purchasing method to be adopted and the requirements of each method.

This policy covers the issuing of Purchase Requisitions, Purchase Orders, Good Receipting and Supplier Invoice processing for payment.

4. Key principles

The following key procurement principles must be adhered to:

- Adopt a value for money approach (i.e. endeavour to obtain goods and services at the lowest overall cost whilst maintaining standard requirements)
- Selection of suppliers who have a solid reputation in the market, have a sound credit rating and whose practices are not inconsistent with those of ATCO Gas Australia
- Encourage competition amongst suppliers by seeking quotations or calling for tenders and regularly reviewing market conditions and performance of suppliers under existing contracts
- Maintain integrity, ethics and fair dealing in conducting procurement activities (i.e. confidentiality, security, probity and management of conflicts of interest)
- Ensure risk management is inherent throughout the procurement process
- Ensure adherence to individual Delegated Financial Authority Limits.

5. Responsibilities

Position Title	Key responsibilities within this process
General Manager Commercial Services	<ul style="list-style-type: none"> • The General Manager Commercial Services is responsible for the maintenance and ownership of this policy.
ATCO Gas Australia Managers	<ul style="list-style-type: none"> • Managers shall ensure that staff in their area of responsibility follow and comply with the requirements of this procedure.

6. Procedure, Process, Actions

6.1 Quotation

The requisitioner will obtain quotations from approved vendors for the supply of goods and services requested, except when the goods are:

- Supplied under a Contract or Supply Agreement (Contacts and Legal Assistant maintains the register of contracts)
- Supplied by the Original Equipment Manufacturer

- Sourced from a Sole or Proprietary Supplier,

in which cases, the reason for the exception shall be explicitly stated on the Purchase Requisition, Business Case or Capital Expenditure Request (CAPEX) or Capital Expenditure Appropriation Request (CEAR) forms. This shall also be noted specifically on the Executive Approval Memorandum (EAM) when the final contract is sent for approval (for more information, see Contract Management Guidelines).

The quantity and form of quotations required are outlined in the table below.

Value of Transaction	Minimum Requirement	Required Documentation
< \$2,000	Minimum of 2 Verbal Quotes (confirmed in writing) from pre-approved suppliers	Any prices, quotes and information received verbally must be also be received in writing in order to be valid.
\$2,000 - \$10,000	2 Written Quotes from pre-approved suppliers	Written Request for Quotations (RFQs) detailing: <ul style="list-style-type: none"> • Goods or services required • Quantities required • Delivery date • General conditions of contract.
\$10,000 - \$50,000	3 Written Quotes from pre-approved suppliers	Written RFQs detailing: <ul style="list-style-type: none"> • Goods or services required • Quantities required • Delivery date • General conditions of contract • Special conditions of contract, if any.
>\$50,000	Tender from 3 vendors from pre-approved Suppliers	Depending on ATCO Gas Australia's knowledge of market, tenders may be solicited from a group of specific known suppliers (closed tender) or by public advertising (open tender)

Arrangements which comprise multiple transactions are to be dealt with on the basis of the total value.

Quotations received shall be regarded as confidential between the tenderer and the company and the contents shall not be divulged to third parties, refer to the Contract Management Guidelines

6.2 Payment Terms

The Company's preferred payment term is thirty (30) days from Date of Invoice. Where a Supplier, Service Provider or Contractor request a change in the Company terms, a request in writing is to be made and a member of the Executive Team will be required to approve this request.

6.3 Suppliers

All suppliers must be approved, with relevant company details captured in SAP. For new suppliers, a manager approved New Vendor Request Form (FIN RF02) must be forwarded to Accounts Payable for account creation. Where a request for a new supplier is required, justification will be needed. All requestors and approving managers are encouraged to use existing pre-approved suppliers for goods and services wherever possible.

Purchasing from a supplier that a colleague has an interest in is prohibited unless full details of the conflict are disclosed to and subsequently approved by the General Manager Commercial Services. This is especially relevant where a new vendor is concerned. Please refer to the Probity Guidelines (COM PO0001 GL0002).

6.4 New Supplier

A Supplier is a Company or individual who supplies goods (e.g. Vinidex, Corporate Express, Industrial Protective Products).

Where the proposed goods cannot be purchased by an existing pre-approved Supplier or can be sourced on improved terms from a potential alternative supplier without breaching the terms of a contract in place with , an existing pre-approved Supplier, the requestor is to forward the New Vendor Request form [FIN RF02] to the proposed Supplier for completion. Upon completion by the Supplier, the requestor will arrange for their direct Line Manager to approve the request, the form is then to be forwarded to the Accounts Payable Officer for establishment in SAP. The Accounts Payable Officer will advise the requestor of the New Vendor number to enable purchase orders to be raised.

6.5 New Service Provider

A Company or Individual that supplies a service to ATCO Gas Australia, who does not carry out construction activities on the Company Gas Distribution System (GDS), (e.g. Cleaners, gardeners, labour only hire companies, consultants, waste disposal etc).

Where the proposed services cannot be procured by an existing pre-approved Service Provider, the Sponsor is to engage the Service Provider via the Service Provider and Contractor Engagement Procedure (COM PR0003).

6.6 New Contractor

A Company or Individual who carries out construction or repair activities, on the Company GDS, (e.g. welding companies, construction, excavation, etc)

Where the proposed services cannot be procured by an existing pre-approved Service Provider, the Sponsor is to engage the Service Provider via the Service Provider and Contractor Engagement Procedure (COM PR0003).

6.7 Purchasing officers

All ATCO Gas Australia employees, who are involved in the purchasing of goods and services, must demonstrate and practice a highly developed sense of professional ethics and personal integrity.

The guiding principles to observe are:

- Open, honest and cooperative business relations with colleagues and suppliers
- Confidentiality of commercial information obtained in performing the purchasing function
- Avoidance of conflict of interest whether real or perceived
- Fair dealing and impartiality in the conduct of tender evaluations
- Fostering the highest possible standard of professional competence amongst colleagues involved in the purchasing function.

Please refer to the Probity Guidelines (COM PO00001 GL0002) for further guidance.

6.8 Term arrangements

All contractual arrangements irrespective of the manner in which they are documented shall be reviewed annually by the Manager Contracts and Legal or delegate once they have expired in SAP and the Contracts Register.

The Business Unit Manager shall first approve any arrangement which is likely to involve Contracts with a duration in excess of 12 months.

6.9 Tendering

The tender process may be adopted for orders of any value. Refer to the Tender Guidelines (COM PO00001 GL0003) and Probity Guidelines (COM PO00001 GL0002) for further guidance.

Tendering for goods and services generally requires considerable time and resources and as such this procurement strategy needs to be carefully considered to ensure that it is economically justifiable or a governance requirement. Refer to the Contract Management Guidelines (COM PO00001 GL0001) for further guidance.

6.10 Purchasing methods

The following table outlines the purchasing method depending on the transaction value.

Value	Petty Cash	Purchase Order	Purchase Card
<\$50	Acceptable	Acceptable	Recommended
>\$50 <\$1000	No	Recommended	Acceptable
>\$1000	No	Mandatory	Not Recommended

Refer to the corporate Purchasing Card Policy [FIN PO00004] for further instructions on the use of purchasing cards.

6.11 Petty Cash

Petty cash facilities are available at the majority of our depots and shall only be used for purchases under \$50 when a vendor does not exist in SAP or a purchase is required immediately. Examples for acceptable uses of petty cash are tea and coffee supplies if the depot shall unexpectedly run out or a card for employee leaving or celebration.

All employee related expenses such as travel, accommodation and meals must be reimbursed through the Expense reimbursement process.

A petty cash voucher must be completed for all goods purchased. Receipts are to be attached to the petty cash voucher and the voucher must be approved by the Line Manager with DFA. The receipts must comply with GST legislation.

6.12 Purchase requisition

The requisitioner will request the purchasing officer to procure goods and services via e-mail setting out the information specified in the Purchase Requisition form (Log RF10),.

The only exceptions are for:

- Services such as power, telephone and electricity
- Rental payments
- Donations, tax payments, sponsorships and employee reimbursements.

A request may come in one of the following forms:

- SAP Purchase Requisitions generated via Plant Maintenance work order process
- SAP Purchase Requisitions generated via stores Material Requirements Planning (MRP)
- Purchase Request form
- Request by email.

The following information must be recorded on or included in the Purchase Requisition:

- Project / WBS Reference or Cost Centre code
- Goods and services description

- Quantity
- Quality specifications, if required
- Delivery date / required completion
- Delivery to (address in full)
- Supplier name and contact details (in event of multiple locations)
- Estimated prices.

All prices are to exclude GST.

A Purchase Order requisition form (LOG RF10) is to be completed by the requestor and wherever practical emailed to their manager along with any attachments, such as quotations and specifications if applicable.

It is the responsibility of the approving manager to ensure that all details in the Purchase Requisition are correct. In the event that the information requirements detailed above are not met, purchasing personnel may return the requisition to the requestor to complete in accordance with the above listing.

Once approved, the requestor may obtain pricing for the goods and/or services being requisitioned and also indicate a supplier they may prefer, and include these details in the information passed to the Purchasing Officer. If the requisition is for goods and services for which ATCO Gas Australia has established a Preferred Vendor, the Purchasing Officer will normally only obtain pricing from the Preferred Vendor.

On receiving the requisition the Purchasing Officer shall raise a Purchase Order in SAP. The Purchasing Officer will file the original requisition and other supporting documentation. The Purchase Order will then be forwarded to the nominated authoriser for release in SAP via the SAP workflow.

Any revisions to Purchase Requisitions shall be approved by the originator (except where freight needs to be added by the Purchasing Officer).

Approvals for all Purchase Orders will be within the Delegated Financial Authority (DFA) limits. Refer to the DFA Policy (FIN PO0001)

6.13 Purchase orders

Purchase Orders shall be prepared from quotations received after price, availability and delivery has been confirmed with the successful supplier.

Purchase Orders shall include the following details to enable invoice matching by Accounts Payable:

- Project and or cost centre details
- Item quantities
- Detailed item description
- Quoted costs (excluding GST)
- Costing details
- Freight (where applicable).

Goods or services must not be obtained/arranged prior to a Purchase Order being raised and approved.

Purchase Orders will be forwarded through the SAP workflow system to nominated authorisers for their approval (release) in SAP. Once approved, the Purchasing Officer will forward the Purchase Order to the vendor by facsimile or email via SAP, advising the vendor of the Purchase Order number and ATCO Gas Australia's General Terms and Conditions.

NB: Purchase Orders cannot be sent to suppliers of goods and services until approved in SAP.

Each Purchase Order is numbered within SAP and workflow actions record these details for each manager to retain for review and for tracking delivery against each order raised.

Where a Standing Order exists with a supplier each requester can order directly from that vendor without further reference to the Purchasing Officer.

A Purchase Requisition is still required for each Standing Order with each requisition to be completed and approved in the same manner as stated in Clause 6.8 above.

6.14 Capital expenditure (CAPEX)

A CAPEX request form [FIN RF01] must be completed and duly approved prior to the purchase of any plant, tools, furniture and equipment when the individual item has a value of \$300 or more. Upon authorisation of the CAPEX request form a purchase order can be raised using the asset number as advised by a member of the Finance team.

6.15 Goods and services receipting

On receipt of goods or services against Purchase Orders, SAP requires all items ordered to be receipted in SAP against the original Purchase Order to ensure that items and services supplied are as requested.

Delivery notes and supplier invoices where no delivery note exists will be forwarded to a Receipting Officer for review and to confirm with the appropriate employee that the delivery took place before goods receipting in SAP.

Managers, Supervisors and Team Leaders are to ensure that all delivery notes and supplier invoices received by their team members are duly approved and forwarded to the relevant Receipting Officer as they are received. Delays in receiving these items for goods receipting may delay payment of vendor invoices and increase the requirement for costs to be manually accrued at the end of the month.

6.16 Supplier invoices for goods and services

Vendors shall be instructed to quote ATCO Gas Australia Purchase Order number on their invoices and send them directly to Accounts Payable at:

Locked Bag 2507
Perth BC, WA 6849

Accounts Payable will match the invoice details against the original Purchase Order and Goods Receipt details. Tolerances of 5% or a maximum of \$10, excluding delivery and freight charges and GST, will be processed by Accounts Payable subject to any specific instructions or notations that are detailed on the Purchase Requisition.

Invoices matching against approved Purchase Order and Goods Receipts details will be automatically processed by Accounts Payable. The processing of an invoice will involve manual matching to Purchase Order details held in SAP.

Invoices not matching approved Purchase Orders outside of agreed tolerances will be forwarded to the original requester and or approving manager for approval to amend Purchase Order details within SAP. Supplier invoices will be processed as above against the amended Purchase Order. Purchase Order pricing amendments may require SAP approval by the nominated authoriser.

All Nominated Authorisers are to ensure that details are correct when approving Purchase Orders and they shall further understand that they are potentially committing the business to a commercially binding obligation based on this approval.

Scanned copies of all invoices will be attached to the SAP invoice documents and be available for viewing.

6.17 Approvals and delegated financial authority (DFA) limits

Control of expenditure is achieved through effective approval of expenditure within specified limits. The DFA policy specifies those limits for the levels of authority within the business operations. The expenditure approval levels are generally maximum expenditure approval levels.

Purchase orders with approval values above the requestor's individual approval level specified in the DFA policy are forwarded within SAP to the next level of approver who has the required level of DFA to approve the expenditure.

6.18 Outstanding purchase orders and standing orders

All outstanding Purchase Orders will be reviewed periodically and those outstanding for more than 6 months (i.e. without any activity) may be cancelled by the Purchasing Officer following consultation with the originator.

Raising a Standing Order for supplies with frequent transactions is only advisable where a Standing Order can reduce processing time. All Standing Orders will be for a maximum period of twelve months with Standing Order values not being carried over into the next financial year. New Standing Orders for a new financial period will be established by the Purchasing Officer in consultation with the originators of existing Standing Orders to determine the validity of establishing new Standing Orders for the new financial period.

6.19 Employee reimbursements

Reimbursement of claims for expenditure incurred on behalf of the business will be paid by Accounts Payable by Electronic Funds Transfer (EFT).

Employees claiming reimbursements must complete the Expense Reimbursement Claim Form (FIN PO00005 RF01). Each claim must be properly evidenced and the manager authorising a claim is responsible for ensuring that all details required are reflected and that there is adequate documentary support for the expenditure being claimed. Claims will not be processed by finance personnel unless this approval is clearly evidenced on the claim form. Details required on each claim are:

- Name of claimant
- Project / WBS Reference or Home Cost Centre code
- Goods and or services description
- Original invoice supporting each claim.

Reimbursements for claims falling under a condition contained in a contract of employment or contract for services will be reimbursed through the payroll system. Living Away from Home Allowances and claims for business kilometres, wherever practical or foreseeable, will be paid through the payroll system.

7. Monitoring and control

All Managers are required to routinely monitor procurement activities to ensure compliance with the policy, guidelines, procedures and associated DFA policy. This is achieved primarily through a monthly review of cost centre activity.

If a breach of this policy is suspected to have occurred, the person involved will be provided with the opportunity to explain their conduct. If the explanation is unsatisfactory, ATCO Gas Australia will take disciplinary action in accordance with that person's conditions of employment or contract for services.

8. Exceptions to this policy

Exceptions to this policy must be pre-approved by submission and processing of an Executive Approval Memorandum (EAM). The only circumstances that are acceptable to justify an exception to this policy are:

- a) in emergency circumstances where it is necessary to protect public safety; to prevent injury or loss of life; or to prevent or mitigate damage to property;
- b) death or insolvency of a supplier where the goods, services or works are business critical; and / or
- c) to comply with an order or direction of an authority, Court or tribunal with jurisdiction over the Company.

9. Policy review

To ensure the continued applicability of this Procurement Policy to activities within ATCO Gas Australia, this policy will be subject to formal review by the Manager Facilities and Fleet annually.

Amendments to the body of the policy are subject to submission and processing of an Executive Approval Memorandum (EAM) prior to implementation.

All changes subsequent to the release and approval of version 1.0 of this policy are to be documented in the record of amendments table on the cover page.

10. Definitions

Term / Acronym	Definition
Approved vendors	Vendors with pre-existing approval by ATCO Gas Australia as being suitable for use
Authorised Signatory	Employee authorised to enter into contractual arrangements and approve requisitions on behalf of the company
Contractor	A Company or Individual who carry out construction or repair activities on the Gas Distribution System
Conflict of Interest	An employee who has a private or personal interest sufficient to compromise objectivity, by influencing decision making inherent in their official duties carried out on behalf of the business
Executive Approval Memorandum (EAM)	A memorandum which describes the contract, exemption or policy to be approved which must be approved by the Line Manager and executive management, the President of ATCO Gas Australia and the Chairman of ATCO Gas Australia.
Purchasing Officer	An employee authorised to raise and receipt Purchase Orders
SAP	The computer system used to procure goods
Service Provider	A Company or Individual who provide a service to ATCO Gas Australia, however do not carry out construction or repairs activities on the Gas Distribution System.

11. Related Documents

- Purchase requisition form LOG RF10
<http://ecms.wng.com.au/livelink/livelink.exe/open/81310644>
- Capital expenditure (CAPEX) request form FIN RF 01
<http://ecms.wng.com.au/livelink/livelink.exe/open/79509760>
- Expense Reimbursement Claim Form FIN PO00005 RF01
<http://ecms.wng.com.au/livelink/livelink.exe/open/84637115>
- New Vendor Request Maintenance Form FIN RF02
<http://ecms.wng.com.au/livelink/livelink.exe/open/79757169>

12. Other References

- Delegated Financial Authority Policy FIN PO00001
<http://ecms.wng.com.au/livelink/livelink.exe/open/84541833>
- Purchasing Card Policy FIN PO00004
<http://ecms.wng.com.au/livelink/livelink.exe/open/84636798>
- Contract Management Guidelines COM PO00001 GL0001
<http://ecms.wng.com.au/livelink/livelink.exe/open/85167797>
- Probity Guidelines COM PO00001 GL0002
<http://ecms.wng.com.au/livelink/livelink.exe/open/85178455>
- Tender Guidelines COM PO00001 GL0003
<http://ecms.wng.com.au/livelink/livelink.exe/open/85178586>
- Service Provider and Contractor Engagement Procedure COM PR0003
<http://ecms.wng.com.au/livelink/livelink.exe/open/84112113>

- Credit and Debtor policy FIN PO00009
<http://ecms.wng.com.au/livelink/livelink.exe/open/85236976>