Purchasing

Purpose

This procedure describes Pipeline Watertech process for purchasing goods and services for use in Pipeline Watertech projects.

Pipeline Watertech purchasing procedure covers the whole of purchasing commencing at prequalification and completed when the goods and services are delivered to Pipeline Watertech nominated location and inspected to Pipeline Watertech satisfaction.

The purchasing procedure provides the baseline for Pipeline Watertech projects to meet contractual commitments and business objectives, to measure the effectiveness of and improve the performance of the Integrated Management System.

Scope

Pipeline Watertech overall purchasing procedure is to deliver our goods and services in accordance with our QEHS Policies, Customer specifications and business objectives.

Pipeline Watertech overall purchasing procedure focuses on Quality, Safety and Environmental Management, the key areas being:

- Quality – Delivery of quality goods and services, customer satisfaction, contract performance, minimisation of non-conformances and continually improve our procedures for quality management
- Safety – Delivery of a healthy and safe working environment, prevention of harm to employees, compliance with legal and regulatory requirements and continually improve our procedures for Occupational Health and Safety management
- Environment – Delivery of goods and services minimising impacts on the environment, the prevention of pollution and harm to the environment, compliance with legal and regulatory requirements and continually improve our procedures for environmental management

For Customer specifications and management objectives, Pipeline Watertech overall purchasing procedure focuses on the key areas being:

- Customer specification – Meet the Customer specification
- Business sustainability – Sustain or grow the business according to the market circumstances.

References

Pipeline Watertech Integrated Management System Manual contains the QEHS Policies and Procedures, references to the relevant Australian Acts, Regulations, Codes and Standards including the QEHS standards ISO 9001, ISO45001and ISO 14001.

Definitions

Construction Consumables, Trade Products and Small Materials

Daily construction consumables, trade products and small construction materials are stock products that are used and purchased on a regular basis by Pipeline Watertech Site Managers from known or local to site trade products suppliers.

Trades Services

Trades services work is any work that Pipeline Watertech is able to manage via a purchase order and site management procedures.

This may include electrical work outside Pipeline Watertech skills or other trades such as small civil, mechanical and other trades services.

Large trades services work is managed under Pipeline Watertech subcontracting procedure.

Large Materials

Large materials are generally defined as stock and non-stock items requiring manufacturing time that require a specification, compliance with head contract specifications and approval prior to purchase.

Large materials are purchased from Pipeline Watertech office using this procedure.

Hire of Plant, Machinery and Equipment

Plant, Machinery and Equipment Hire is covered by special purpose agreements with Pipeline Watertech preferred hire company.

The hire agreement covers all lifting equipment including cranes, elevated work platforms, scissor lifts and the like.

The special purpose agreements contain:

- Price schedule
- Registration and insurance requirements
- Maintenance and logbook upkeep provided by the hire company
- Operating instructions
- Prestart checklist

For any equipment not covered by the hire agreement, a special purpose agreement will be negotiated with the hire company and approved by Pipeline Watertech Managing Director.

The Site Manager is able to hire plant, machinery and equipment under the Site Manager's Purchasing Procedure.

Hire of Tools and Test Equipment

Pipeline Watertech owns the majority of tools and test equipment.

Special tools and test equipment may be required from time to time and are hired using a purchase order containing the agreed price rates and technical requirements.

The technical requirements include the tool or test equipment model number and any requirement for calibration.

The Site Manager is able to hire tools and test equipment under the Site Manager's Purchasing Procedure.

Purchase of Capital Plant, Machinery, Tools and Equipment

Purchasing of Capital Plant, Machinery, Tools and Equipment for non-project specific use is not performed regularly and is determined on a case by case basis at the discretion of Pipeline Watertech Managing Director.

Prequalification, inspection, technical and commercial details are negotiated directly with the vendor.

Pre-used Equipment

Purchasing of pre-used equipment is not performed regularly and is determined on a case by case basis at the discretion of Pipeline Watertech Managing Director using good management practice.

Prequalification, inspection, technical and commercial details are negotiated directly with the vendor.

Subcontracting

This procedure does not cover subcontracting that is covered by Pipeline Watertech Subcontracting Procedure.

Office Supplies

This procedure does not cover the purchase of office supplies and office rentals which is an office administration function not covered by this IMS.

Prequalification

Construction Consumables, Trade Products and Small Materials

Daily construction consumables, trade products and small construction materials are stock products that are used and purchased on a regular basis by Pipeline Watertech Site Managers from known or local to site trade products suppliers.

No other formal prequalification is required for these products that are used regularly.

Some consumables such as cleaning fluids, PVC glue and sealing compounds may have special handling and disposal procedures that are included on the product packaging. These consumables and any other products that require a Safety Data Sheet (SDS) and special disposal are handled according to the handling procedures and the SDS retained online.

For new products, Pipeline Watertech shall undertake a fit for purpose evaluation including functionality, experience, SDS and handling procedures.

RFQ Construction Consumables, Trade Products and Small Materials

The Site Manager is able to purchase daily construction consumables, trade products and small construction materials under the Site Manager's Purchasing Procedure without a formal RFQ.

RFQ Trades Services

The RFQ issued to a potential Trades Services Provider by Pipeline Watertech at the tender stage should be reviewed and modified for the contract purchase order.

The RFQ is generally issued from Pipeline Watertech office and handed over to the Site Manager for site management.

For small trades services, the Site Manager may issue a purchase order to the trades service under the Site Manager's Purchasing Procedure.

Pipeline Watertech Supplier and Trade Services RFQ and Purchase Order Checklist shall be used to ensure the RFQ, and purchase order contains the necessary requirements for the specific nature of the trades services.

RFQ Large Materials

The RFQ issued to a potential supplier by Pipeline Watertech at the tender stage should be reviewed and modified for the contract purchase order.

The contract RFQ shall include:

- Material list with quantities
- A technical specification in accordance with the Supplier and Trade Services RFQ and Purchase Order Checklist, Technical and Commercial items for Large Materials
- Terms and conditions in accordance with the Supplier and Trade Services RFQ and Purchase Order Checklist, Technical and Commercial items for Large Materials
- The requirements of Pipeline Watertech contract with our customer at the time of issue of the contract RFQ.

Procedure

General

a. Purchases for project consumables, parts and services are placed and managed by the directors and supervisors.
b. All other purchases are placed and managed by office staff.
c. Capital equipment purchases must be approved by Management

Supplier Evaluation

a. All suppliers are evaluated and assessed during the purchasing cycle.
b. Such evaluations and assessments are based on price / quality / service with the relevant criteria determined by the relevant person at the time.
c. Such evaluations are normally via phone calls and emails and only by exception situations.
d. As needed, any situation due to a problem or improvement concerning a product or service will be escalated to a director. As deemed necessary, such an escalation will result in a Corrective Action Request tabled at a management review.
e. In appropriate circumstances we may ask to inspect the goods and operations at the supplier's premises and if this is the case, such a request will be specified in our purchase order. We will similarly arrange for our customer to inspect the goods at the supplier's premises if our Management System so requires.

Risk Profile

High Risk

1. Incoming inspection

Medium Risk

1. Ongoing monitoring of supplied product performance.
2. Action by exception.
3. Multiple supply options.

Low Risk

1. Selection based on price and availability.
2. Multiple supply options.
3. Action by exception.

Purchasing

a. The relevant person places the relevant order with the relevant supplier. As needed, a purchase order is raised to comply with a supplier requirement. However, most purchases are via credit card or company account.
b. It is the responsibility of the person placing the order to adequately specify item numbers, specifications, environmental and safety requirements and any special instructions.
c. Upon receipt, any invoices are given to the relevant person to acknowledge receipt and returned to the office for the payment.

Receiving

a. Upon the receipt of goods or services, the person receiving the goods or services will check and approve the relevant delivery documentation acknowledging receipt and quantities.
b. If during any stage of receiving or use, the product or service is found not to comply with the purchasing requirements, the service is stopped and or the product is isolated with the situation escalated.

Approval of Subcontractors

Pipeline Watertech does not currently engage sub-contractors to conduct any part of ot outsource any part of its business

Re-evaluations will be conducted as part of Management Review and the category of a subcontractor may be changed as a result.