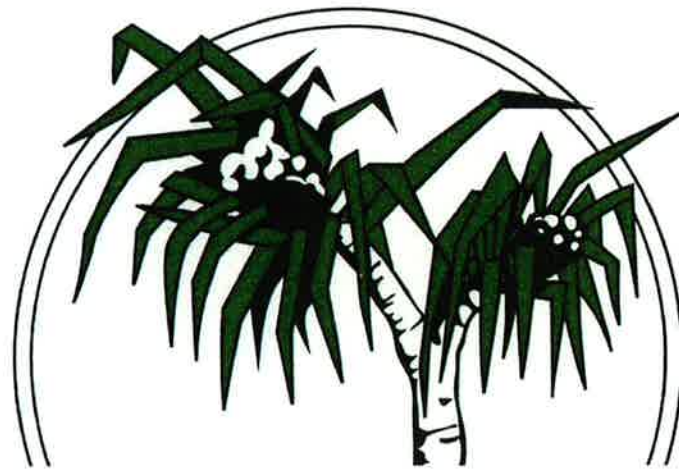


NHULUNBUY CORPORATION LIMITED

PURCHASING POLICY
POL-002-PUR

Version 2



YEAR 2013

PURCHASING POLICY

Nhulunbuy Corporation Limited (NCL) procurement, supplier and contractor control policy is as follows:

- NCL will ensure all procurement related processes are controlled to ensure all goods or services purchased by NCL meet the requirements, and are delivered as specified in the procurement documents and verified upon receipt prior to payment of the invoice.
- Where possible, NCL will endeavour to use local suppliers in order to support the community of Nhulunbuy.
- In order to maintain an efficient purchasing and supplier control process, all suppliers will be subject to an initial assessment prior to selection and ongoing monitoring while dealing with NCL.
- NCL will have a transparent and clearly defined selection criteria for suppliers coupled with a Preferred Suppliers List (PSL).
- NCL will ensure all tenders are processed and evaluated based on transparent procedures and in compliance with NT local government regulations/practices.
- NCL will ensure any Unbudgeted Capital Expenditure is adequately controlled and overseen by authorised personnel.
- NCL will ensure personnel authority level for various categories of purchasing are clearly defined.

Purchasing Authority Levels

Category	Value	Approval authorities
Capital Expenditure \$10,001 and over budgeted or any unbudgeted	\$10,001 and over	ACE to be approved jointly by Town Administrator, Manager of Corporate Services, Project Manager and two Directors . Purchasing document to be approved depending on the value of purchase (see lines below).
Capital Expenditure Less than \$10,000 budgeted	\$10,000 and less	ACE to be approved jointly by Town Administrator, Manager of Corporate Services and Project Manager . Purchasing document to be approved depending on the value of purchase (see lines below).
Budgeted Items \$20,000 and over (Operational)	\$150,000 and over Multi Year Contracts	Town Administrator to oversee the tendering process . Contract details to be captured on Contract Document and approved by the Manager of Corporate & Community Services as the Company Secretary and a Director .
	\$70,000 up to \$150,000	Town Administrator to decide to go to tender or 3 quotations. If by tender, same approval process as per \$150,000 + category. If by 3 Quotations – PO to be approved by Town Administrator .
	\$20,000 up to \$70,000	Town Administrator to decide to go to tender or 3 quotations. If by tender, same approval process as per \$150,000+ category. If by 3 Quotations – PO to be approved by Town Administrator or any of Section Managers .
Budgeted Items under \$20,000(Operational)	Up To \$20,000	All of the above and Building Inspector (Using a Preferred Supplier and Purchase Order).
	Up to \$10,000	All of the above and Leading Hand (Using a Preferred Supplier and Purchase Order).
	Up To \$2,000	All the above and: <ul style="list-style-type: none"> • CSO • Airport Technical Officer • Community Recreation Officer (Using a Preferred Supplier and Purchase Order)

Approval and Update Notes



This policy impacts on the following policies and procedures:

- Tender Administration Procedure
- Accounts Payable Procedure
- Purchasing Procedure

The Town Administrator is to ensure any amendment or update to this Policy is reflected in these documents and any change or amendment to these documents remains in accordance with this policy.

Date Effective

This policy was adopted by the Board of Directors on 22 May 2013 and became effective immediately.

Dated: 30/10/13	Director's Name: STAVOE, Leon	Signature: 
Dated: 30/10/13	Town Administrator's Name: JULIE BRYCE	Signature: 

PURCHASING POLICY PROCEDURES

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1 Purpose & Scope

This Policy details the method by which NCL Purchasing policy is implemented. This applies to all purchases in all sections of NCL unless otherwise specified in the individual section's management system documentations.

2 References

- NCL Purchasing Policy
- Tender Administration Procedure
- Accounts Payable Procedure
- Preferred Suppliers List
- Application for Capital Expenditure form (ACE)
- Purchase Order Form
- Expenditure Concession Request
- Request For Business Trip Itinerary
- Credit Card Requisition
- SynergySoft Accounting Program
- Goods receipt documentation (Delivery Docket, Supplier Invoice, etc)

3 Responsibilities & Authorities Table

<i>Responsibility & Authority / Position</i>	<i>TA</i>	<i>Managers</i>	<i>Building Inspector & L/Hands</i>	<i>OTHER</i> 
<i>To ensure most suitable Suppliers are used for purchasing/sub-contracting work</i>	✓	✓	✓	✓
<i>To participate in the Supplier Evaluation process</i>	✓	✓		
<i>To ensure sub-contractor's licence or qualifications are checked prior to hiring to perform duties for/on behalf of NCL</i>	✓	✓	✓	
<i>To review & approve purchasing document within authority limit</i>	✓	✓	✓	✓
<i>To ensure that Purchasing Documents clearly describe the required product or service</i>	✓	✓	✓	✓
<i>To ensure that Purchasing Documents include any health and safety requirement</i>	✓	✓	✓	✓
<i>To review and authorise changes to purchasing documents</i>	✓	✓	✓	✓
<i>To evaluate technical details of equipment prior to purchase of equipment or goods which may have an effect on employees or public health & safety</i>	✓	✓	✓	
<i>To monitor performance of all suppliers and to enter any issue in the Opportunity For Improvement (OFI) Register</i>	✓	✓	✓	✓
<i>Authorised to obtain quotations from suppliers</i>	✓	✓	✓	✓
<i>To ensure purchased goods or sub-contracted services have been received as per requirements of the purchase document and to advise accounts payable of receipt of goods or services</i>	✓	✓	✓	✓
 <i>CSO, Community Recreation Officer and Airport Operations Officers</i>				

4 Supplier Evaluation, Selection and Monitoring

<i>New Supplier Evaluation</i>	RESPONSIBILITY
<p>New suppliers with the intention of being used for ongoing supply must be evaluated using the following criteria:</p> <ul style="list-style-type: none"> • Product quality, range and availability • Pricing, discount and credit terms structure • Having a certified or formalised management system (Quality, OHS or Environmental) Or at least the capability to provide NCL with a management plan covering products/services being offered • Service capabilities • Location (preference is to be given to local suppliers if all other criteria were the same as a supplier located elsewhere) • Warranty and guarantee terms and conditions • Supplier's reputation in the market • Delivery service and charges • Other conditions dictated by the contract or customer requirements <p>Successful suppliers will be added to the Preferred Suppliers List on NCL SharePoint.</p>	<p>Town Administrator Manager Corporate Services Manager Engineering Services Airport Manager</p> <p>RECORDS & INFORMATION OFFICER</p>
<i>Monitoring of Suppliers' Performances</i>	RESPONSIBILITY
<p>Performance of all existing suppliers is to be reviewed by monitoring the delivery performance taking into account any non-conformance issues related to the supplier. This information is to be discussed as part of the Executive Management Meetings process. Any issue is to be reported by the relevant Manager and captured in the minutes. If deemed necessary an entry is to be made in the Opportunities For Improvement Register (OFI Register) for further investigation and processing.</p>	<p>As above</p>

5 Purchasing Process (Preparation of Purchase Orders)

TASK	RESPONSIBILITY
<p>Depending on the type of purchase, all purchasing requirements are to be clearly defined on the Contract Document or Purchase Order prior to approval and submission to the supplier/contractor.</p> <p>The persons preparing and/or approving the Contract or Purchase Order are to ensure any critical information is clearly captured in the purchasing document and advised to the supplier. This may include, but is not limited to:</p> <ul style="list-style-type: none"> • Clear description of the Product or Services required (e.g. Part Number, Job Number, Contract, Sketches and Drawings, etc.) • Required by date (to be specified only if there is a deadline for the delivery / completion) • Price and Quantity • Inspection instructions • Packaging and marking requirements • Provision for source verification of product • Relevant Quality system, OH&S or Environmental requirements or other applicable standard or legislation <p>If deemed necessary by NCL, the supplier is to provide an Order Confirmation indicating receipt and acceptance of the Purchase Order</p>	<p>ALL PERSONNELL AS PER TABLE IN SECTION 3</p>

5.1 Purchasing Amendments

TASK	RESPONSIBILITY
All amendments to purchase orders are to advise to the suppliers in writing, using a PO with a new PO number but clearly stating "Amendment to Purchase Order #xxx". Details of the amendment are to be clearly specified on the PO and approved by the same approval authority who authorised the original PO.	See Section 3

5.2 Verification of Purchased Goods or Services

TASK	RESPONSIBILITY
<ul style="list-style-type: none"> Any purchased material is to be verified AT RECEIPT to comply with the requirements of the Purchase Order or Contract by authorised personnel. Upon satisfactory receipt of the goods, the supplier paper work (delivery docket, invoice etc), is to be stamped "Goods Received" and signed/dated by the person receiving the goods. This paper work is to be attached to copy of the Purchase Order and forwarded to the Admin and Finance department for processing and payment. Any non-conformance noticed with purchased product or contracted service is to be resolved with the supplier by the person performing the verification and reported at the Executive Management Meeting. If deemed necessary logged in the OFI register for further investigation or follow up. In the event of any goods having to be returned to the supplier, a "Goods Returned/Credit Request Form" is to be raised and a copy to be sent with the goods. A copy of this is to also be forwarded to the Accounts Payable Department so that they can arrange a Request for Credit with the Supplier. All invoices will be subject to approval by the person approving the original PO or relevant Supervisor. No invoice is to be authorised for payment unless records of goods/service verification is available on file (refer to accounts payable procedures for details). 	See Section 3

5.3 Tendering Process

TASK	RESPONSIBILITY
All tenders obtained are to be prepared and processed as per the Tender Administration Procedure. The tendering process is shown in the purchasing flow chart (section 4.1) and must be overseen by the Town Administrator.	Town Administrator

5.4 OH & S Considerations

TASK	RESPONSIBILITY
<p>Apart from due consideration given to supplier's OH&S system and procedures during the Supplier Evaluation Process, the actual product, plant or equipment or substances being purchased are also to be subject to OH&S assessment. All items with past purchase history have already been subject to adequate Risk Assessment, however, for all items being considered for the first time. The following steps are to be taken:</p> <ol style="list-style-type: none"> A risk Assessment Report is to be requested from supplier. For all Hazardous Substances a MSDS (Material Safety Data Sheet) must be obtained from supplier and checked prior to purchase. If the item affects NCL personnel or public safety, the Local OH&S committee is to be consulted prior to purchase. For once off Service Purchases (e.g. Electrical Repairs), the Purchasing Officer is to ensure a Risk Assessment is carried out before commencement of the work and that the contractor takes all reasonable precautions prior and during the work. For once off contractors, the Purchasing Officer is to ensure the contractor has received adequate induction training applicable to visitors and relevant to the job. 	ALL PERSONNEL PREPARING / RAISING P.O. / CONTRACTS

5.5 Processing of the Application for Capital Expenditure (ACE) Form

Task	RESPONSIBILITY
<p><u>Approval Process:</u> ACE is to be raised for all Capital Expenditures and is to be approved based on the approval authority defined in Section 2 – Authority Levels. The approvals must be obtained prior to issue of Purchase Order or proceeding with the tendering process.</p> <p>The ACE form must include all the criteria that need to be considered when lodging the application with the approving person. In preparation of the ACE it must include:</p> <ul style="list-style-type: none"> • Objective – of the proposal • Existing Situation - brief description • Proposal – details of the item/situation proposed • Safety – must be considered. • Alternatives – details of alternatives considered and reasons for rejection • Cost and Time – details of cost and proposed supplier(s) along with delivery time/date. Also requires details of alternate quotations or tenders rejected. • Justification – details of cost savings, safety issues and other matters that result in the application. 	<p>Town Administrator Manager of Corporate Services Officer Managing Project 2 x Directors</p> <p>ANY EMPLOYEE RAISING A.C.E</p>

6 Additional Information Related to Supporting Forms

TASK	RESPONSIBILITY
<p><u>Expenditure Concession Request:</u> This form is used to justify any deviation from the standard procedure when obtaining 3 Quotations, using a preferred supplier or other unforeseen circumstances and is aimed at capturing the information related to the issue. Expenditure Concession Requests are to be completed by the person raising the PO and must be submitted to the accounts area with the PO document.</p> <p><u>Credit Card Requisition:</u> This form is to be filled out by the person raising the PO in the event the purchase is being made using the Company Credit Card(s). The completed forms are to be attached to the PO and submitted to the Admin and Finance Department.</p> <p><u>Request for Business Trip Itinerary:</u> This form is to be completed to capture any business travelling details of personnel. Whether the travel is arranged by the individual employee or through the Admin and Finance Department, this form must be completed, approved and lodged with the Admin and Finance Department prior to commencement of the travel.</p>	<p>ANY EMPLOYEE RAISING A PURCHASE ORDER OR CONSIDERING A BUSINESS TRIP.</p>

7 Records

TASK	RESPONSIBILITY
<p>All purchasing and incoming goods inspection related records are to be kept as described in the Records Master Register.</p>	<p>ALL PERSONNEL</p>