



QR Governance & Management Framework

General Management System

GEN/RD/1016/SUP

PURCHASING GUIDELINES

Suggested Business Instructions for Purchasing

Revisions to Previous Version	
Section	Details of Changes in version 1.2
4.3.4	Compliance with HRS/STD/3500/SPT <i>Code of Conduct</i> has been added. Procurement officers should ensure that vendors are aware of the <i>Code of Conduct</i> and the behaviours required whilst working on QR sites.
4.4.9	For purchases up to \$10000, it is mandatory to keep records showing how you ensured value for money, even though it is not necessary to obtain quotes.
6.6.1	The Preferred Supplier Arrangement for Recruitment Services has been terminated. Any engagement of permanent and temporary staff must be made through QR Recruitment Centre (Tel: 81 5111 or 1 800 000 713, email: qrcareers@qr.com.au). A supply agreement request is required instead of an engagement summary. The <i>Engagement Summary for Recruitment Services</i> form (GEN/FRM/1081/SUP) which was used to access the panel arrangement has been withdrawn. The existing process using the <i>Supply Agreement New/Extension</i> form (GEN/FRM/1002/SUP) on the portal is still used to request the creation and extension of supply agreements.
6.6.3	GEN/FRM/1081/SUP <i>Engagement Summary for Recruitment Services</i> form has been removed and the new requirements added.
7.4.4.4	GEN/FRM/1081/SUP <i>Engagement Summary for Recruitment Services</i> form has been removed from the flowchart.
Version 1.1 s10	The Implementation section has been removed as the date is shown below.

Version:

Date:

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1.2

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Manager Procurement and Contracting

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1. Purpose

The purpose of these guidelines is to define the requirements, responsibilities and methods that *shall* be employed in the purchasing of goods and services from external sources, consistent with legislation, the *State Procurement Policy* and agreements, and QR internal *policies* and *standards*. (<http://www.qgm.qld.gov.au>)

The *risks* being controlled by these guidelines are the technical, commercial and administrative *risks* identified in QR's supply chains. The sources of supply chain *risk* are associated with:

- QR *workers* purchasing, storing and disposing of goods and services
- vendors, and purchasers
- the contractual relationships entered into by QR
- external factors including legislation.

The benefits of implementing these guidelines are:

- improved financial performance of QR based on sound purchasing processes
- enhanced effectiveness and efficiency of QR's inventory processes
- compliance with Queensland State Procurement Policy.

These guidelines support GEN/STD/1006/SUP *Supply Chain*.

2. Scope

The applicability of these guidelines to each QR business unit is at the discretion of the *executive manager*.

These guidelines apply to all *workers* involved in the purchasing process, which includes management of purchasing activities, seeking prices, purchasing, receiving, monitoring purchasing activity and managing vendors.

These guidelines do not cover revenue contracts or the acquisition or leasing of *real property*.

3. Purchasing Framework

3.1 Overview

This section provides an overview of the entire purchasing process, including:

- *probity* and *accountability* in purchasing practices
- a safe environment for all *workers*, vendors and visitors to QR's sites
- the QR records management required for purchasing
- appropriate training for all *workers* involved in the purchasing processes
- the risk management required as part of all purchasing
- the purchasing strategies used to achieve best value for money
- legal requirements for obtaining quotes or calling tenders for major expenditure
- processes for establishing vendors in the SAP system and making purchases
- monitoring of purchasing, complaints and vendor management.

Responsibility: All workers

3.2 Working Environment Needs

3.2.1 Accountability & Probity

Responsible managers shall organise staff and implement local purchasing practices to promote **accountability** and **probity** in their business units.

Examples of **accountability** and **probity** planning include:

- ensuring that all **workers** understand HRS/STD/3500/SPT *Code of Conduct*
- implementing local work practices to complement these guidelines
- implementing separation of duties when allocating ordering and receipting tasks
- promoting the record keeping practices in these guidelines.

For further guidance, contact the Supply Helpdesk on 81-1234.

Responsibility: Responsible managers

3.2.2 Safety & Environment

All **responsible managers shall** develop and maintain purchasing practices that:

- identify and address all health, safety and environment hazards and **risks** throughout the entire purchasing process
- **ensure** all vendors and their representatives meet the requirements of QR's safety management system, including all the required documentation
- safeguard health and safety and protect the environment.

Local practices **shall** incorporate the requirements in the following QR **standards**:

- GEN/STD/1400/RMT *Risk Management*
- SAF/STD/0109/COM *Fitness for Work: Alcohol and Other Drugs Management*
- SAF/STD/0004/WHS *Management of Hazardous Substances & Lead Hazardous Substances*.

All **workers shall ensure** that:

- they consider the impact on health, safety and environment when purchasing goods or services
- all persons entering QR sites, including vendors and members of the public, are briefed on the health, safety and environmental requirements.

Responsibility: All workers

3.2.3 Records Management

To **ensure** compliance with legislation, ready access to information, **probity** and **accountability**, **responsible managers shall** develop and maintain records management systems that:

- comply with legislation and the *Financial Management Standard 1997*
- comply with the *QR Finance Manual*
store records for the period required by the Archives Act.

After retention periods have elapsed, records may be disposed of in accordance with the *QR Finance Manual*.

For guidance call Records Management Services on 81-1784.

Responsibility: Responsible managers

3.2.4 Training

To ensure that **workers** are appropriately trained, Supply Division **shall** facilitate both systems training and purchasing training. The details are in GEN/RD/1021/SUP *Systems Access Guidelines*, or available from the Supply Helpdesk (81-1234).

Responsible managers shall ensure that their **workers** undertake appropriate training for the purchasing tasks they perform and that completed training is recorded for business planning purposes.

Responsibility: Responsible managers/ Supply Division

3.3 Purchasing Function Needs & Activities

3.3.1 Risk Management

Managing **risk** is fundamental to effective purchasing, to minimise possible loss, harm to persons on QR sites and the environment. **Risk** assessment guides the selection of the most appropriate goods or service.

A preliminary **risk** assessment **shall** be performed regardless of the method of purchase, including petty cash, credit card, corporate contract or supply agreement:

- Preliminary **risk** assessment is discussed in Section 4.3, including:
 - how critical to QR is the exactness of the specification
 - health, safety and environment issues, including vendors on QR sites
 - regulatory, economic, political and geographic issues.
- Developing a **risk** profile for commodities is discussed in Section 4.8.
- **Risks** relevant to accepting an offer are discussed in Section 5:
 - establishing evaluation criteria
 - the viability and ethical suitability of the selected vendor.
- **Risk** issues in managing supply contracts, such as the ongoing viability of the vendor, are discussed in Section 9.

Responsibility: Responsible managers/ Purchasing workers

3.3.2 Purchasing Strategy

The **procurement officer** formulates the purchasing strategy, planning the best method of purchasing. The process for developing the strategy is summarised below and explained in detail in Section 4.

The **procurement officer shall**:

- determine the strategic requirements – Section 4.2
- conduct a preliminary **risk** assessment for all purchasing methods, including petty cash, credit card, corporate contract and supply agreement – Section 4.3
- use the strategy checklist in Section 4.4 to determine the process.
- non-inventory purchases up to \$100 000 – Section 4.5
- inventory purchases, including hazardous materials – Section 4.6
- purchases over \$100 000 – Section 4.7
- strategic sourcing of commodities – Section 4.8.

Responsibility: Procurement officers/ Purchasing officers (Supply)

3.3.3 Quotation/Tender Processes

All purchases over \$10 000 (*GST exclusive*) require quotations, tenders or exemptions from the tendering process. The requirements for tendering and the grounds for exemption are in GEN/STD/1006/SUP *Supply Chain*, Section 3.10.

Section 5 of these guidelines contains guidance about:

- specifications designed to encourage offers meeting QR's requirements
- appropriate vendor evaluation and selection processes.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

3.3.4 Establishing the Vendor in SAP

Once a purchasing strategy is determined and prices have been obtained, the vendor may need to be established in SAP before they can be paid. There are no vendor establishment processes to perform for petty cash or credit card payments.

The processes for establishing vendors in SAP are in Section 6, which includes:

- vendors in the QR Vendor Database and one-time vendors not in the Database
- corporate contracts, supply agreements and works agreements
- MRP inventory purchasing.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

3.3.5 Purchasing Methods

Once the purchasing strategy has been determined, the tender processes have been performed and the vendor relationship has been established, *procurement officers* may purchase from the vendor using the purchasing processes in Section 7.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

3.4 Ongoing Evaluation & Monitoring

3.4.1 Monitoring Purchasing Activities

Supply monitors purchasing activities to improve QR's purchasing effectiveness, comply with legislation and safeguard QR's contractual rights.

For details of the monitoring processes, refer to Section 8. A calendar showing the monitoring processes is provided in Section 8.2.

Responsibility: *All workers*

3.4.2 Managing Complaints & Non-compliances

The QR processes for managing complaints from vendors or the public are in GEN/RD/1019/SUP *Supply Complaint Guidelines*. The monitoring and reporting processes used to identify non-compliance are in Section 8 following.

If complaints or non-compliance indicates that these guidelines require updating, *workers shall* email the Supply Helpdesk.

Responsibility: *All workers*

3.4.3 Vendor Management

Once a vendor has been established on the QR Vendor Database, Supply Division personnel *shall* manage vendors, using the processes in Section 9.

Responsibility: *Supply Division workers*

4. Purchasing Strategies

4.1 Overview

The purpose of this section is to define the requirements and processes to follow at the start of the purchasing process.

This section incorporates the following processes:

- determining strategic requirements – Section 4.2
- preliminary *risk* assessment required for all purchases – Section 4.3
- the strategy checklist for deciding which process to use – Section 4.4
- selecting the appropriate strategy:
 - non-inventory purchases estimated as up to \$100 000 – Section 4.5
 - inventory purchases – Section 4.6
 - purchases estimated as over \$100 000 – Section 4.7
 - strategic sourcing of commodities – Section 4.8.

4.2 Strategic requirements

All purchasing undertaken by QR *shall* comply with the following requirements:

- Tendering requirements - see GEN/STD/1006/SUP *Supply Chain*, Section 3.10.
- Analysis of *risks shall* be performed, including any health, safety and environmental impact that could result from the purchase.
- All protective equipment *shall* comply with the relevant Australian Standard and SAF/STD/0009/WHS *Personal Protective Equipment*.
- All purchases of hazardous substances *shall* comply with SAF/STD/0004/WHS *Management of Hazardous Substances & Lead Hazardous Substances*.
- The *Trade Practices Act 1974* requires that QR not do anything to lessen competition, mislead, deceive or breach industry codes of conduct.
- Before purchasing an *asset*, an asset number *shall* be obtained from the Fixed Assets Unit, QR Finance, Tel. 81-1062.
- When a business unit's foreign currency exposures may cumulatively exceed \$A100,000 in any year, FIN/STD/450P/TSY *Treasury Principles* applies. The QR Treasurer *shall* be advised of any committed or uncommitted currency exposures that cumulatively exceed \$A100,000 in any year and any changes in exposure.

Responsibility: Procurement officers/ Purchasing officers (Supply)

4.3 Preliminary Risk Assessment

4.3.1 Overview

To prevent possible harm to persons on QR sites, prevent environmental damage and minimise loss or damage to QR, *risk* assessment is necessary for all purchases.

Risk exposure in purchasing is caused by a range of hazards related to:

- the nature of the material and whether it is hazardous or can cause hazard
- its cost, the whole-of-life cost and costs resulting from *failure to perform*
- how critical it is for QR operations and revenue
- the nature of the suppliers and the market where it is bought.

Risks are identified throughout the procurement cycle, so risk is considered throughout these guidelines. *Risk* analysis before purchasing determines how detailed the specification and contract conditions need to be, considering:

- how critical the purchase is to QR – Section 4.3.2
- health, safety and environment issues – Section 4.3.3
- when vendors' representatives are working on QR sites – Section 4.3.4
- external *risks* including legal, economic and geographic issues – Section 4.3.5.

The *procurement officer shall* consider the issues listed in the following sections and identify the risks associated with the goods or service being purchased. The *responsible manager shall* determine the risk treatments to be applied, as specified in the QR *standard* GEN/STD/1400/RMT *Risk Management*.

The *procurement officer or responsible manager shall* file *risk* assessments as described previously in Section 3.2.3.

If additional guidance is required, contact the Supply Helpdesk on 81-1234.

Responsibility: *Responsible managers/ Procurement officers/ Procurement persons*

4.3.2 Criticality of Goods/Service

The *procurement officer or responsible manager shall* consider the non-cost factors affecting the selection of the goods or service, including:

- how critical the purchase is to QR's operations:
 - precise specification of requirements is important for critical items because *failure to perform* may cost more than the purchase itself
- how failure, late delivery or non-delivery would affect QR's operations
- should QR or the vendor be responsible if the goods or service fails:
 - the levels and period of responsibility determine the warranties the vendor will be required to provide on the performance of its goods or service
- the insurances required to cover failure or losses caused by failure:
 - insurance queries are answered by the Insurance Manager – 81-5522.

Responsibility: *Responsible managers/ Procurement officers*

4.3.3 Health, Safety & Environment Issues

The *procurement officer* or *responsible manager shall* consider:

- whether *failure to perform* would cause any *risk* to the health and safety of persons on the site or damage to property or the environment
- whether substances are hazardous, as shown on Material Safety Data Sheets:
 - non-hazardous substances may be catalogued if required locally. They should be purchased using SRM if possible
 - hazardous substances *shall* be catalogued with status “B” in the SAP Material Master. They *shall* be purchased through inventory
 - substances with status “C” are not approved and *shall* not be purchased
 - commodity teams *shall ensure* that hazardous substances are not included in SRM catalogues
- responsibility in the case of *failure to perform*:
 - determine any insurance the vendor will be required to carry
 - decide whether the standard contract conditions are appropriate
 - consult the Senior Commercial Lawyer in Supply Division if special conditions are needed
- QR and vendor compliance with environmental law:
 - investment required to comply with environment legislation
 - liability where QR has developed specifications
 - restrictions on the use and recycling of packaging
 - compliance with QR *Water Efficiency Management Plans* and restrictions
 - closure of operations following non-compliance with legislation
 - costs of site cleanup
 - product or processes unacceptable to environmental groups.

All purchasing processes *shall* comply with the requirements of the QR safety management system and applicable Australian Standards, in particular:

- All hazardous substances *shall* comply with *standard* SAF/STD/0004/WHS *Management of Hazardous Substances & Lead Hazardous Substances*.
- All protective equipment *shall* meet the requirements of Australian Standards as listed in SAF/STD/0009/WHS *Personal Protective Equipment*.
- Plant being purchased or leased by QR *shall* comply with *standard* SAF/STD/0013/WHS *Plant*.

Responsibility: *Responsible managers/ Procurement officers/ Procurement persons/ Site supervisors*

4.3.4 Vendors Working on QR Site

The *procurement officer* or *responsible manager shall* consider:

- responsibility in the case of *failure to perform*:
 - determine any insurance the vendor will be required to carry
 - decide whether the standard contract conditions are appropriate
 - consult the Supply Senior Commercial Lawyer for any special conditions
 - use the QR contract documents for hiring plant, equipment and operators
- compliance with HRS/STD/3500/SPT *Code of Conduct*:
 - the *Code of Conduct* is an important driver of behavioural standards
 - *procurement officers should ensure* that vendors are aware of the *Code of Conduct* and the behaviours required whilst working on QR sites

- compliance with the following safety system *standards*
 - SAF/STD/0012/COM *Accident & Incident Reporting*
 - SAF/STD/0008/COM *Emergency Preparedness, Response & Recovery*
 - SAF/STD/0032/SWK *High Visibility Clothing*;
 - SAF/STD/0011/COM *Safety Training & Accreditation*
 - SAF/STD/0004/WHS *Management of Hazardous Substances & Lead.*

Responsibility: All workers

4.3.5 Risks from Events/Situations External to QR

The *procurement officer* or *responsible manager shall* consider:

- trade and customs regulations restricting price and terms of business:
 - constraints apply to purchasers and vendors – if necessary, seek involvement from Supply Division
 - any suspicion of imports being “dumped”, harming Australian industry –refer to Customs legislation (<http://www.customs.gov.au/site/index.cfm>)
- whether economic and import issues are expected:
 - currency fluctuation (Refer to QR Finance *Currency Risk* standard.)
 - current and future import duties and licence fees
 - security of supply
 - overhead costs, including:
 - costs of change, specifications, required quality standards
 - importation and international freight
 - obsolescence as a result of technological changes
 - compatibility with existing equipment and systems
 - people skills, communication with the vendor
 - use of agents and intermediaries
 - offset and counter-trade requirements
- whether political issues are expected:
 - government support, subsidies, incentives, tariffs, quotas and duty
 - political stability in the supplying country
 - legal factors, such as the governing law
 - negative publicity for sourcing in certain countries (eg. child labour)
 - clothing and footwear vendors must comply with *Outwork Obligations* – (<http://www.dir.qld.gov.au/industrial/law/codes/textiles/index.htm>)
 - patent and copyright regulations with joint liability for infringement
- whether geographic issues are expected:
 - logistics and communication costs
 - lead time, service responsiveness and speed, time differentials
 - potential for supply interruptions due to local conditions
 - supply market *risks* – refer to Section 4.8.5.

Responsibility: Responsible managers/ Procurement officers/ Procurement persons

4.4 Strategy Checklist

4.4.1 Overview

To determine which strategy to follow, the *procurement officer* or *purchasing officer (Supply)* shall perform the following checklist processes:

- if a corporate contract exists – Section 4.4.2
- if a suitable supply agreement exists – Section 4.4.3
- if a works agreement or contract exists or is required – Section 4.4.4
- if goods can be manufactured or purchased within QR – Section 4.4.5
- if a new supply agreement should be established – Section 4.4.6
- if leasing – Section 4.4.7
- if a Government standing offer arrangement is suitable – Section 4.4.8
- estimate the value of the purchase – Section 4.4.9
- select the appropriate purchasing strategy – Section 4.4.10.

Responsibility: Procurement officers/ Purchasing officers (Supply)

4.4.2 Existing Corporate Contract

When QR has a corporate contract in place, *procurement officers should* purchase from the contract vendor if possible. When using the contract is not possible, *procurement officers shall* obtain best value-for-money, calling Supply for advice if necessary. Credit card is preferred for small purchases.

If there are difficulties dealing with the contract vendor, *procurement officers shall* advise Supply to have the appropriate changes made. Changes may include enforcing the contract, negotiating variations or extending the supplier panel.

A list of items available on corporate contracts is available on the Supply Division Infonet.

Purchase from the corporate contract vendor as described in Section 7.3.

Responsibility: Procurement officers

4.4.3 Existing Supply Agreement

To check whether a Supply Agreement exists, use SAP transaction [ME3L].

If the business unit has a relevant Supply Agreement, the *procurement officer should* purchase from the Supply Agreement vendor as described in Section 7.4.

If another QR business unit has a relevant Supply Agreement, the *procurement officer should* extend the Supply Agreement to their business unit if appropriate:

- Confirm that the existing Supply Agreement can be extended – contact Supply Helpdesk on 81-1234.
- If possible, extend the Supply Agreement as described in Section 6.6.
- Purchase from the Supply Agreement vendor as described in Section 7.4.

When using the Supply Agreement is not possible, *procurement officers shall* obtain best value-for-money, calling Supply for advice if necessary. Credit card is preferred for small purchases.

Responsibility: Procurement officers

4.4.4 Works Agreements and Contracts

If the *procurement officer* considers that a works agreement or contract is the best option because the acquisition is for capital or operational construction or other project works, the relevant purchasing strategy is used:

- If a new contract is required, contact Supply Division to arrange the creation.
- Purchase against the contract or agreement as described in Section 7.9.

Responsibility: *Procurement officers*

4.4.5 Internal QR Manufacture or Purchasing

If QR manufactures items such as refurbished rotables, castings and metal fabrications, the *procurement officer shall*:

- contact the product planner to determine if QR can manufacture the item
- arrange the manufacture of the items within QR if possible
- otherwise, purchase the work outside QR, ensuring QR compliance with the *Contracting Out* conditions of the QR Enterprise Agreement, filing the evidence of compliance as required in Section 3.2.3.

For the processes to procure inventory from other QR business units, refer to GEN/SPC/1007/SUP *Supply Chain: Inventory*.

Responsibility: *Procurement officers*

4.4.6 New Supply Agreement

Supply agreements should be considered when purchasing a similar item or service five or more times a year. They should be considered mandatory when doing this if the total annual expenditure exceeds \$50,000.

To decide whether a new Supply Agreement should be established:

- estimate the total value of the Supply Agreement – Section 4.4.9
- refer to the process in one of the following sections:
 - Section 4.5 Strategy for Non-inventory Purchases up to \$100 000
 - Section 4.6 Strategy for Inventory Purchases
 - Section 4.7 Strategy for Purchases over \$100 000
 - Section 4.8 Strategy for Strategic Sourcing of Commodities
- refer to Section 6.6 if necessary
- contact the Supply Helpdesk if necessary - Tel. 81-1234.

If a Supply Agreement should be established, the relevant strategy is:

- obtain quotes, call tenders or request exemption from tendering – Section 5
- establish new Supply Agreement – Section 6.6
- purchase from the Supply Agreement vendor as required – Section 7.4.

Responsibility: *Procurement officers*

4.4.7 Leasing Considerations

Before leasing plant or equipment, the *procurement officer shall* consider:

- the requirements of FIN/STD/460P/INV *Investments Principles*
- the terms and the conditions of the lease arrangement
- whether leasing is the best value for money alternative, taking into account all *risks* to QR under the lease agreement.

If leasing is the best option, the *procurement officer shall* record the reasons for this decision, and file the decision as required in Section 3.2.3 .

Responsibility: *Procurement officers*

4.4.8 Queensland Government Standing Offer Arrangements

Standing offer arrangements (SOAs) are quotations which may be withdrawn at any time before an order is accepted. A contract is formed only when the vendor accepts a written or verbal order. The use of government SOAs is not mandatory.

Obtaining quotes is not mandatory when purchasing from a SOA. However, the *procurement officer* should check whether they can negotiate better prices, terms or conditions with either the SOA vendor or other vendors.

Unless otherwise agreed before ordering, the SOA terms and conditions apply. Before commencing the purchase, the *procurement officer shall ensure* that the SOA terms or conditions do not conflict with QR's terms and conditions.

To purchase against a Queensland Government standing offer arrangement:

- check if a suitable SOA exists – phone the Supply Helpdesk on 81-1234
- negotiate with the vendor if the SOA terms conflict with QR's terms
- negotiate with the vendor on price if better value for money is possible
- determine the method of purchase as stipulated in the SOA:
 - Section 4.5 Strategy for Non-inventory Purchases up to \$100 000
 - Section 4.6 Strategy for Inventory Purchases.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

4.4.9 Estimate Value

The value of the intended purchase is estimated for two reasons:

- to determine the most effective purchasing strategy
- to *ensure* compliance with the tendering requirements in Section 5.

The estimating method depends on the situation - low value purchases require only limited estimation. The following are a guide on how to estimate the cost:

- Use historical data if the item has been purchased or quoted recently.
- Use indicative prices from vendors. Make general enquiries to avoid collusion.
- Use Supply Division records, catalogues or experience to indicate pricing.
- Use previous experience of similar purchases.

Value	Record Keeping Requirements
Up to \$10 000 (<i>GST exclusive</i>)	It is mandatory to show how value for money was obtained, eg file any catalogues, advertisements, quotes, price lists or web pages considered.
Over \$10 000	Record the method and calculations used as required in Section 3.2.3: <ul style="list-style-type: none"> • a record saved in SAP, or • a signed, dated copy of the estimates with the tender documents.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

4.4.10 Select Strategy

The preferred method of purchasing is to:

- use a corporate contract, supply agreement or works agreement if possible
- otherwise use the purchasing method that offers best value for money
- use credit card when appropriate for small purchases
- call Supply Helpdesk for advice if necessary.

The following sections list the options for:

- non-inventory purchases estimated as being up to \$100 000 – Section 4.5
- inventory purchases, including all hazardous substances – Section 4.6
- purchases estimated as being over \$100 000 – Section 4.7
- strategic sourcing of commodities – Section 4.8.

4.5 Strategy for Non-inventory Purchases up to \$100 000

Simple, cost effective strategies are used for lower value purchases as follows:

Option	Estimated Cost	Strategy Process
<u>Credit card</u> (cost effective) QR Purchasing Card Corporate Gold Card	≤\$10 000	1. Preliminary <i>risk</i> assessment – Section 4.3 2. Perform strategy checklist – Section 4.4 3. Purchase with credit card – Section 7.5
<u>Petty cash</u> consider using credit card	≤\$55 (<i>GST inclusive</i>)	1. Preliminary <i>risk</i> assessment – Section 4.3 2. Perform strategy checklist – Section 4.4 3. Purchase with petty cash – Section 7.6
<u>DPO</u> not for one-time vendors consider using credit card	≤\$10 000	1. Preliminary <i>risk</i> assessment – Section 4.3 2. Perform strategy checklist – Section 4.4 3. If required, add vendor to the QR Vendor Database - Section 6.2 4. Purchase with DPO – Section 7.7
<u>Supply Division purchase order</u>	>\$10 000 to ≤\$100 000	1. Preliminary <i>risk</i> assessment – Section 4.3 2. Perform strategy checklist – Section 4.4 3. Arrange quotes in accordance with Section 5 4. If required, arrange to add vendor to the QR Vendor Database – Section 6.2 5. Raise purchase requisition – Section 7.8

Responsibility: *Procurement officers*

4.6 Strategy for Inventory Purchases

Inventory, including all hazardous substances, must be purchased using either a Supply Agreement or a Supply Division purchase order, as follows:

- **Supply Agreements** – are used for purchases occurring *five or more times a year and the vendor will agree to a firm price* for a fixed period.
- **Supply Division Purchase Orders** – are used for purchases occurring *less than five times a year or the vendor will not agree to a firm price* for a fixed period.

Option	Strategy Process (Values <i>GST exclusive</i>)
Supply Agreements	1. Preliminary <i>risk</i> assessment – Section 4.3 2. Perform strategy checklist – Section 4.4 3. Arrange quotes in accordance with Section 5 4. If required, arrange for vendor to be added to the QR Vendor Database – Section 6.2 5. Arrange for inventory to be catalogued – Section 6.7 6. Arrange for Supply Agreement to be established – Section 6.6 7. Arrange for any automated processes, as required – Section 6.7 8. Purchase against the Supply Agreement – Section 7.4
Supply Division purchase order	As well as 1-4 above, 5. If required, arrange for inventory to be catalogued, and any automated processes – Section 6.7 6. Raise purchase requisition – Section 7.8

Responsibility: *Procurement officers/ MRP controllers/ Purchasing officers (Supply)*

4.7 Strategy: Purchases over \$100 000

Before deciding on a strategy, the **purchasing officer (Supply)** or **procurement officer shall** consider the following, calling the Supply Helpdesk if required:

- If annual expenditure is high and purchases are frequent, corporate contracts and strategic sourcing may achieve better value for money – Section 4.8.
- Supply Agreements may be suitable for less frequent use and lower value arrangements than corporate contracts.
- Supply Division purchase orders may be preferred if purchasing will be infrequent and prices are not firm.
- Works Agreements may be preferred for project works such as construction and the purchasing of rollingstock.

The following strategy options are available for purchases exceeding \$100 000:

Option	Strategy Process (Values GST Exclusive)
Supply Division purchase order	<ol style="list-style-type: none"> 1. Preliminary risk assessment – Section 4.3. 2. Arrange quotes in accordance with Section 5. 3. If required, arrange for vendor to be added to the QR Vendor Database – Section 6.2. 4. Raise purchase requisition – Section 7.8.
Supply Agreements	<p>As well as 1-3 above,</p> <ol style="list-style-type: none"> 4. Arrange for Supply Agreement to be established – Section 6.6. 5. Purchase against the Supply Agreement – Section 7.4.
Works Agreements/contracts	<p>As well as 1-3 above,</p> <ol style="list-style-type: none"> 4. Arrange for Works Agreement to be established – Section 6.8. 5. Purchase against the agreement – Section 7.9.

Responsibility: Procurement officers/ Purchasing officers (Supply)/ Contracts Facilitator (Supply)

4.8 Strategy: Strategic Sourcing of Commodities

4.8.1 Overview

Supply Division personnel implementing corporate contracts for **commodities shall** follow the processes described in SUP-HB-400 *Strategic Sourcing Handbook*. The Manager Procurement and Contracting may determine which strategic sourcing processes are applicable for each **commodity**.

The strategic sourcing process is used for contract development, when its cost can be justified. It is normally used for purchasing **commodities**, goods or services with high purchase frequency, annual value in excess of \$500 000 and higher than normal risk exposure.

Strategic sourcing processes may be used if required for other purchases, as described in Section 4.7. The *Strategic Sourcing Handbook* is available from Supply Division as one document or as separate topics if required:

Strategic Sourcing Handbook (SUP-HB-400)	
Document	Contents
SUP-HB-400-01	Chapter 1: Introduction
SUP-HB-400-02	Chapter 2: Commodity Planning
SUP-HB-400-03	Chapter 3: Conduct Spend Analysis
SUP-HB-400-04	Chapter 4: Conduct Market Analysis
SUP-HB-400-05	Chapter 5: Determine Customer Requirements

Strategic Sourcing Handbook (SUP-HB-400)	
Document	Contents
SUP-HB-400-06	Chapter 6: Develop Commodity Strategy
SUP-HB-400-07	Chapter 7: Select Vendors and Negotiate Contracts
SUP-HB-400-08	Chapter 8: Implement Relationship with Vendors
SUP-HB-400-09	Chapter 9: Manage Performance – Vendor & QR

For a flowchart of the overall process, refer to Section 4.8.7.

Responsibility: Commodity teams

4.8.2 Determine Requirements

The **commodity** team **shall** prepare an analysis plan, for approval by the Manager Procurement and Contracting, as described in Chapter 2 of SUP-HB-400 *Strategic Sourcing Handbook*.

The **commodity** team **shall** meet with key QR managers to document the extent of analysis required, the deliverables, the team members and the key data required. The support of key users of the commodity will be sought and a Business Decision Team established.

The **commodity** team **shall ensure** that processes comply with State policy including *Local Industry Policy*. (http://www.sd.qld.gov.au/dsdweb/docs-bin/publications/lip_01_2002.pdf)

Responsibility: Supply Management/ Commodity teams/ Business decision teams

4.8.3 Spend Profile

In order to gain an understanding of QR's projected future spend on the commodity, the **commodity** team **shall** conduct spend analysis as described in Chapter 3 of SUP-HB-400 *Strategic Sourcing Handbook*. Depending on the level of analysis justified in the analysis plan, the spend profile may include the following topics:

- historical spend
- negotiable spend
- spend fragmentation and market group overlap
- future spend levels and profile
- the corporate spend profiles of major vendors.

Responsibility: Commodity teams

4.8.4 Specification and Risk Analysis

The **commodity** team **shall** develop a specification of QR's requirements for the commodity including the **commodity risk** profile using:

- the process in Chapter 5 of SUP-HB-400 *Strategic Sourcing Handbook*
- appropriate input from the users of the **commodity** within QR
- information gathered from the preliminary **risk** assessment - Section 4.3
- **risks** identified during the commodity planning and market analysis.

For guidance on QR risk methodology, see GEN/STD/1400/RMT *Risk Management*. For guidance on the writing of specifications, see GEN/RD/1024/SUP *Contracting Guidelines*.

Responsibility: Commodity teams

4.8.5 Market Analysis

In order to understand the nature of the supply market and assess QR’s market impact, the **commodity** team *shall* conduct market analysis as described in Chapter 4 of SUP-HB-400 *Strategic Sourcing Handbook*. Depending on the level of analysis justified, the commodity team may:

- assess the marketplace
- assess QR’s position in relation to vendors
- assess market group cost drivers
- meet with significant vendors.

Responsibility: Commodity teams

4.8.6 Develop Preferred Strategy

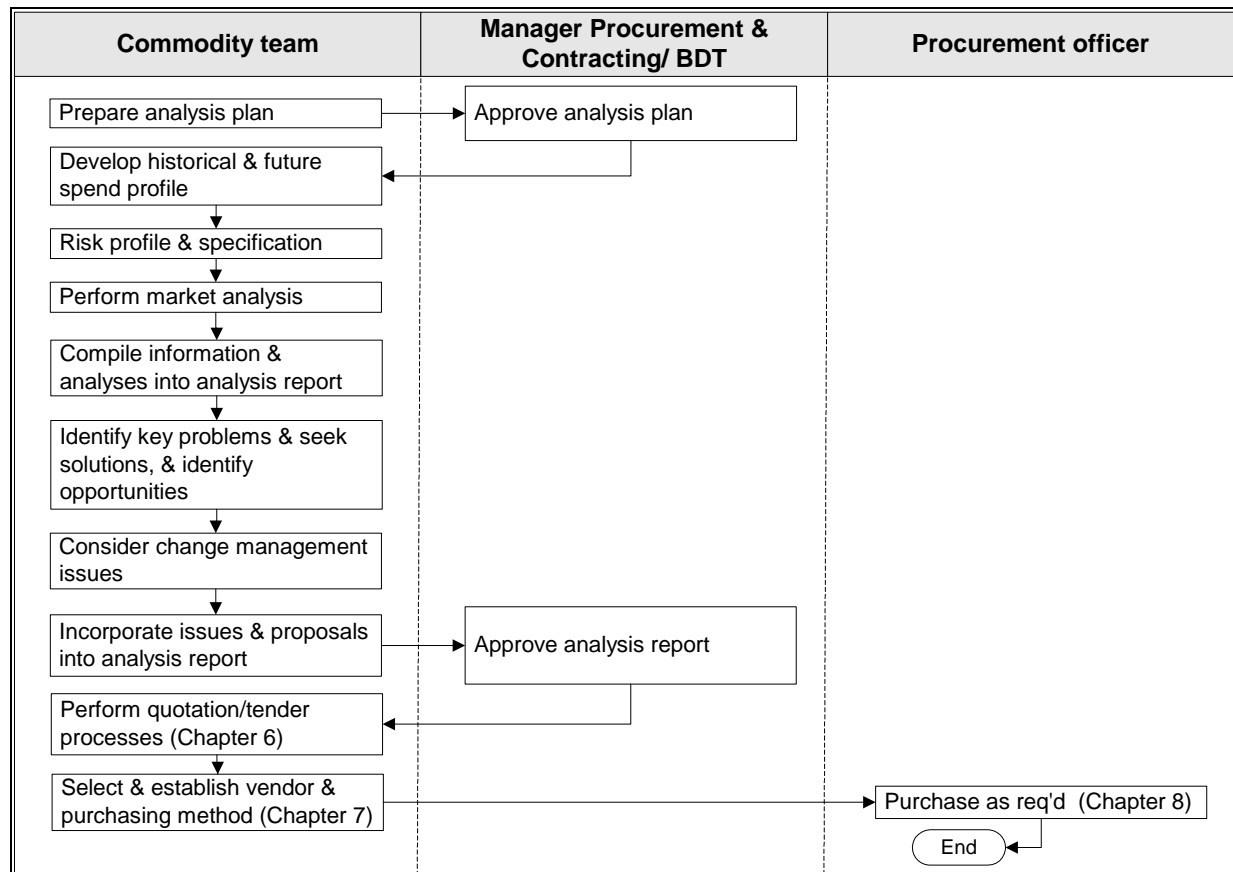
Based on the project scope, the **commodity** team *shall* develop a sourcing strategy and compile all the findings into an analysis report for the BDT and Supply Division management. The sourcing strategy is based on:

- the principles in Chapter 6 of SUP-HB-400 *Strategic Sourcing Handbook*
- the key problems, issues and opportunities for improvement identified
- any licensing requirements, for example refrigerants and imported chemicals
- the change management issues identified.

Before proceeding with the tender processes, the **commodity** team *shall* obtain approval to proceed from Supply Division management and the BDT. The **commodity** team *shall* file the analysis plan and analysis report as required in Section 3.2.3.

Responsibility: Supply management/ Commodity teams/ Business decision teams

4.8.7 Process Flowchart – Strategic Sourcing



5. Quotation/Tender Process

5.1 Overview

The requirements for calling tenders when purchasing are defined in GEN/STD/1006/SUP *Supply Chain*, Section 3.10. The purchasing strategies that require tendering were described previously in Section 4.

The purpose of the tendering process is to establish vendor relationships that:

- safeguard the interests of QR, the government and the public
- provide open and effective competition
- demonstrate transparency, promoting ethical behaviour and fair dealing,
- provide opportunities for innovative ideas and alternative products and providers
- encourage opportunities for local businesses and industry
- ensure QR receives value for money, sustained in the long term
- encourage a high standard in vendor performance.

This section includes the following topics:

- requirements for record keeping – Section 5.2
- guidance on developing a specification – Section 5.3
- the tender process for acquisitions up to \$100 000 – Section 5.4
- the tender process for acquisitions over \$100 000 – Section 5.5.

5.2 Requirements for Record Keeping

The *procurement officer* or *purchasing officer (Supply)* shall record the details of tenders including all vendors they sought prices from, those who tendered and those who declined to make an offer, as required in Section 3.2.3.

5.2.1 Exemptions

The *procurement officer* or *purchasing officer (Supply)* shall keep records of all exemptions approved by managers including:

- the name of the vendor and the product or service
- the reason for the exemption
- authorisation by the *delegated officer* or *procurement officer*
- any other information listed in the table below.

Exemptions from tendering may be emails or other documents signed and dated by the *delegated officer*. The process is shown in the following table:

Situation	Process for exemptions (Exceptions are in 6.2.2)
Raising purchase requisition [ME51N]	<ul style="list-style-type: none"> • Raise the purchase requisition, recording the vendor number in the [Desired Vendor] field, and the reason for exemption in the [Item Note]. • File any signed authorisation documents as required in Section 3.2.3.
Raising DPO [ME21N]	<ul style="list-style-type: none"> • Raise the DPO, recording the exemption reason in the [Header Note]. • File any signed authorisation documents as required in Section 3.2.3.
Creating Supply Agreement	<ul style="list-style-type: none"> • Complete and authorise GEN/FRM/1002/SUP <i>Supply Agreement New/Extension</i> form on the portal. (See Section 6.6.6 following) • File any signed authorisation documents as required in Section 3.2.3.

When a *purchasing officer (Supply)* discovers a sole or limited supply situation, an advisory comment should be recorded in SAP to advise the *delegated officer* that an exemption from tendering can be authorised by releasing the requisition.

5.2.2 Exceptions

Records are not required when accessing a corporate contract, standing offer, preferred supplier, pre-qualified supplier or panel arrangement arranged by QR.

The *procurement officer* or *purchasing officer (Supply)* shall keep records when:

- purchasing from a government or joint government agency
- purchasing using a government standing offer arrangement
- purchasing second-hand goods
- undertaking the second or later stages of a multi-stage purchase.

When recording is required, the *procurement officer* shall follow the process listed for the particular situation in the table below.

Situation	Process for exceptions (Exemptions are in 6.2.1)
Raising purchase requisition [ME51N]	<ul style="list-style-type: none"> • Raise the purchase requisition, recording the vendor number in the [Desired Vendor] field, and the reason for exception in the [Item Note] field.
Raising DPO [ME21N]	<ul style="list-style-type: none"> • Raise the DPO, recording the reason for the exception in the [Header Note] field.
Creating a Supply Agreement	<ul style="list-style-type: none"> • Complete & authorise GEN/FRM/1002/SUP <i>Supply Agreement New/Extension</i> form on the portal. (See Section 6.6.6 following) • Record the exception reason in the Agreement Details part of the form.

Responsibility: *Delegated officers/ Procurement officers/ Purchasing officers (Supply)*

5.3 Developing Specifications

5.3.1 Overview

A specification is a statement of the purchasing requirements of QR's business units.

The complexity of specifications varies widely from purchase to purchase. For low cost, off the shelf purchases where written specifications are not necessary, the following principles may still be worth considering.

This section provides guidance on developing effective specifications including:

- the elements of an effective specification – Section 5.3.2
- developing a specification – Section 5.3.3
- finalising a specification – Section 5.3.4.

5.3.2 Elements of an Effective Specification

There are three basic elements in a specification:

Specification Type	Purpose
Functional	Describes the purpose or function of the item without specifying how it will be achieved – eg. a carriage for “conveying passengers”.
Performance	Describes the purpose and capability or performance, enabling vendors to offer solutions – eg. a carriage “conveying ten passengers” allows the vendor to offer different types of carriage.
Technical	Defines the technical properties, materials, measurements and manufacturing methods – eg. a carriage window specified by its dimensions, type of glass, hardness, strength, Australian Standard.

Technical specifications may be essential for specifying some goods. Functional and performance specifications may be better for services, as they encourage ideas, innovation, alternative solutions and better value-for-money.

GEN/RD/1024/SUP *Contracting Guidelines* contains instructions for preparing specifications. In addition, the following guidelines should be used when purchasing goods and services:

- State the requirement clearly, simply, concisely and logically in functional and performance terms, including technical requirements if necessary.
- Avoid over-specifying requirements, as this may limit offers unnecessarily.
- When specifying goods, state what the item will be used for.
- Include information that allows tenderers to determine the quality required.
- State the criteria for acceptance - examination, trial, test or documentation.
- Provide opportunity for vendors to offer alternative goods or services.
- Avoid specifying brand names, unless the brand defines a standard.
- Local suppliers should be included in any request for offer process. Local products that meet the functional and technical requirements may be specified by brand name, followed by the words “or equivalent” or “or similar”.
- Exclude requirements that directly or indirectly discriminate against Australian or New Zealand vendors. The Industry Capability Network (ICN Queensland) (<http://www.isoqld.com.au>) is an excellent source for information on local vendors.
- Determine whether environmentally friendly goods and services are suitable. These are preferred when the other criteria are comparable. For details, see the QGCPO *Better Purchasing Guide – Environmentally Friendly Purchasing*.
- The specification forms the basis of the purchasing agreement with the vendor.

Responsibility: *Procurement officers/ Procurement persons*

5.3.3 Developing a Specification

All relevant information must be included in the specification. The ***procurement officer*** or ***procurement persons*** shall ensure that:

- all relevant business unit personnel are consulted
- all relevant standards and external sources of information are referenced.

The complexity and type of goods or services being sourced will determine the detail and content of specification required. The topics covered may include:

- introduction and scope
- background information or history of the goods or service
- a glossary of terms, symbols and acronyms
- a list of relevant documents
- any security aspects
- any ***risks*** identified in Section 4.3
- environment and ergonomic limitations
- detailed requirements - the functional, performance and technical specification
- whole-of-life support
- marking or badging of supplies, for example branding with the QR logo
- preservation and packaging
- quality, testing and acceptance requirements.

Responsibility: *Procurement officers/ Procurement persons*

5.3.4 Finalising Specification

When the specification document has been completed, the *procurement officer* or *procurement persons shall* seek the approval of their *responsible manager* to proceed with either the quotation or tender process. The *responsible manager shall* sign and date the specification to signify approval.

The *procurement officer* or *procurement persons shall* file a copy of the approved specification as required in Section 3.2.3, and continue with either:

- process for purchases up to \$100 000 – Section 5.4; or
- process for purchases over \$100 000 – Section 5.5.

Responsibility: *Responsible managers/ Procurement officers/ Procurement persons/ Purchasing officers (Supply)*

5.4 Acquisitions up to \$100 000 (GST exclusive)

5.4.1 Overview

This section describes the process for acquisitions up to \$100 000. The process for acquisitions over \$100 000 (Section 5.5) may be used if it has benefits.

The process includes the following steps:

- determine requirements – Section 5.4.2
- issue request for quotation – Section 5.4.3
- evaluate responses – Section 5.4.4
- select recommended offeror – Section 5.4.5
- notify successful and unsuccessful offerors – Section 5.4.6.

A flowchart of the overall process is provided in Section 5.4.7.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

5.4.2 Determine Requirements

Prior to seeking quotes, the *procurement officer shall* document the requirements for the goods or service, including specification (Section 5.3), drawings if any, results of preliminary *risk* assessment (Section 4.3) and suggested vendors.

The *procurement officer* may seek quotes, filing all records as required in Section 3.2.3, or advise the *purchasing officer (Supply)* to seek quotes on behalf of the business unit.

If Supply Division is to seek quotes, the *procurement officer shall* forward to Supply Division copies of all the information relevant to the purchase. A Supply Division purchase order or Supply Agreement will be raised on behalf of the business unit.

The business unit may nominate preferred vendors. The *purchasing officer (Supply) shall* not exclude any of the nominated vendors without consultation with the *procurement officer* but additional vendors may be included.

Responsibility: *Procurement officers/ Purchasing officers (Supply)*

5.4.3 Issue Request for Quotation

The *procurement officer* or *purchasing officer (Supply)* shall issue a complete set of the same request for quotation documents to at least three potential vendors.

Standard *Terms and Conditions of Contract* and *Conditions of Quote* are available from the QR Infonet. If none of the standard documents is appropriate, consult the Senior Commercial Lawyer in Supply Division to make the necessary changes.

Written quotation requests shall reference a *Terms and Conditions of Contract*. It is important that all information is provided with the request to avoid future disputes.

The *procurement officer* or *purchasing officer (Supply)* should not commit to payment in under 30 days from the date of receipt of the invoice by Accounts Payable, without first consulting Accounts Payable.

While the request for quote is open, the *procurement officer* or *purchasing officer (Supply)* shall ensure that all relevant questions asked by offerers are answered. All questions and replies shall be recorded.

If it is found that the request for quotation documents require clarification, all offerers shall be advised of the question that was asked and the reply that was provided.

Any amendments to the request for quotation shall be by addendum, sent to all offerers. All addendums shall state clearly what is being amended in the documents.

As a result of an addendum or clarification, the quoting period may need extending. When this is necessary, the extension of the period shall be advised to all offerers.

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.3.1 Required Information all Quotes

The *procurement officer* or *purchasing officer (Supply)* shall advise all request for quotation recipients how quotes shall be sent to QR (verbal, fax, electronic) and what information they need to tell QR, including:

- name of the offeror, their address and ABN
- name and position of the person contacted and their phone, fax, email address
- full description of the goods or service being purchased
- specification, including any drawings or samples where applicable
- special requirements identified in the *risk* assessment (Section 4.3)
- date of the quote and its expiry date (QR's standard term is 60 calendar days)
- the amount of the quote and whether it includes or excludes *GST*
- delivery basis (QR's standard delivery basis is FIS, the price includes delivery)
- price break quantities (eg. 1-5, 6-10)
- availability and promised delivery
- warranties
- whether the quote can be used for different reorder quantities or locations
- payment terms (QR's standard terms are 30 days from receipt of invoice).

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.3.2 Verbal Quotes (Purchases up to \$10 000 *GST exclusive* only)

Verbal quotes are acceptable for purchases up to \$10 000 but they shall be recorded and filed. The *procurement officer* or *purchasing officer (Supply)* shall record verbal quotes:

- completing relevant fields in form GEN/FRM/1003/SUP *Verbal Quote form* or
- recording the details required in Section 5.4.3.1, signing and dating the record.

All written records of verbal quotes shall be filed as required in Section 3.2.3.

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.4 Quotation Responses

The *procurement officer should* evaluate the quotes and select the vendor offering best value for money. If Supply Division makes the decision, commercial considerations should be used to guide the decision.

The *procurement officer* or *purchasing officer (Supply) shall* document the methodology used to evaluate the quotes, with particular attention to:

- all requirements identified in the *risk* assessment Section 4.3
- any terms and conditions offered that conflict with QR's terms and conditions.

It is important that all information provided meets QR's requirements to avoid future disputes with offerors.

The *procurement officer* or *purchasing officer (Supply) shall* retain a record of all written, verbal, successful and unsuccessful quotes received and the evaluation methodology used as:

- a record in SAP, available to *purchasing officers (Supply)* or
- a hard copy of the records filed as required in Section 3.2.3.

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.5 Check Successful Offer

Accepting a quote can form a contract with the vendor. Before accepting any quote, the *procurement officer, purchasing officer (Supply)* or a legal officer *shall* perform financial checking of the vendor. *Procurement officers* accepting quotes *shall* contact the Supply Helpdesk (81-1234) or a legal officer for advice.

The checks required are described in GEN/RD/1024/SUP *Contracting Guidelines*. Checks may include credit checks, environmental performance searches, title searches and motor vehicle checks. Contracts over \$50 000, high risk contracts and new or unknown vendors require more checking.

Credit check results *shall* be kept on the acquisition file. Checks performed within the previous six months are still valid and need not be repeated.

Before the purchase may proceed, an officer with the appropriate delegation *shall* approve the purchase of the goods or service. See FIN/SPC/4804/REP *Functional Delegations – Chief Executive Officer*.

Responsibility: Procurement persons/ Supply Helpdesk workers/ Legal officers

5.4.6 Notify Successful & Unsuccessful Offerers

As soon as possible, the *procurement officer* or *purchasing officer (Supply) shall* notify successful and unsuccessful tenderers of the success of their bid:

- advising successful offerors – Section 5.4.6.1
- advising unsuccessful offerors – Section 5.4.6.2.

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.6.1 Successful Offerers

The vendor may be advised that their offer is successful by a purchase order or a letter of acceptance. A letter of acceptance is used where the purchase order will not be sent immediately, for example where a Supply Agreement will be established.

The letter of acceptance **shall** include all the special requirements identified in the preliminary **risk** assessment. (Section 4.3) It **shall** contain at least:

- file, agreement or contract number
- confirmation of the method of purchase and documentation requirements
- the address for invoices and the information that must be on the invoice
- start and end dates of the agreement.

An officer with the appropriate delegation **shall** sign the letter of acceptance. See the *QR Finance Manual*.

The **procurement officer** or **purchasing officer (Supply)** **shall** record the acceptance by:

Advice Method	Record
Purchase order	SAP system record is sufficient
Letter to vendor	A copy of the letter filed with the quotes, as required in Section 3.2.3

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.6.2 Unsuccessful Offerers

To foster good relations with all vendors, unsuccessful tenderers **should** be advised verbally, by letter or email:

- quotes up to \$10 000 are optional – advise either verbally or in writing
- quotes over \$10 000 – advise in writing.

The **procurement officer** or **purchasing officer (Supply)** must not provide price or other details of the successful offer to unsuccessful tenderers. The reason their offer was unsuccessful may be provided along with the name of the successful tenderer.

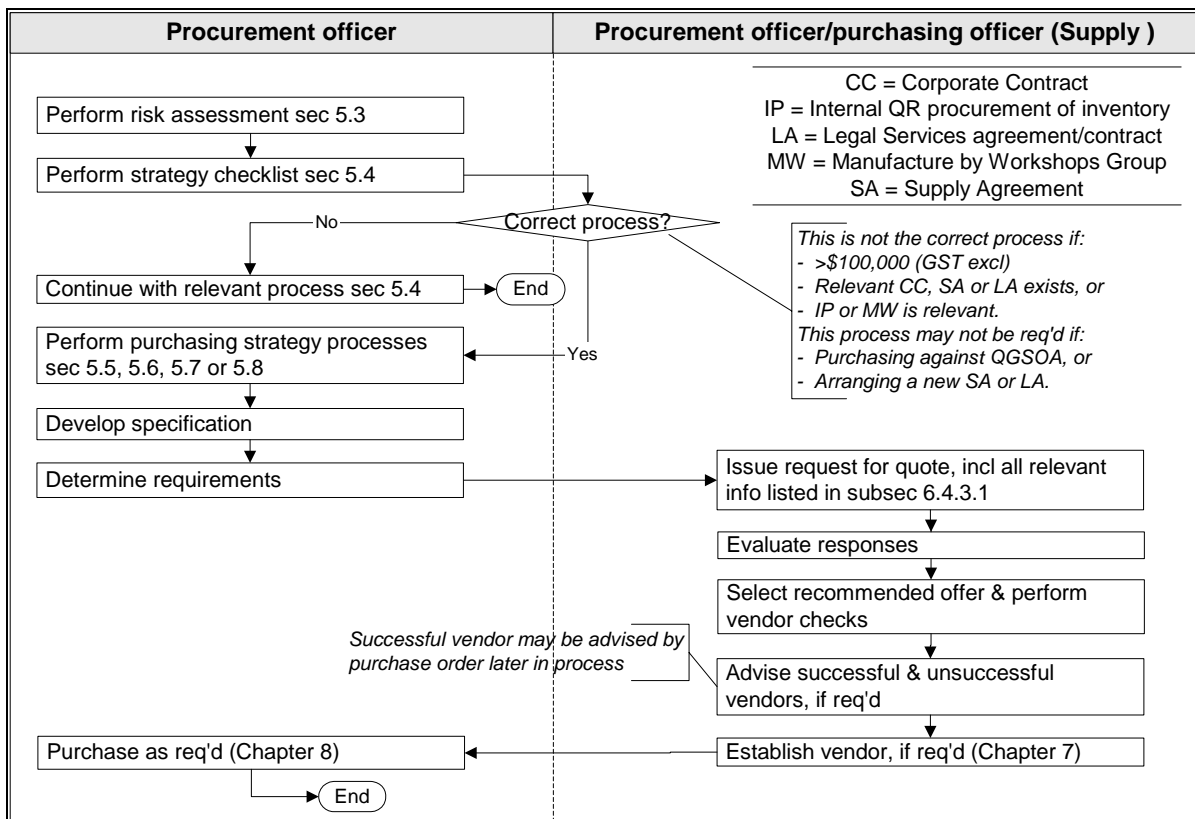
The **procurement officer** or **purchasing officer (Supply)** should also offer to debrief the unsuccessful offeror, not to debate QR's evaluation process but to provide general feedback and to foster good relations with vendors. A minimum of two **workers shall** attend the debriefing with the unsuccessful vendor.

The **procurement officer** or **purchasing officer (Supply)** **shall** file the communications with unsuccessful offerors, as required in Section 3.2.3:

Advice Method	Record
SAP generated letter	SAP system record is sufficient
Letter to vendor	A copy of the letter
Verbal advice	A note (signed and dated) on the quote record, stating the date of the advice and the name of the person advised
Debriefing with vendor	A summary of the debriefing signed and dated by both attending workers , including date and name of offerer's representative

Responsibility: Procurement officers/ Purchasing officers (Supply)

5.4.7 Process Flowchart – Quotation Process



5.5 Acquisitions over \$100 000 (GST exclusive)

5.5.1 Overview

This section details the process to seek prices for acquisitions over \$100 000.

GEN/STD/1006/SUP *Supply Chain*, Section 3.10 applies to acquisitions over \$100 000, including the requirements for requests for information, expressions of interest and pre-registration and pre-qualification of tenderers.

FIN/STD/450P/TSY *Treasury Principles* applies when a business unit has foreign currency transactions cumulatively exceeding A\$100 000 in any year.

FIN/STD/460P/INV *Investments Principles* applies when a business unit has new investment initiatives exceeding limits set by QR Finance, currently \$500 000 for capital initiatives and \$1Million for other initiatives. If Supply Division is implementing a corporate contract for use by multiple business units, Supply will facilitate the budget planning process if required, without any financial involvement.

A flowchart of the tendering process is provided in Section 5.5.16.

5.5.2 Determine Requirements

The *procurement persons shall* determine whether the full request for tender (RFT) process in Section 5.5.16 is required or whether the less detailed request for quotation (RFQ) process in Section 5.4.7 is more advantageous.

Most acquisitions over \$100 000 will use the RFT process. Where the acquisition is highly specialised from limited sources, the RFQ process is appropriate. Tenders are required and *shall* be lodged in the tender box, regardless of the process.

Responsibility: Procurement persons

5.5.3 Evaluation Criteria & Documentation Requirements

5.5.3.1 Evaluation Criteria

The *procurement persons shall* determine the evaluation criteria against which the tender evaluation team *shall* evaluate the tenders received.

Value for money *shall* be considered first. Other evaluation criteria may include:

- extent to which the tender meets the specification or statement of requirement
- degree of compliance with conditions of tender and QR contract conditions
- pricing structure, but not the price itself
- life cycle costs of the bid
- demonstrated ability to provide the supply
- experience in providing similar goods or services
- financial viability of the vendor and warranties and guarantees offered
- satisfaction of industry development requirements
- risk and the tenderer's ability to manage risk
- preference for suitable locally made and environmentally friendly items
- other criteria depending on whether the item is off-the-shelf or specialised.

The *procurement persons shall* include in their evaluation criteria all requirements identified in the preliminary *risk* assessment, Section 4.3.

Responsibility: Procurement persons

5.5.3.2 Documentation

The *procurement persons shall* prepare the tender documentation, which *shall*:

- be complete and detailed enough to enable tenderers to prepare tenders
- provide sufficient time before the closing date to allow for site visits if necessary
- provide reasonable time for undertaking the project.

The tender documents *shall* include:

- *Specification* (see Section 5.3) and drawings if relevant.
- *General Conditions of Contract* and/or *Special Conditions of Contract* that:
 - provide information enabling the *risks* to be identified and addressed
 - are compliant with Queensland law
 - allocate responsibility for paying stamp duty (preferably to the other party)
 - deal with confidentiality and the ownership of intellectual property
 - where appropriate, impose insurance obligations on the other party
 - minimise QR's potential liability, providing widely drafted indemnities
 - require provision of security for the contract's performance where relevant
 - contain express warranties as to title and fitness for purpose of product
 - establish a defects liability period and dispute resolution procedures
 - contain termination clauses.
- *Conditions of Tendering* (if the RFT process is used), including:
 - the tender evaluation criteria
 - details of supporting documentation required from the tenderers
 - stating whether tenderers *shall* nominate their subcontractors (if any)
 - full details required to undertake the project
 - the number of copies of the tender required,
 - the period for which the tender *shall* be valid
 - method, time and date of lodgement and opening of tenders
 - whether the tender opening is private or public
 - whether tender prices are firm or variable
 - the rules that apply for alternative or nonconforming tenders
 - supplementary *Conditions of Tendering*, if relevant.
- *Conditions of Quote* (if the RFQ process is used).

Standard *Conditions of Tendering*, *Conditions of Contract* and *Conditions of Quote* are available from QR Infonet. If any changes to the standard documents are required, the ***procurement persons shall*** liaise with the Senior Commercial Lawyer in Supply Division to develop special *Conditions of Tendering*, *Contract* or *Quote*.

Procurement persons should not commit to payment in under 30 days from date of receipt of the invoice by Accounts Payable, without first consulting Accounts Payable.

Responsibility: *Procurement persons*

5.5.4 Contract Procedures Compliance Certificate

All purchases over \$250 000 require a *Contract Procedures Compliance Certificate*. The *Contract Procedures Compliance Certificates* are forms on the QR Infonet.

The ***procurement persons shall*** complete the appropriate *Contract Procedures Compliance Certificate* in consultation with the Senior Commercial Lawyer in Supply Division and obtain the approvals indicated in the certificate.

Responsibility: *Procurement persons*

5.5.5 Prepare Request for Quotation/Tender

The ***procurement persons shall*** prepare RFT or RFQ documents as appropriate, attaching copies of the documentation previously developed: (Section 5.5.3)

- specification and any drawings
- general and/or special *Conditions of Contract*
- *Conditions of Tendering* for RFTs or *Conditions of Quote*, for RFQs.

Responsibility: *Procurement persons*

5.5.6 Issue Request for Quotation/Tender

All acquisitions over \$250 000 (***GST exclusive***) ***shall*** be publicly advertised or an exemption approved. Acquisitions less than \$250 000 may be publicly advertised if the ***procurement person*** deems it advantageous to QR.

As required by GEN/RD/1024/SUP *Contracting Guidelines*, all advertisements for tenders likely to exceed \$250 000 ***shall*** be placed by Supply Division.

The ***procurement officer*** or ***purchasing officer (Supply)*** ***shall ensure*** that all the relevant information, previously identified in Section 5.5.3, is included with the RFT or RFQ. This is important to avoid disputes with offerors.

All tenderers ***shall*** be advised the address of the officially approved QR tender box where they are to lodge their offers.

All tenderers ***shall*** receive a complete set of the same documentation.

While the tender is open, the ***procurement officer*** or ***purchasing officer (Supply)*** ***shall*** answer all questions asked by tenderers and record all questions and replies.

If it is found that the tender documents require clarification, all tenderers ***shall*** be advised of the question that was asked and the reply that was provided.

Any amendments to the tender ***shall*** be by addendum. All addendums ***shall***:

- state clearly what is being amended in the tender documents
- ***ensure*** all tenderers receive a complete set of any addendums.

As a result of an addendum, the tender period may need extending in some instances. In such cases, all tenderers ***shall*** be advised of the extension.

Responsibility: *General Manager Supply/ Procurement persons/ Contracts Facilitator*

5.5.7 Tender Evaluation Team

The **procurement persons shall** nominate a team to evaluate tender responses. Representatives of the business units and Supply Division may be included.

For tenders up to \$250 000 (**GST exclusive**), evaluation **shall** be undertaken by at least one **worker** with the required technical and commercial qualifications to evaluate the tenders, preferably in consultation with the **responsible managers** of the stakeholding business units.

For tenders over \$250 000 (**GST exclusive**), or if the purchase is technically or commercially complex, the tender evaluation team **shall** consist of:

- at least two **workers** with the required technical and commercial qualifications to evaluate the tenders, and a representative from each key stakeholder business unit
- at least one **worker**, preferably with the required qualifications, who is independent of the stakeholder business units to **ensure probity**.

Two **workers** with the required technical and commercial qualifications may evaluate the tenders if authorised by an appropriate Group General Manager.

Responsibility: Procurement persons

5.5.8 Evaluation Plan Development

Tender evaluation should select the vendor best meeting QR's requirements, according to the selection criteria. The evaluation plan provides a pre-agreed process to **ensure** that selection achieves the best outcome for QR.

If the acquisition is highly specialised with limited sources, the **procurement persons** may decide that an evaluation plan is not necessary. In this case, the **procurement persons shall** still consider the issues raised in this section.

QR uses sustainable value for money criteria when evaluating tenders. The lowest price tender represents best value for money only if the bids are technically identical.

Best value for money means the best available sustainable outcome when all relevant cost and benefits over the procurement life cycle are considered and is achieved by the most appropriate solution for a specific need.

An effective evaluation process uses weights applied to the evaluation criteria, according to importance. The most important criteria have the highest weights.

The **procurement persons shall** sort the evaluation criteria in order of importance and apply a weight to each criterion.

The **procurement persons shall** include in their tender evaluation plan:

- the evaluation procedure, including procedures for:
 - registering and managing any possible conflicts of interest
 - proper receipt, storage, opening, registration, handling and filing of tenders
- the names of members of the tender evaluation team
- a list of evaluation criteria, weightings and methodology, as in Section 5.5.3
- the evaluation tools tailored to the characteristics of the acquisition
- the evaluation timeframe
- guidelines for the evaluation report including a list of supporting documents.

The tender evaluation team **shall** agree to the evaluation plan before tenders close. Once the plan has been agreed and tender documents distributed to offerors, it **shall** not be altered, unless the alteration is to correct an obvious error. Any correction **shall** be by addendum, which **shall** be distributed to all tenderers.

Responsibility: Tender evaluation teams/ Procurement persons

5.5.9 Evaluation of Responses

No tender *shall* be opened prior to the tender closing time. A minimum of two authorised *workers shall* open the tenders immediately the closing time has passed. Both authorised *workers shall* sign, date and record each tender received.

Responsibility: *Authorised workers*

The *procurement persons shall* nominate *workers* to respond to verbal or written enquiries regarding the tenders during the evaluation process. During evaluation, only the nominated *workers shall* communicate with the tenderers. All enquiries from tenderers *shall* be recorded, and the record *shall* include time and date of receipt and details of the issues discussed.

During the evaluation process, no QR *worker shall* communicate with a tenderer regarding the tender, except to assist in the evaluation process by clarifying issues:

- All clarification *shall* be requested by QR and responded to in writing.
- Clarification *shall* not be used to revise or modify the scope or change an offer.
- If additional information emerges during evaluation and this changes the requirements, the tender evaluation team *shall*:
 - before shortlisting – communicate the information to all tenderers
 - after shortlisting – communicate the information to shortlisted tenderers.

Members of the tender evaluation team *shall* abide by the following rules:

- All offers *shall* be treated as commercial-in-confidence.
- Ethics, *probity*, confidentiality and *accountability shall* be maintained.
- Value for money *shall* be used for comparing offers – including sustainability.
- Record all decisions made and the reasons in the evaluation report.
- Evaluate as quickly and efficiently as possible for a fair and full evaluation.
- Do not change the evaluation criteria in the evaluation plan. (Section 5.5.7)

When tenderers submit bids under different bases and conditions, the bids may be normalised to enable comparison. For example, normalising may be needed for:

- firm price offers compared with variable price offers
- different schedules of payments offered
- different financial provisions, eg. discounts for early payment, quantity ordered
- different price variation provisions
- different inclusions such as maintenance, training and follow-on support.

The tender evaluation team *shall* assess each tender separately:

- Each member of the tender evaluation team *shall* separately assess each evaluation criterion agreed to on the evaluation plan (Section 5.5.7) and apply the relevant weighting.
- The separate evaluations of the members *shall* be combined into in a single weighted result for each of the tender evaluation criteria.
- The tender evaluation team *shall* combine the evaluation results for each of the criteria to rank the offers in order of best value for money for QR. Evaluation software such as APET is recommended.

If no acceptable tender responses are received, the tender evaluation team may reject all of the tenders. In this event, the tender may be recalled and conditions that were in the original tender may be removed. If conditions that previously prevented a potential tenderer from bidding are removed, that vendor *shall* be permitted to submit an offer for the new tender.

Responsibility: *Workers dealing with tenderers/ Tender evaluation teams/ All workers*

5.5.10 Check Recommended Vendor

Accepting a quote can form a contract with the vendor. Before accepting any quote, the **procurement officer, purchasing officer (Supply)** or a legal officer **shall** perform financial checking of the vendor. **Procurement officers** accepting quotes **shall** contact the Supply Helpdesk (81-1234) or a legal officer for advice.

The checks required are described in GEN/RD/1024/SUP *Contracting Guidelines*. Checks may include credit checks, title searches, environmental performance searches and motor vehicle checks. Contracts over \$50 000, high risk contracts and new or unknown vendors require more checking.

Credit check results **shall** be kept on the acquisition file. Checks performed within the previous six months are still valid and need not be repeated.

Before the purchase may proceed, an officer with the appropriate delegation **shall** approve the purchase of the goods or service. See FIN/SPC/4804/REP *Functional Delegations - Chief Executive Officer*.

Responsibility: Procurement persons/ Supply Helpdesk workers/ Legal officers

5.5.11 Evaluation Report

The tender evaluation team **shall** record all decisions made and the reasons for those decisions into an evaluation report, confirming that the recommended tender represents the best value for money for QR. An evaluation report **shall** consist of:

Parts	Content
Executive summary	Overview of the evaluation, findings reached and recommendations.
Body of the evaluation report	Details of the evaluation process and methodologies used, results of assessments against criteria, ranking of offers, implications of the preferred option and final recommendation on preferred tender.
Evaluations of individual offers	Detailed individual evaluations against the criteria, including specialist reports, financial and technical reports.
Additional documents	May include clarification questions and records, identified areas for negotiation, a value for money target, evaluation plan, cost models, sensitivity analysis, graphical representations and spreadsheets used by the tender evaluation team.

Every member of the tender evaluation team **shall** agree to the evaluation report. Agreement **shall** be recorded in the meeting minutes. When agreement is reached the chairperson of the tender evaluation team **shall** sign the evaluation report.

Responsibility: Tender evaluation teams

5.5.12 Authority to Accept Offer

Before the purchase may proceed, an officer with the appropriate delegation **shall** approve the purchase of the goods or service. See FIN/SPC/4804/REP *Functional Delegations - Chief Executive Officer*.

If the acquisition is valued at over \$250 000, the **procurement persons shall** include the *Contract Procedures Compliance Certificate* with the evaluation report for signature.

Responsibility: Delegated officers/ Procurement persons

5.5.13 Notification of Successful & Unsuccessful Offerors

As soon as possible after approval has been obtained, the *procurement persons shall* notify successful and unsuccessful tenderers of the success of their bid:

- advising successful offerors – Section 5.5.13.1
- advising unsuccessful offerors – Section 5.5.13.2.

Responsibility: Procurement persons

5.5.13.1 Successful Offerors

The vendor may be advised that their offer is successful by a purchase order or a letter of acceptance. A letter of acceptance *shall* be used:

- if the purchase order will not be sent immediately, eg. a Supply Agreement
- for all offers where the value is over \$250 000 (*GST exclusive*)
- for any offers where the *procurement persons* deem a letter beneficial.

Acceptance letters *shall* be signed by an officer with the appropriate delegation. See FIN/SPC/4804/REP *Functional Delegations - Chief Executive Officer*.

For major acquisitions over \$250 000 (*GST exclusive*), as required in Section 3.10 of GEN/STD/1006/SUP *Supply Chain*, the *procurement persons shall*:

- include a *Formal Instrument of Agreement* with the acceptance letter for execution by the successful tenderer or
- require the successful offerer to sign and return the letter to indicate their acceptance of QR's terms and conditions.

A *Formal Instrument of Agreement* may also be used for other acquisitions if the *procurement persons* deem it beneficial. The template is in GEN/FRM/1004/SUP.

Templates for appropriate letters of acceptance, including the letter for Supply Agreements, are available in GEN/FRM/1037/SUP *Generic Letters of Acceptance*.

The *procurement persons shall* include with their acceptance letter all requirements identified in the *risk* assessment previously performed – refer to Section 4.3.

The *procurement persons shall* file a copy of the acceptance letter and attachments together with the tender records, as required in Section 3.2.3.

Responsibility: Delegated officers/ Procurement persons

5.5.13.2 Unsuccessful Offerors

The unsuccessful offerors *shall* be advised in writing that their offer is unsuccessful.

The *procurement officer* or *purchasing officer (Supply)* must not provide price or other details of the successful offer to unsuccessful tenderers. The reason their offer was unsuccessful may be provided along with the name of the successful tenderer.

The *procurement officer* or *purchasing officer (Supply)* should also offer to debrief the unsuccessful offeror, not to debate QR's evaluation process but to provide general feedback and to foster good relations with vendors. A minimum of two *workers shall* attend the debriefing with the unsuccessful vendor.

The *procurement officer* or *purchasing officer (Supply) shall* file the communications with unsuccessful offerors, as required in Section 3.2.3:

Advice Method	Record
Letter to the vendor	A copy of the letter
Debriefing with vendor	A summary of the debriefing signed and dated by both attending <i>workers</i> , including date and name of offerer's representative

Responsibility: Procurement persons

5.5.14 Contract Management Plan (CMP)

A contract management plan (CMP) is a description of the procedures, forms and reports that QR and the vendor agree are needed to implement the contract.

A CMP is not established for all contracts. A CMP is only established where the *procurement persons* deem it to be advantageous to manage the contract.

The *procurement persons shall ensure* that the CMP allows for the following:

- the terms of the contract itself take precedence
- matters relating to the contract, such as amendments or termination of the contract are not appropriate in the CMP
- the details in the CMP *shall* be completely consistent with the contract terms.

The CMP *shall* include all *risks* identified in Section 4.3.

The following table lists suggested CMP section headings for a typical CMP. Specific contracts may call for additions or deletions. The suggested list covers contracts for either goods or services. However it may be inappropriate for some:

- *commodity* supply agreements such as courier services or petrol supply
- professional services such as legal, audit, consulting services
- one-off contracts such as building construction or refurbishment.

Section	Chapter	Typical Clauses
Section A Introduction to the CMP	A1 Introduction to the CMP; organisation and staffing for the CMP	A1.1 Purpose of the CMP A1.2 Abbreviations A1.3 Parties to the CMP A1.4 Channels of Communication
	A2 Control of the CMP	A2.1 Appointment of Representatives A2.2 Responsibilities of Parties to the CMP
	A3 CMP Configuration Management	A3.1 Control of Certified Copies of CMP; Non-certified Copies A3.2 Revision Status A3.3 Procedure for Amendments
Section B Consultative Arrangements	B1 Performance Review Committee	B1.1 Membership of Committee B1.2 Meeting Procedures, Agendas B1.3 Meeting Minutes
	B2 Handling of Service Complaints	B2.1 Recording of Complaints B2.2 Action on Complaints
Section C Products to be Supplied	C1 Product Catalogues	C1.1 Printing and Distribution C1.2 Addition of New Product Categories C1.3 Deletion of Product Categories C1.4 Addition of New Products C1.5 Deletion of Products C1.6 Change of Packaging C1.7 Change of Unit of Ordering
	C2 Products Delivered	C2.1 Product Substitution C2.2 Over and Under Deliveries
	C3 Warranty Claims	C3.1 Definition of Warranty Period C3.2 Warranty Lodgement and Processing Procedures
Section D Delivery Logistics	D1 Sites	D1.1 Despatch Sites D1.2 Delivery Sites D1.3 Hours of Business D1.4 Load and Access Limitations
	D2 Delivery Vehicles	D2.1 Vehicle Types to be Employed D2.2 Procedures in event of Delays in Transport
Section E Product Quality	E1 Vendor Quality Certification	E1.1 QA Status E1.2 Vendor's QA Manual E1.3 Notification of Changes

Section	Chapter	Typical Clauses
	E2 Quality Procedures	E2.1 Sampling Procedures E2.2 Tests to be Carried Out E2.3 Procedures in Event of Product Rejection
	F1 <i>Risk</i> Identification	F1.1 OH&S <i>Risks</i> F1.2 Financial <i>Risks</i> F1.3 IT <i>Risks</i> F1.4 Physical Facilities <i>Risks</i> F1.5 Supply Chain <i>Risks</i> F1.6 Documentation <i>Risks</i> F1.7 Environmental <i>Risks</i>
	F2 <i>Risk</i> Audit	F2.1 <i>Risk</i> Audit Procedures F2.2 <i>Risk</i> Management Strategies
Section G Administrative Procedures	G1 Ordering	G1.1 Format of Order G1.2 Transmission of Order G1.3 EDI G1.4 Stock-outs and Back Orders G1.5 Delivery Lead Times
	G2 Delivery	G2.1 Delivery Documentation G2.2 Acceptance Procedures G2.3 Procedures if stock is damaged on delivery G2.4 Procedures if Goods do not Match Delivery Document G2.5 Pallet Control G2.6 Stock Returns
	G3 Invoicing & Payment	G3.1 Invoice Format, Frequency G3.2 Payment of Invoices G3.3 Invoice Errors
Section H Pricing	H1 Price Lists	H1.1 Price List Formats H1.2 Correction of Errors H1.3 Discounts, Rebates H1.4 Emergency Purchasing Pricing
	H2 Price Changes	H2.1 Periodic Price Adjustments: Formula, Procedures H2.2 Prices for New Products
Section I Contract Performance Improvement	I1 Performance Measurement	I1.1 Key Performance Indicators (KPIs) I1.2 KPI Targets I1.3 Periodic Reporting: Format, Distribution
	I2 Performance Review	I2.1 Comments on Performance I2.2 Performance Improvement I2.3 Audit of Improvements
Section J Training	J1 Responsibilities	J1.1 Vendor Staff J1.2 Customer Staff J1.3 Training following Changes to Procedures

Responsibility: Procurement persons

5.5.15 Implementation of Agreement

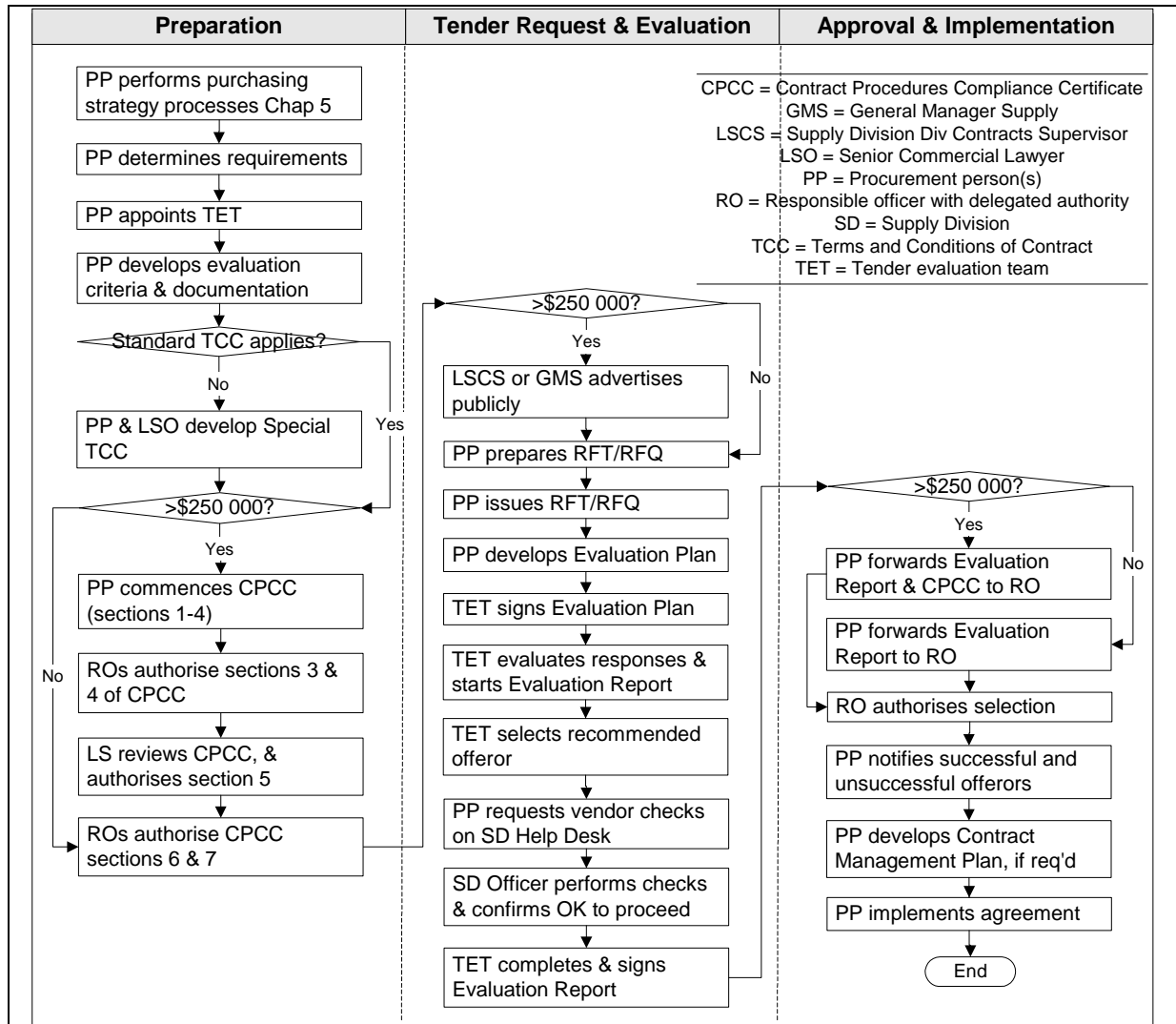
The *procurement persons shall* contact the Supply Division to assist with implementation of the most appropriate SAP purchasing method.

For further information on implementing the agreement, refer to Section 6, including the following topics:

- adding a vendor to the QR Vendor Database
- an overview of contracts and agreements
- establishing a Corporate Contract
- establishing and extending Supply Agreements
- establishing MRP inventory purchasing.

Responsibility: Procurement persons

5.5.16 Process Flowchart – Tender Process



6. Establish Vendor Relationship

6.1 Overview

This section defines the processes for establishing vendors to enable payment. There are no vendor establishment processes for credit card or petty cash payments.

The processes in this section include:

- adding a vendor to the QR Vendor Database – Section 6.2
- one-time vendors and Supply Division purchase orders – Section 6.3
- an overview of contracts and agreements – Section 6.4
- establishing a Corporate Contract – Section 6.5
- establishing and extending Supply Agreements – Section 6.6
- establishing MRP inventory purchasing – Section 6.7
- Works Agreements and contracts– Section 6.8.

6.2 Add Vendor to the QR Vendor Database

6.2.1 Overview

A vendor must exist on the QR Vendor Database before purchases can be made, except for petty cash, credit card and one-time vendors. (See Section 6.3)

6.2.2 Process

The full process and requirements for registering new vendors are detailed in GEN/RD/1020/SUP *Vendor Management Guidelines*. To add a vendor to the database, the **procurement officer shall**:

- complete GEN/FRM/1008/SUP *Create Vendor* form
- arrange for the *Create Vendor* form to be authorised
- forward the *Create Vendor* form to Supply Division.

Before adding a vendor to the QR Vendor Database, Supply Division performs vendor checks. If vendor checks have been performed during tendering, as described in Sections 5.4.5 and 5.5.10, the **procurement officer shall** forward the findings to Supply Division with the completed GEN/FRM/1008/SUP *Create Vendor*.

Once a vendor is on the QR Vendor Database, purchase requisitions, purchase orders or release orders may be raised on the vendor as described in Section 7.

Responsibility: Procurement officers/ Purchasing officers (Supply)/ Procurement persons

6.3 One-time Vendors

6.3.1 Overview

A one-time vendor is one where all of the following apply:

- purchases are likely to be made no more than twice a year
- the combined expenditure in the year is under \$20 000 (**GST exclusive**)
- the vendor is not on the QR Vendor Database.

For low value one-off purchases, credit card should be used. If credit card or petty cash are unavailable or inappropriate, a direct payment to the vendor may be requested using GEN/FRM/1077/SUP One-time Vendor - *Request for Payment* form. This process can only be used for one-time vendors.

6.3.2 Process

To purchase from one-time vendors, the **procurement officer shall**:

- complete GEN/FRM/1077/SUP *Request for Payment* form
- attach the tax invoice to the form
- have form authorised by a manager with the appropriate financial delegation
- forward the completed *Request for Payment* form to the Vendor Management Officer, Accounts Payable, Supply Division, Brisbane.

The Vendor Management Officer *shall*:

- perform the invoice and *Request for Payment* form validation checks:
 - check the vendor has a valid ABN
 - confirm this is a legitimate one-time vendor payment – see Section 6.3.1
 - run SAP transaction FBL1N to review any previous one-time vendor history
- forward the validated form to the Accounts Payable Team Leader (Brisbane).

The Accounts Payable Team Leader *shall*:

- review the form for completeness
- approve completed forms and arrange for processing as a parked document
- liaise with the *procurement officer* where forms are not-approved.

The full one-time vendor registration process and requirements are detailed in GEN/RD/1020/SUP *Vendor Management Guidelines*.

Responsibility: *Procurement officer/ Vendor Management Officer/ AP Team Leader*

6.4 Overview of QR Contracts & Agreements

QR has three different types of contracts or agreements with vendors:

- Corporate Contracts
 - long term strategic contracts
 - expensive to put in place
 - developed for *commodities* with high risk, value and frequency of use
 - see Section 6.5
- Supply Agreements
 - SAP system contracts
 - relatively inexpensive to put in place
 - developed for vendors with lower risk, value and frequency of use
 - may be established to purchase from Corporate Contracts
 - must be established in SAP by Supply Division
 - see Section 6.6
- Works Agreements or contracts
 - used specifically for engineering, construction and other project works
 - used for purchasing *assets* such as locomotives and ontrack machinery
 - contract administration service is provided by Supply Division
 - see Section 6.8.

6.5 Establishing a Corporate Contract

Supply Division commodity teams negotiate Corporate Contracts for the supply of major commodities. During the tendering process, the commodity team and the vendor agree on the purchasing methods to be used, for example SRM, SAP requisition or credit card. The applicable purchasing methods should be included in the Contract Management Plan as described in Section 5.5.14.

To establish a Corporate Contract in SAP, Strategic Sourcing Managers may need to:

- register the vendor on the QR Vendor Database – Section 6.2
- explain the purchasing methods in the Supply Infonet contracts listing
- document the ordering, goods receipting and invoicing processes with the vendor
- for standing offer arrangements, publish listings of preferred suppliers, alternative suppliers and the specialities of suppliers on the Supply Infonet site
- establish the SAP/SRM processes for purchasing from the vendor
- inform *procurement officers* throughout QR of the changed processes.

Responsibility: *Strategic Sourcing Managers/ Purchasing officers (Supply)*

6.6 Establishing Supply Agreements (New/Extension)

6.6.1 Overview

Supply Agreements are systems contracts, also known within QR as VPAs, variable or fixed price agreements. They are more cost effective than DPOs and Supply Division purchase orders and offer a range of attractive features.

Supply Agreements may be used as formal contracts in SAP, or as an effective, efficient and flexible method of payment. When they are used as a method of payment for formal contracts, they must mirror the formal contract conditions and term.

Any engagement of permanent and temporary staff must be made through QR Recruitment Centre (Tel: 81 5111 or 1 800 000 713, email: qrcareers@qr.com.au).

Supply Agreement New/Extension form (GEN/FRM/1002/SUP) is completed on the portal to request the creation of new supply agreements for consultancy and professional services, and for all extensions, including engagements made through QR Recruitment Centre.

6.6.2 Supply Agreement Options

Supply agreements should be considered when purchasing a similar item or service five or more times a year.

They should be considered mandatory when doing this if the total annual expenditure exceeds \$50,000.

For guidance on whether a Supply Agreement is the best option, phone the Supply Helpdesk on 81-1234. **Procurement officers** should consider the following issues:

- Using a credit card may be a better option for purchasing non-inventory items less than \$10 000 per purchase (***GST exclusive***). If the total cost of purchases over the year will exceed \$50,000, a Supply Agreement should be created.
- Supply Agreements are relatively cost effective for frequent purchases of low value inventory items, due to the high cost of repeated Supply Division purchase orders.
- **Procurement officers** can purchase from a Supply Agreement without quotes, as tendering was used to establish the agreement or an exemption obtained.
- Supply Agreements provide advanced consolidated financial reporting capabilities – see Section 8.6.
- Supply Agreements can provide complete automation of inventory purchasing – see Section 6.7 for the details of MRP Inventory Purchasing.
- Supply Agreements can be established:
 - at plant level or QR-wide level
 - for inventory, known or unknown account assignments or a combination
 - for low-cost, off-the-shelf consumables
 - for a dollar value for regular purchases or where the value is variable
 - for either a dollar amount or fixed prices, or a combination of both
 - for consignment stock and scheduling agreements.

For guidance on reviewing a business unit's ongoing Supply Agreement needs, see:

- Section 8.6 Supply Agreements
- Section 8.4.5 Items Purchased Regularly on DPOs.

Responsibility: Procurement officers

6.6.3 Expert Services Supply Agreements

When payments for expert services are associated with a formal contract or where multiple payments are required, ***procurement officers shall ensure*** that a supply agreement is established as follows:

- GEN/FRM/1002/SUP *Supply Agreement New/Extension* form in the Supply Agreements Online Community must be completed.
- Supply Agreements must be established for temporary contractors or permanent employees sourced through the QR Recruitment Centre, with the exception of one-off payments.
- Supply Agreements must be established for consultants and professional service providers, with the exception of one-off payments.
- For consultancy contracts exceeding \$250,000, GEN/FRM/1015/SUP *Form 2 Contract Procedures Compliance Certificate* must be completed and filed before entering a request for a Supply Agreement.
- To enable correct reporting of consultants, contractors and professional services the type of service must be identified correctly when completing the *Supply Agreement New/Extension* form.
- A new supply agreement must be created for a new contract.
- An existing supply agreement may be extended for a contract variation or extension.

One-off payments up to \$10,000, where only one lump sum invoice will be processed for the entire project or service, may be processed using DPOs.

One-off payments over \$10,000, where only one lump sum invoice will be processed for the entire project or service, may be processed using requisitions and Supply Division purchase orders.

The Strategic Sourcing Manager responsible for Professional & Admin Services ***shall*** prepare reports of expert services for management and the QR Board as required.

Procurement officers shall assist in the generation of full and correct reports by avoiding obscure payment methods and SAP processes other than supply agreements, DPOs or requisitions as appropriate. Where Expert Services material numbers are not available, descriptive text should be used to include the type of service and its duration.

The Expert Services purchasing process flowchart is in Section 7.4.4.4.

Responsibility: *Procurement officers/ Commodity Support Officer*

6.6.4 Considerations for Extending or Establishing New Agreements

Procurement officers in the business units ***shall*** determine whether the most appropriate action is to extend a Supply Agreement or create a new one.

An existing Supply Agreement should be extended if:

- a Supply Agreement about to expire will continue to obtain value for money
- the financial limit allocated to the Supply Agreement has not been expended
- another business unit in the area has an agreement suitable for use, or
- a change from using DPOs to a suitable Supply Agreement is feasible.

A new Supply Agreement should be created if:

- a Supply Agreements is about to expire and extending is not appropriate, or
- DPOs can be avoided and there is no suitable existing Supply Agreement.

For engaging consultants, contractors and expert services, and whenever possible for other commodities:

- a new supply agreement is created for a new contract
- an existing supply agreement is extended for a contract variation or extension.

Continue with the following as relevant:

- To extend an existing Supply Agreement – see Section 6.6.5.
- To create a new Supply Agreement – see Section 6.6.6.

Responsibility: *Responsible managers/ Procurement officers/ Procurement Team Leader*

6.6.5 Extending Existing Supply Agreement

This section covers the following topics:

- planning the Supply Agreement extension – Section 6.6.5.1
- processes to extend the existing Supply Agreement – Section 6.6.5.2
- establishing the extended Supply Agreement – Section 6.6.5.3
- flowchart of the overall process - Section 6.6.5.4.

6.6.5.1 Planning

To extend an existing Supply Agreement, the ***procurement officer shall*** complete the *Supply Agreement New/Extension* form (GEN/FRM/1002/SUP) on the portal. If there are difficulties, ***procurement officers*** should call Supply Helpdesk Tel. 81-1234.

The planning considerations and tasks are as follows:

Considerations	Tasks
Identify scope to extend the existing Supply Agreement	The <i>procurement officer should</i> determine: <ul style="list-style-type: none"> • whether any change to the existing scope is required • if so, whether a new agreement is desirable – Section 6.6.6.
Identify extension parameters	The <i>procurement officer should</i> determine: <ul style="list-style-type: none"> • whether the expiry date of the agreement requires extension • the effects of additional call-downs on the agreement • the total value of the Supply Agreement when extended.
Obtain authorisation	Completion and authorisation of <i>Supply Agreement New/Extension form</i> (GEN/FRM/1002/SUP) on the portal.

Responsibility: *Procurement officers*

6.6.5.2 Extending Supply Agreement Processes

The ***procurement officer shall*** complete the *Supply Agreement New/Extension* form (GEN/FRM/1002/SUP) on the portal and have it authorised. The form is also on the Infonet, temporarily, until all users have portal access.

If automated purchasing functions for inventory are required, the ***procurement officer shall*** complete a spreadsheet detailing the requirements - see Section 6.7.

If the Supply Agreement is used with a *formal contract* and QR is committed to expenditure, authorisation for the *total agreement value* must be obtained.

If the supply agreement *does not commit* QR to make any expenditure, authorisation for the *extension value only* is required.

If more than one business unit uses the agreement, the commodity officer or the ***purchasing officer (Supply) shall*** facilitate the authorisation process to extend the Supply Agreement.

Responsibility: *Procurement officers/ purchasing officers (Supply)*

6.6.5.3 Establishing the Extended Supply Agreement

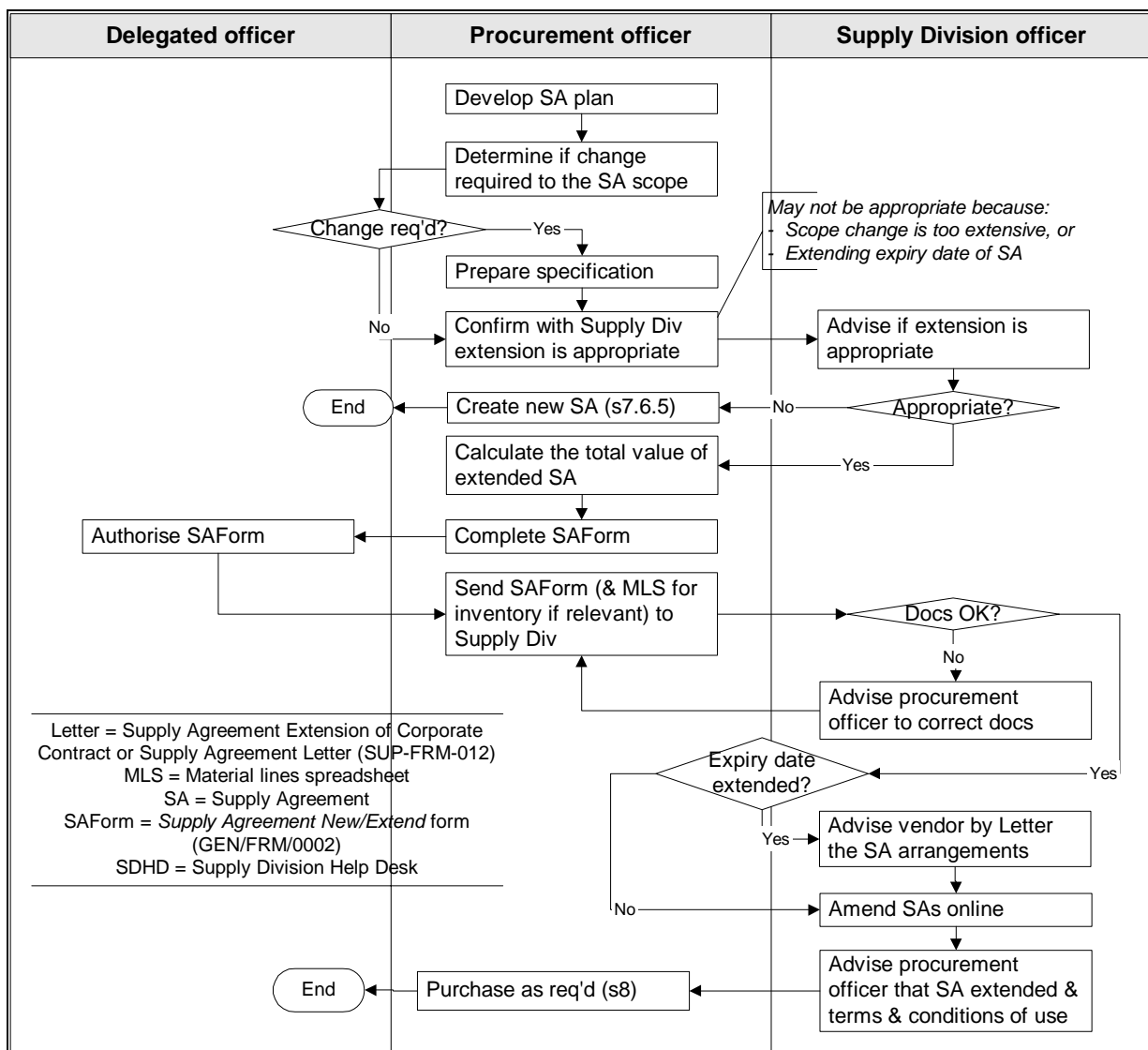
To establish the extended agreement, the ***purchasing officer (Supply)*** shall:

- amend the Supply Agreement in SAP
- advise the vendor in writing of:
 - the extended Supply Agreement and its dates
 - the agreement number required on all delivery docketts and invoices
 - the SAP document, which ***shall*** be enclosed for inventory agreements.
- advise the ***procurement officer*** of the extension and the terms and conditions.

Once this process has been completed, the ***procurement officer*** may purchase against the Supply Agreement, following the advice of the ***purchasing officer (Supply)*** and the processes in Section 7.4.

Responsibility: Procurement officers/ Purchasing officers (Supply)

6.6.5.4 Process Flowchart – Extend Existing Supply Agreement



6.6.6 Creating New Supply Agreement

This section covers the following topics:

- planning the Supply Agreement – Section 6.6.6.1
- creating the Supply Agreement – Section 6.6.6.2
- establishing the Supply Agreement – Section 6.6.6.3
- a flowchart of the overall process – Section 6.6.6.4.

6.6.6.1 Planning a Supply Agreement

The **procurement officer shall** plan their requirements for the Supply Agreement as listed in the following table. For advice, contact the Supply Helpdesk, Tel. 81-1234. The planning considerations and tasks are as follows:

Considerations	Tasks
Prepare a specification	The procurement officer shall document QR's needs, for example: <ul style="list-style-type: none"> designing and drafting intricate engineering details planning purchases from a local hardware store over a year.
Terms and Conditions of Contract	Determine whether standard <i>Terms and Conditions of Contract</i> apply to the agreement, or whether special <i>Terms and Conditions of Contract</i> are required in consultation with a QR lawyer.
Obtain Prices	The procurement officer shall determine whether: <ul style="list-style-type: none"> the business unit or Supply Division shall perform the tendering an exception or exemption from tendering applies - see Section 5.
Obtain authorisation	Completion and authorisation of GEN/FRM/1002/SUP <i>Supply Agreement New/Extension form</i> on the portal

Responsibility: Procurement officers/ Purchasing officers (Supply)

6.6.6.2 New Supply Agreement Processes

The **procurement officer shall** complete GEN/FRM/1002/SUP *Supply Agreement New/Extension form* on the portal and have it authorised.

If automated purchasing functions for inventory are required, the **procurement officer shall** complete a spreadsheet detailing the requirements - see Section 6.7.

If an exception or exemption from tendering is used, the **procurement officer shall** keep records as required in Section 5.2.

The **procurement officer** may:

- consult the Supply Helpdesk Tel. 81-1234 before conducting the tendering, or
- ask Supply Division to conduct the tendering, providing the specification (Section 5.3), any drawings, and the preliminary **risk** assessment (Section 4.3).

The **procurement officer shall** file the original records including specification and drawings as required in Section 3.2.3.

Responsibility: Delegated officers/ Procurement officers

6.6.6.3 Establishing a New Supply Agreement

The **purchasing officer (Supply) should** create Supply Agreements for the period requested by the business unit, considering efficiency and value for money.

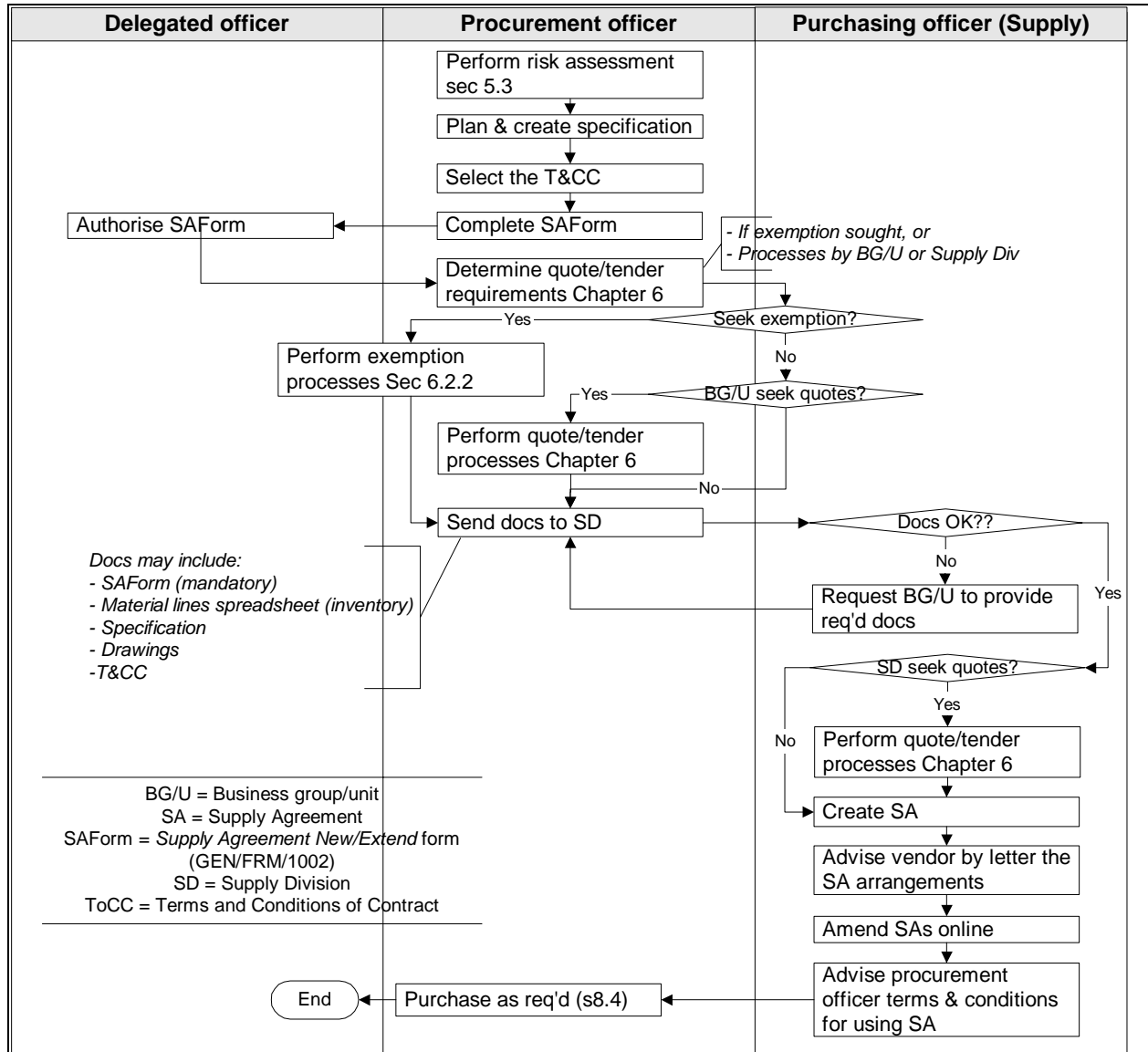
To establish the new agreement, the **purchasing officer (Supply) shall**:

- create the Supply Agreement online
- advise the vendor in writing of:
 - the creation of the new Supply Agreement and its dates
 - the agreement number required on all delivery dockets and invoices
 - the SAP document, which **shall** be enclosed for inventory agreements.
- advise the **procurement officer** of the creation and the terms and conditions.

Once this process is completed, the **procurement officer** may purchase against the agreement, following the instructions provided by Supply Division and Section 7.4.

Responsibility: Procurement officers/ Purchasing officers (Supply)

6.6.6.4 Process Flowchart – Create New Supply Agreement



6.7 MRP Inventory Purchasing

6.7.1 Overview

The options for Material Requirements Planning (MRP) inventory purchasing are:

Purchasing Method	Description
Supply Agreement	Best if the items are purchased five or more times in a year and the vendor agrees to a firm price for a fixed period. (Section 6.6)
Supply Division purchase order	Best if the vendor will not agree to a firm price for a fixed period or the items will be purchased less than five times in a year

Three levels of automation are allowed, with actions as follows:

Action Group	Details of Action
Manual	The task is performed manually in SAP. The <i>procurement officer</i> manually creates a release order, or the <i>purchasing officer (Supply)</i> manually creates the Supply Division purchase order.

Action Group	Details of Action
Automated Re-order Advice	SAP MRP has preset inventory levels, re-order points and lead times and issues prompts when a material is due for re-order. The <i>procurement officer</i> or MRP controller confirms that SAP is correct before manually creating the purchase requisition or release order.
Automated	SAP performs ordering automatically. When reordering is due, SAP automatically creates a purchase requisition. When a purchase requisition is created and authorised, SAP automatically creates the release order.

Authorisation of purchase requisitions and release orders **shall not** be automated. Purchase requisitions are authorised online, by an officer with a financial delegation. Where no purchase requisition is raised, an officer with the appropriate functional delegation uses transaction [ME28] to authorise approved release orders.

The following sections cover the following topics:

- planning the MRP and purchasing requirements – Section 6.7.2
- establishing MRP requirements with automated functions – Section 6.7.3
- establishing purchasing method with automated functions – Section 6.7.4
- flowchart of the MRP process – Section 6.7.5.

6.7.2 Plan Requirements

For guidance on planning automated MRP inventory purchasing functions, contact the Supply Helpdesk, Tel. 81-1234.

The *procurement officer* or MRP controller **shall** consider the following when planning to establish MRP inventory purchasing processes:

Issue	Considerations
MRP automation requirements	Consider the level of automation required, and which option is best: <ul style="list-style-type: none"> • manual purchase requisitions or release orders – requires local checking of inventory levels and manual calculation of requirements • automated re-order advice in MRP – allows checking before ordering • automated purchase requisitions – see Section 6.7.1: <ul style="list-style-type: none"> - does not allow checking that the item is actually required before the purchase requisition is created - requires careful calculation of maximum stock, re-order point and lead times and correct inventory levels and recording of movements
Purchase order or release order requirements	The request for inventory purchasing options is nominated on the on-line GEN/FRM/1002/SUP <i>Supply Agreement New/Extension form</i> with detailed requirements in a spreadsheet – see Section 6.7.4 following. <ul style="list-style-type: none"> • automated release orders may be best – only relevant if a Supply Agreement is in place and purchasing is by purchase requisition • manual purchase orders or release orders may be best – purchasing may be by either: <ul style="list-style-type: none"> - purchase requisition and Supply Division purchase order, or - release order against a Supply Agreement authorised using [ME28].

Responsibility: Procurement officers/ MRP controllers

6.7.3 Establish MRP Requirements

The *procurement officer* or MRP controller *shall*:

- complete GEN/FRM/1007/SUP *Material Master Request* form
- forward the *Material Master Request* form to Supply Division.

A cataloguing officer, Supply Division, *shall* catalogue the inventory items.

The business unit MRP controller *shall* establish the MRP requirements, including automated re-order advice or automated purchase requisition creation if required.

Responsibility: *Procurement officers/ MRP controllers/ Cataloguing officers*

6.7.4 Establish Purchasing Method

The *procurement officer* or MRP controller *shall* perform the following four steps to establish the MRP inventory purchasing method:

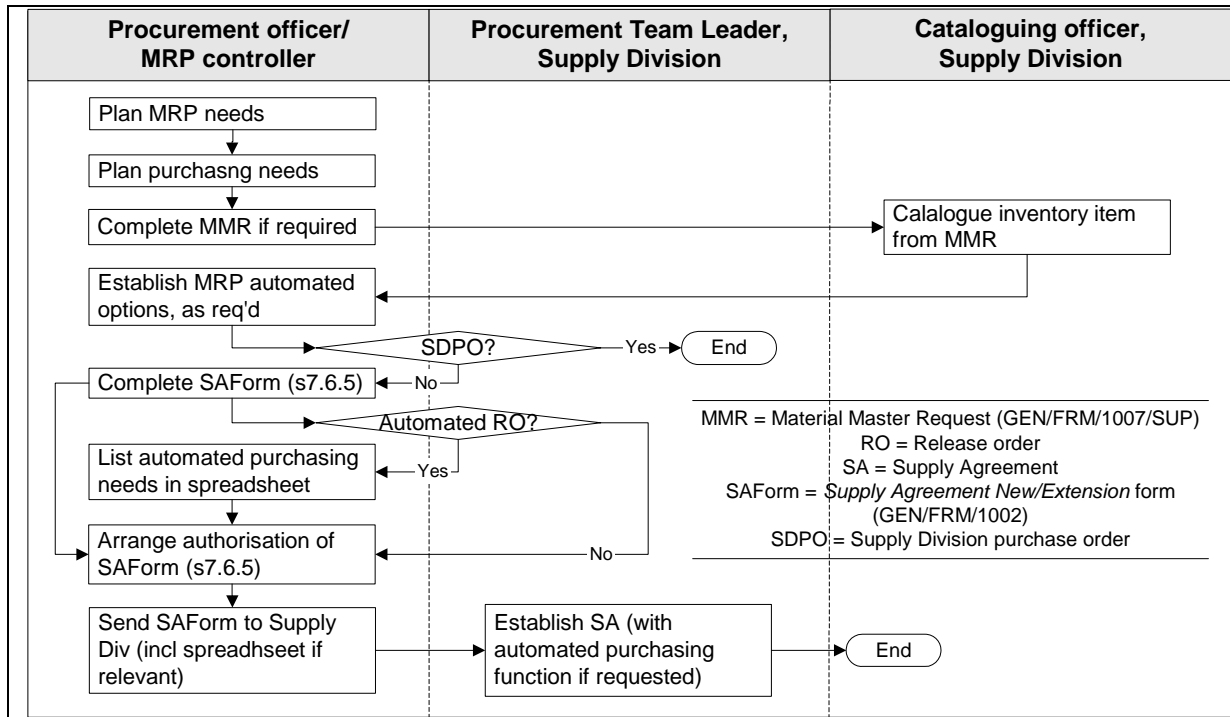
Step	Process	Tasks
1.	Select purchasing method	<ul style="list-style-type: none"> • Choose either Supply Agreement or Supply Division purchase order. If Supply Division purchase order is selected, there are no further steps in this process.
2.	Prepare Supply Agreement	<ul style="list-style-type: none"> • Complete GEN/FRM/1002/SUP <i>Supply Agreement New/Extension</i> form on the portal – See Section 6.6. • If automated purchasing is required, continue with Step 3. If automated purchasing not required, continue with Step 4.
3.	Prepare automated purchasing requirements	<ul style="list-style-type: none"> • Prepare a spreadsheet of the inventory material requiring automated purchasing, as follows: <ul style="list-style-type: none"> - Material number - Material description - Estimated quantity for Supply Agreement period. • Send the spreadsheet to Supply Division, accompanying the <i>Supply Agreement New/Extension</i> form.
4.	Establish Supply Agreement	<ul style="list-style-type: none"> • Arrange for the GEN/FRM/1002/SUP <i>Supply Agreement New/Extension</i> form to be authorised on-line.

After Supply Division establishes the Supply Agreement and automated purchasing requirements as above, the inventory may be purchased from the vendor as follows:

- Supply Division purchase order – continue with Section 7.8
- Supply Agreement – continue with Section 7.4.

Responsibility: *Procurement officers/ MRP controllers/ Procurement Team Leader*

6.7.5 Process Flowchart: MRP Inventory Purchasing



6.8 Works Agreements/Contracts

These arrangements *shall* be established by Supply Division in accordance with the processes in GEN/STD/1006/SUP *Supply Chain*, Section 3.10.

All enquiries regarding agreements or contracts *shall* be directed to Supply Division.

Responsibility: Procurement officers/ Contracts Facilitator

7. Purchasing Methods

7.1 Overview

The purpose of this section is to define the requirements, limitations and processes for each of the purchasing methods outlined previously in:

- Section 4 Purchasing Strategies
- Section 5 Quotation/Tender Process
- Section 6 Establish Vendor Relationship.

This section includes the following topics:

- purchasing requirements – Section 7.2
- Corporate Contracts – Section 7.3
- Supply Agreements – Section 7.4
- purchasing using a credit card – Section 7.5
- reimbursement from petty cash – Section 7.6
- Decentralised Purchase Orders (DPOs) – Section 7.7
- Supply Division Purchase Orders – Section 7.8
- Works Agreements/Contracts – Section 7.9
- Emergency Purchase Orders – Section 7.10.

For assistance call the Supply Helpdesk, Tel. 81-1234.

7.2 Requirements

The following requirements apply to all QR purchasing:

- Approval **shall** be obtained for all purchases, as required in QR's financial and functional delegations. No order **shall** be split to keep the expenditure below a financial or functional delegation limit.
- QR's tendering requirements and processes **shall** be followed – see Section 5.
- If QR has a Corporate Contract, Supply Agreement or Works Agreement in place, **procurement officers should** purchase from the contract vendor if possible. When using the contract is not possible, **procurement officers shall** obtain best value-for-money, calling Supply for advice if necessary. Credit card is preferred for small purchases.
- **Procurement officers shall** document the entire purchasing process in a QR records system, maintaining an audit trail that can be used to demonstrate probity, accountability and value for money.
- If SAP requires a goods receipt, the purchase order and goods receipt should not be created by the same **worker**. If so, the **responsible manager shall** countersign the delivery docket – see Section 8.5.2.
- When employees take delivery of goods from a carrier or supplier, a signature is required. Employees signing the receipt for goods **shall** print their name and Service Number clearly, under their signature, to identify themselves.
- SAP "Parked documents" **shall** not be used as a purchasing method.
- If a credit card is assigned for a specific vehicle or purpose, only the credit card assigned for the vehicle or purpose **shall** be used – see Section 7.5.

Responsibility: All workers

7.3 Corporate Contracts

7.3.1 Overview

Corporate Contracts are in place so *procurement officers* can order directly from vendors, *ensuring* that commodities are available when needed. For details, click *Corporate Contracts* on the Supply Infonet home page and follow the links.

Supply Division personnel implementing corporate contracts use QR's tendering processes and the *Strategic Sourcing Handbook* (SUP-HB-400), so *procurement officers* do not need to seek quotes. However, value for money must be obtained so *procurement officers* should check prices and seek advice from the Supply Helpdesk if there are any anomalies - see Section 9.4.2.

Once a Corporate Contract has been established, *procurement officers should* purchase from the Corporate Contract vendor if possible. When using the contract is not possible, *procurement officers shall* obtain best value-for-money, calling Supply for advice if necessary. Credit card is preferred for small purchases.

Procurement officers who purchase products that are not included in the Corporate Contract vendor's catalogue *shall* advise the Supply Helpdesk so that the items can be added to the Corporate Contract.

Procurement officers must use the purchasing method agreed with the vendor during the contract negotiation process. As there are several methods for purchasing against a Corporate Contract, *procurement officers should* refer to the Supply Infonet *Corporate Contracts* listing or contact the Supply Helpdesk Tel. 81-1234.

If the goods or service received is not as specified, the *procurement officer shall* advise the Supply Helpdesk immediately – see Section 9.4.2.

Flowcharts of the overall processes are provided in Section 7.3.5:

- Electronic Purchasing Methods - Section 7.3.5.1
- Fuel Cards, Credit Cards and Moores - Section 7.3.5.2.

Responsibility: *Procurement officers/ Supply Helpdesk workers*

7.3.2 Supplementing a Corporate Contract Vendor List

For standing offer arrangements, a vendor list identifying the preferred supplier and the alternative suppliers is published on the Infonet. *Procurement officers* unable to obtain a *commodity* using the suppliers listed may request the addition of a vendor:

- Check the Infonet for any instructions relevant to the Corporate Contract.
- Call the Strategic Sourcing Manager in Supply to discuss the options - whether:
 - the panel can be supplemented in time
 - the item can be sourced outside the panel
 - alternative arrangements can be made.
- Complete GEN/FRM/1001/SUP *Supplement Corporate Contract Vendor List*, arrange for authorisation as required on the form and forward it to Supply.
- For further guidance, contact the Supply Helpdesk, Tel. 81 1234.

The Strategic Sourcing Manager in Supply Division *shall*:

- investigate and select the option that is in the best interests of QR
- collaborate with the *procurement officer*, sourcing the items required, seeking legal advice if necessary and complying with QR procedures
- liaise with the *procurement officer*, advising of a new vendor, confirming sourcing outside the panel or advising of alternative arrangements
- monitor the supply to *ensure* that the item is received by the required date.

Responsibility: *Procurement officers/ Strategic Sourcing Managers (Supply)*

7.3.3 Conditions of Use

The use of Corporate Contracts **shall** meet the following conditions:

- All Corporate Contract purchases, with the exception of fuels and inventory, **shall** be charged directly to a work order, production order, cost centre and **asset** or project element.
- The end user's service number and name **shall** appear on all purchase requisitions for uniforms.
- Purchases that require receipting in SAP, such as bulk fuel and inventory, **shall** be receipted in SAP using [MIGO] within one working day of receipt.

Responsibility: Procurement officers/ Goods receiving officers

7.3.4 Authorisation

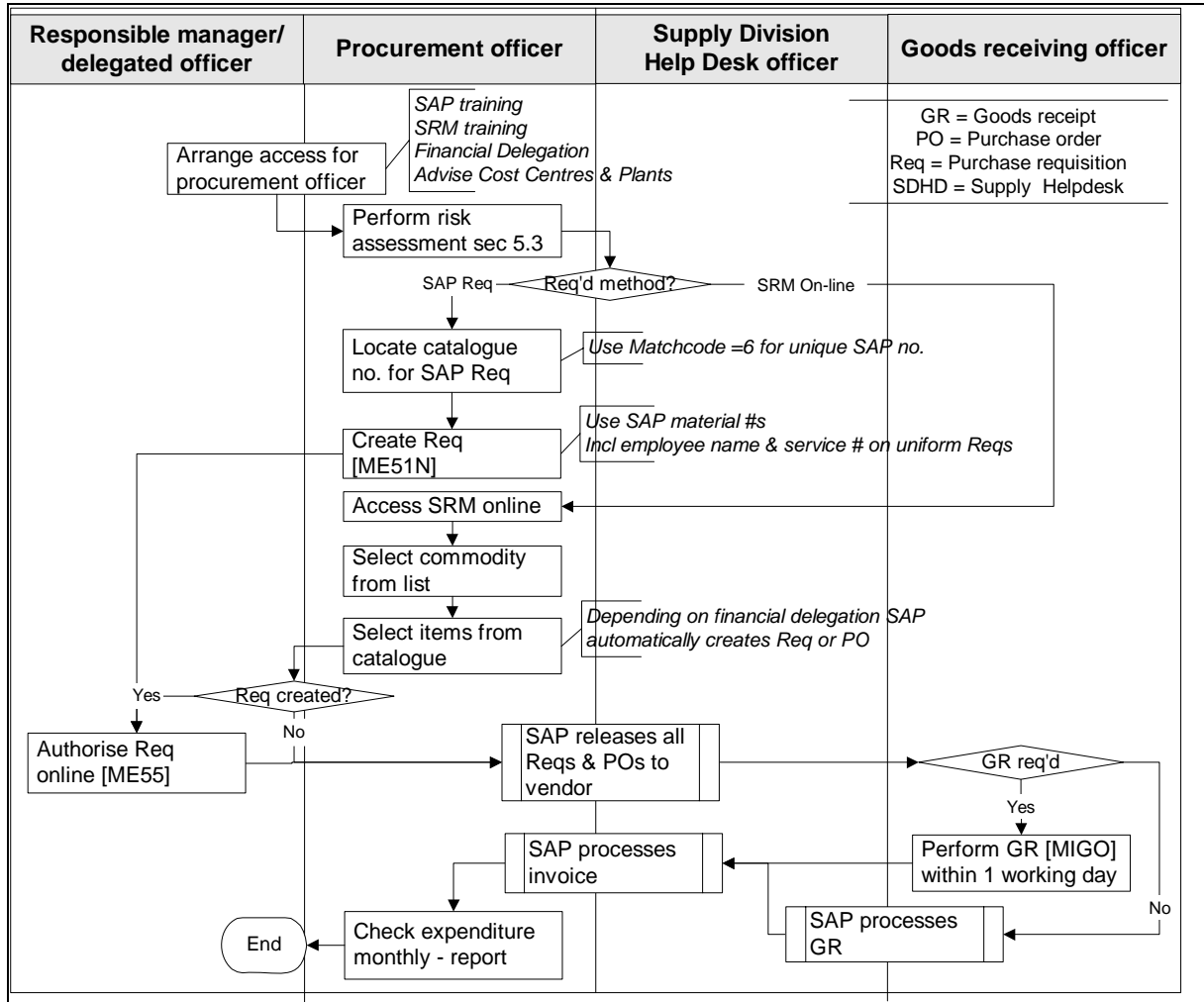
Authorisation of Corporate Contract purchases depends on the purchasing method:

Method	Authorisation
SRM online	Supply Division grants access to SRM after procurement officers complete SRM training and advise of their cost centres and plants. See GEN/RD/1021/SUP <i>Systems Access Guidelines</i> . Depending on the procurement officer's financial delegation, SAP creates either a purchase requisition or a purchase order from SRM. No financial delegation is needed to create a purchase requisition. The officer with appropriate financial delegation shall authorise purchase requisitions using transaction [ME55] at least weekly.
SAP	Access to transaction [ME51N] is not restricted. No financial delegation is needed to create a purchase requisition. The officer with appropriate financial delegation shall authorise purchase requisitions using transaction [ME55] at least weekly.
QR Purchasing Card & Corporate Gold Card	Some Corporate Contracts specifically allow purchasing with a credit card, for example the hardware contract. A credit card may be used to purchase fuel or lubricants from the Corporate Contract vendor <i>only if a fuel card is not provided</i> , for example in hire vehicles. The authorisation of credit card purchases is detailed in Section 7.5.3.
Vehicle & miscellaneous fuel cards	A fuel card may be used to purchase items for the particular motor vehicle imprinted on it. See GEN/RD/1025/SUP <i>Motor Vehicle Fleet Guidelines</i> . The procedures for fuel card use are also in GEN/RD/1025/SUP <i>Motor Vehicle Fleet Guidelines</i> . The authorisations required for fuel card purchases are detailed in Section 7.5.3 following.
Moores Business Systems orders	There is no link to a financial delegation when faxing an order request for forms to Moores.

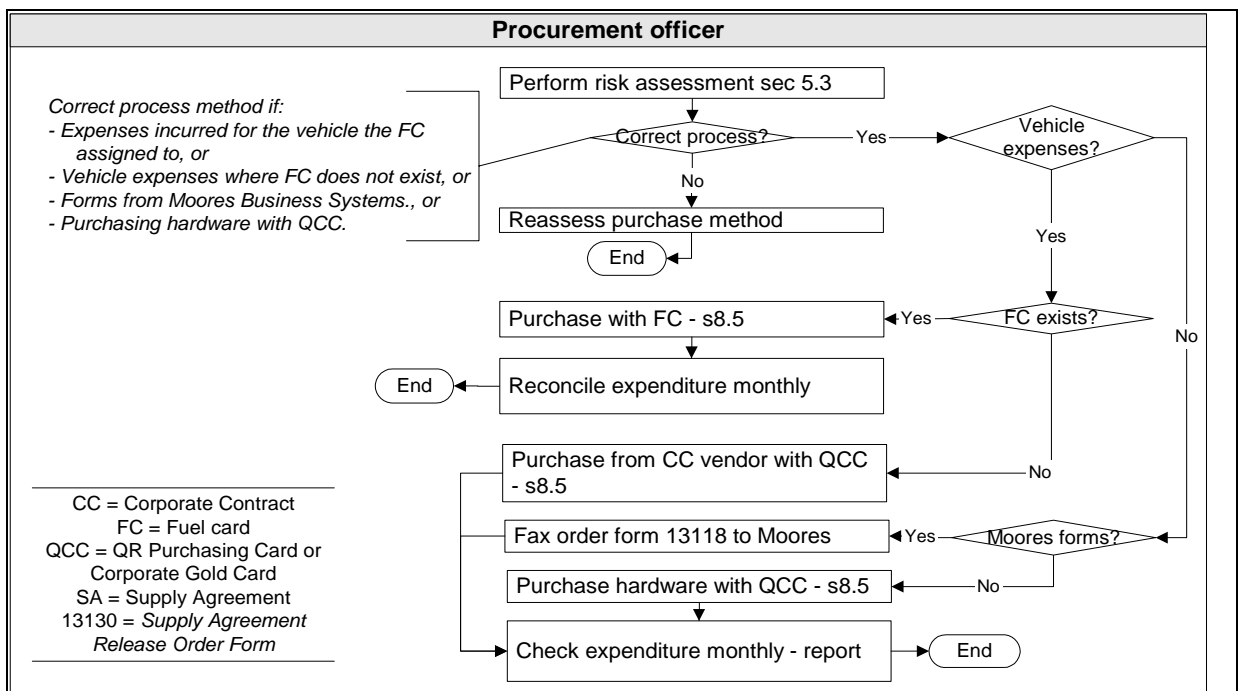
Responsibility: All workers

7.3.5 Process Flowcharts – Corporate Contracts

7.3.5.1 Electronic Purchasing Methods



7.3.5.2 Fuel Cards, Credit Cards & Moores



7.4 Supply Agreements

7.4.1 Overview

Supply Agreements are systems contracts, also known within QR as VPAs, variable or fixed price agreements. They may be used as formal contracts in SAP, or to process payments to vendors through SAP.

Once a Supply Agreement has been established for a business unit, **procurement officers should** purchase using the Supply Agreement if possible. To check if a Supply Agreement exists for an item, use [ME3L].

If a relevant Supply Agreement has been established for another business unit in the area, the **procurement officer shall** consider arranging an extension of the existing Supply Agreement – see Section 6.6.

Procurement officers can purchase from a Supply Agreement without quotes, as tendering was used to establish the agreement or an exemption obtained.

Supply Agreements are archived once the expiry date has passed. To **ensure** continuity, business units **shall** review their ongoing needs and extend agreements if necessary, before they expire – see Section 8.6.

All individual purchases (call-downs) against Supply Agreements **shall** be authorised by a financial delegate to control expenditure on the agreement – see Section 7.4.3.

Flowcharts of the overall processes are provided in Section 7.4.4.

Responsibility: Procurement officers/ Delegated officers

7.4.2 Conditions of Use

Purchases against Supply Agreements **shall** meet the following conditions:

- The green copy of the *Supply Agreement Release Order* form may be handed to the vendor, if required. The pink copy remains in the book and **shall** be filed as required in Section 3.2.3.
- **Workers** performing call-downs **shall** have documentary proof of receipt for the goods or services and evidence of authorisation by the delegated officer before processing the call down in SAP.
- All non-inventory purchases **shall** be by release order [ME21N].
- **Workers** purchasing using Supply Agreements **shall** provide the vendor with their name and Service Number, the correct Supply Agreement number, and the address for invoicing.

Responsibility: Procurement officers

7.4.3 Authorisation

Release orders over \$10000 require authorisation by a financial delegate when raising a release order in SAP with [ME21N]. Transaction [ME28] is available to delegates.

Individual purchases against a Supply Agreement **shall** be authorised:

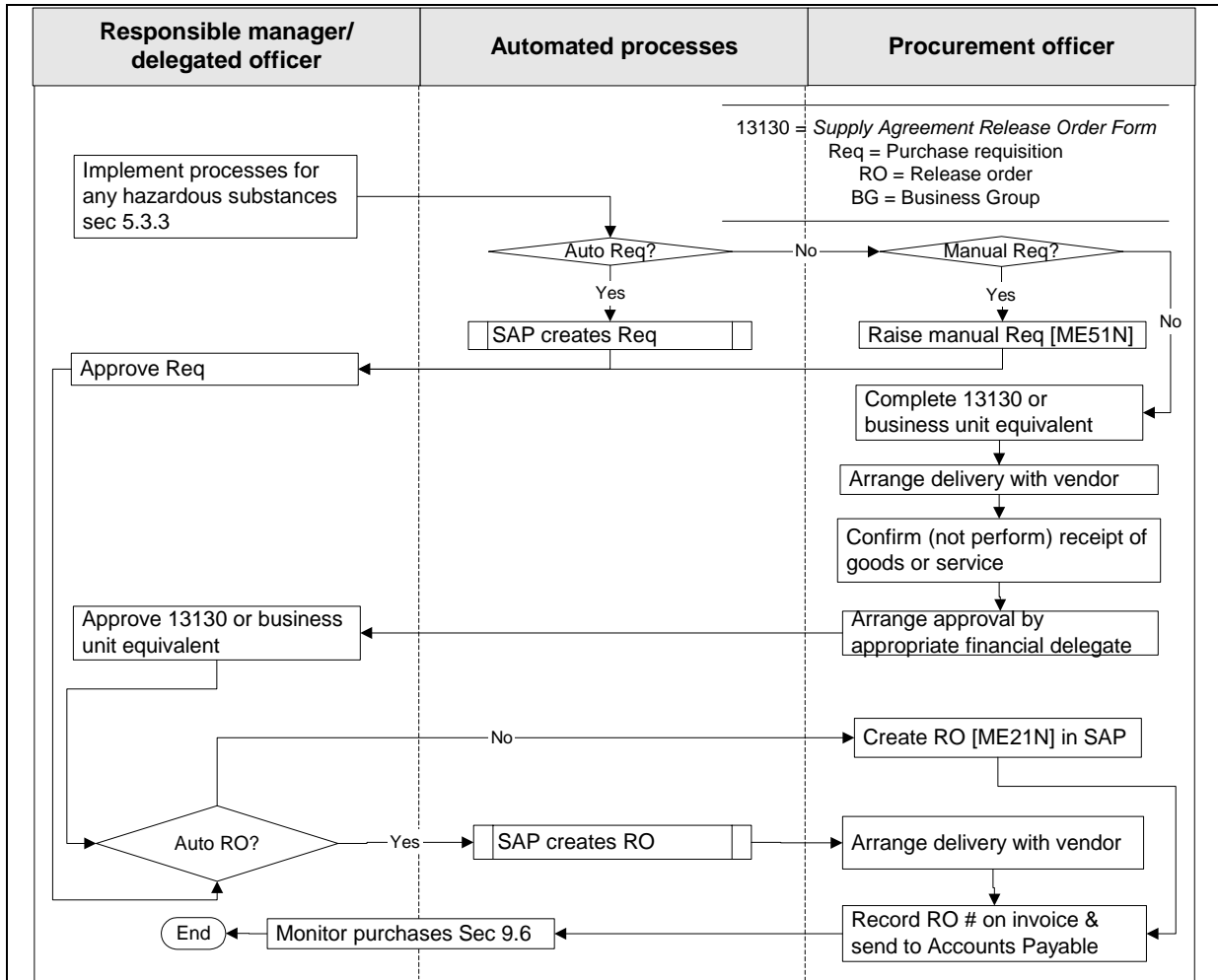
- *Supply Agreement Release Order* form (Moores form 13130) or the business unit equivalent, authorised by the financial delegate can be used.
- *Inventory* purchase requisitions are authorised online by the financial delegate.

Invoices for periodic payments over \$150,000 against operational contracts **shall** be authorised “OK to pay” by a responsible manager as specified in the *QR Finance Manual*, and processed in SAP as described in Section 7.4.4.3 following.

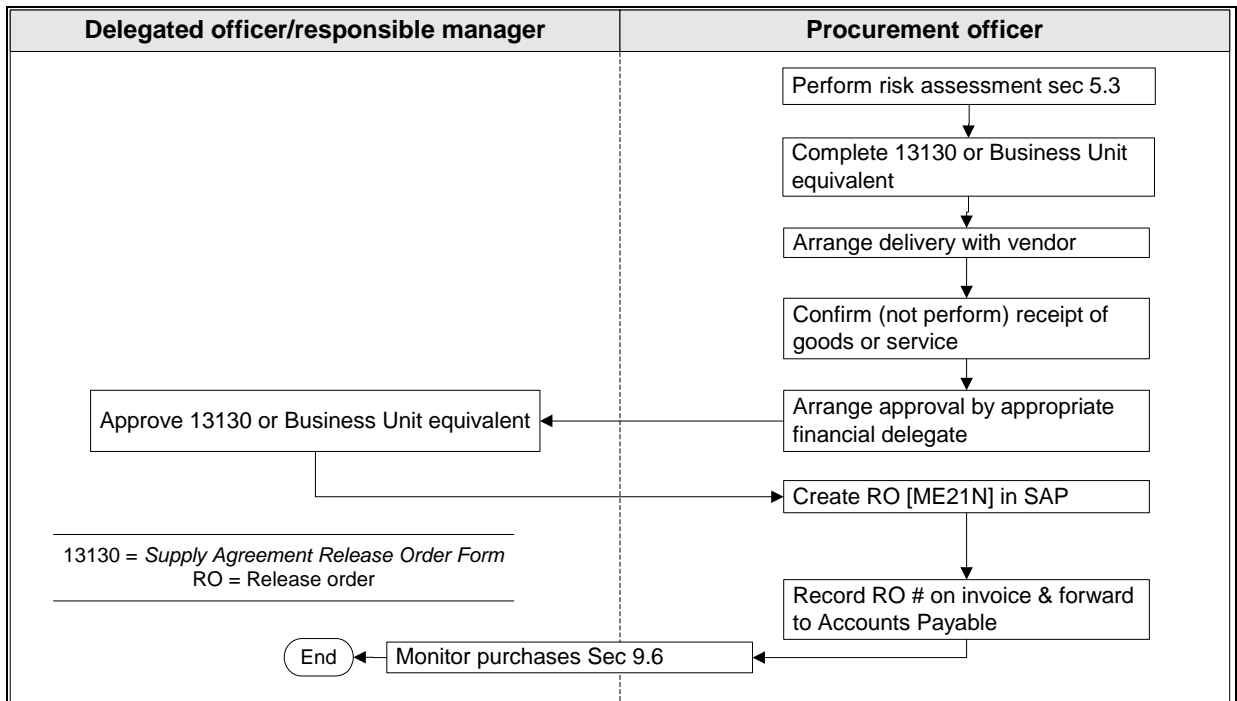
Responsibility: All workers

7.4.4 Process Flowcharts – Supply Agreements

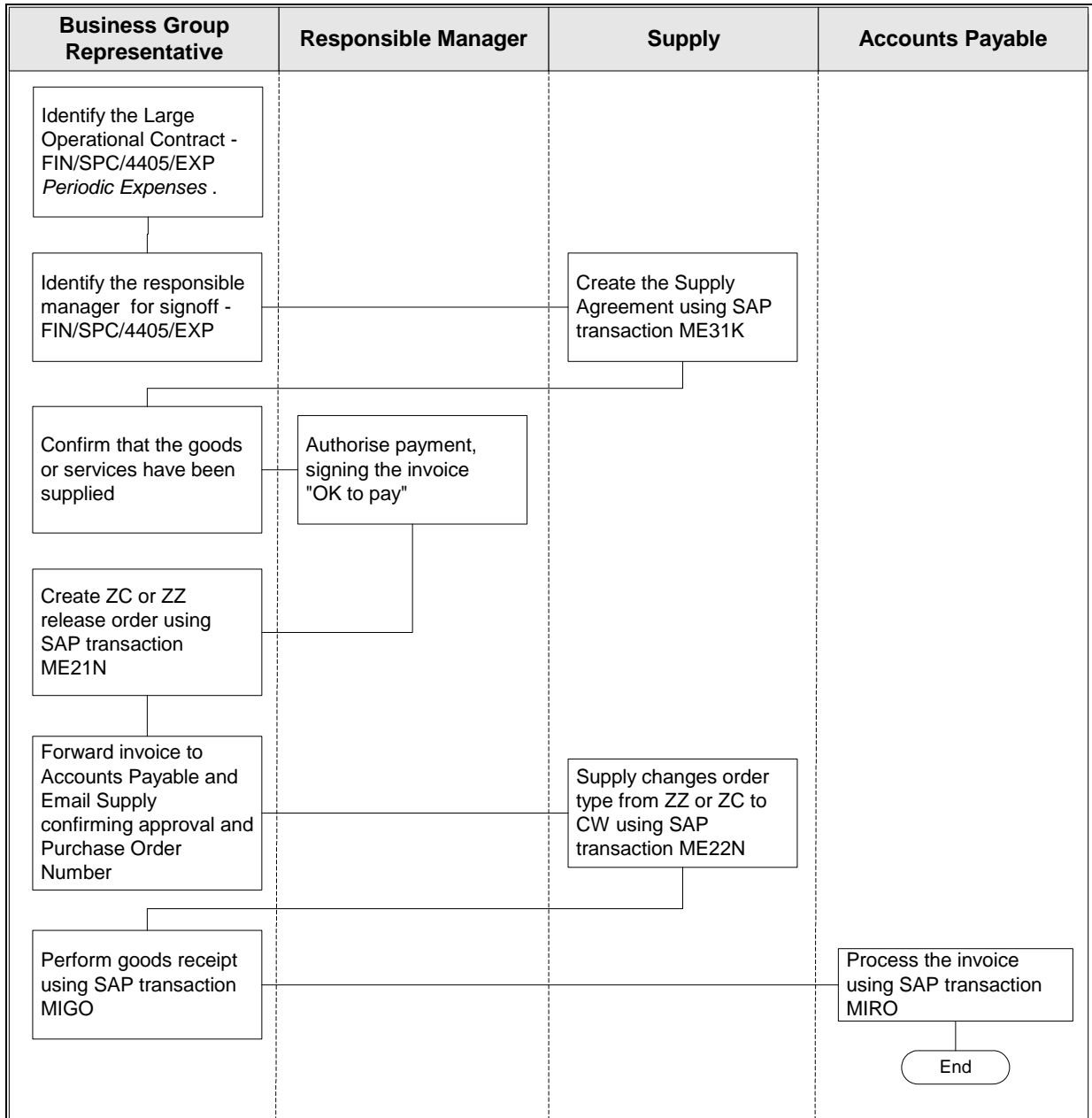
7.4.4.1 Process Flowchart – Inventory Purchases



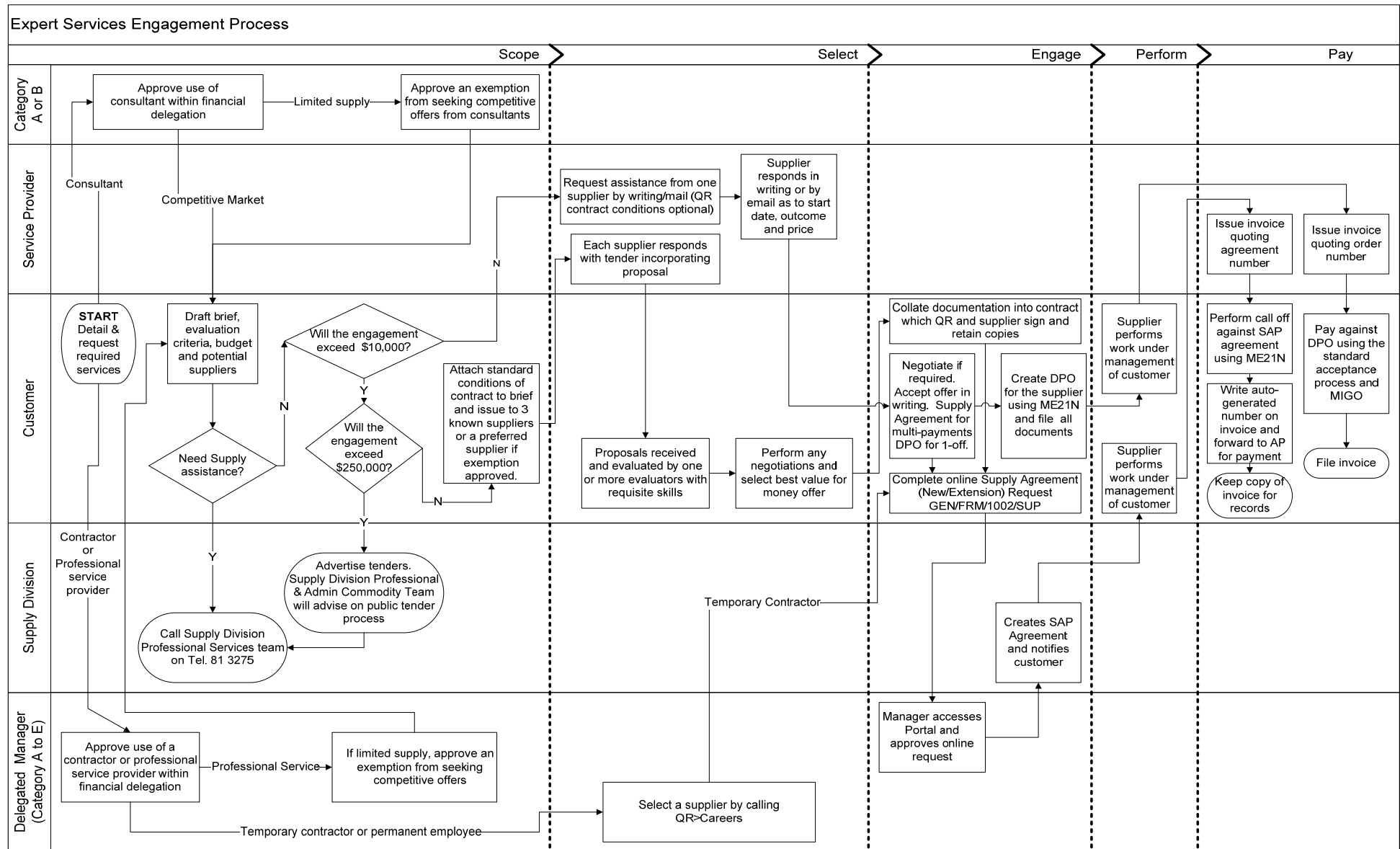
7.4.4.2 Process Flowchart – Non-inventory Purchases



7.4.4.3 Process Flowchart – Periodic Payments over \$150K



7.4.4.4 Process Flowchart – Expert Services



7.5 Credit Cards

7.5.1 Overview

Credit Card is the preferred option for purchases up to \$10 000 (***GST inclusive***), except inventory or hazardous substances, because administration costs are lower.

The ***procurement officer*** referred to throughout this section is the cardholder.

Currently the following three credit cards are available within QR:

- QR Purchasing Card – Section 7.5.1.1
- Corporate Gold Card – Section 7.5.1.2
- Fuel card – Section 7.5.1.3.

Periodically QR may change banking arrangements and the specific cards issued. Any QR issued cards such as Cabcharge Cards may be used, as instructed in the currently applicable Finance or Supply Chain ***specifications***.

It is not mandatory to seek quotes for purchases up to \$10 000 (***GST exclusive***) but ***procurement officers*** must be able to show how value for money was obtained.

Responsibility: Procurement officers

7.5.1.1 QR Purchasing Card

The QR Purchasing Card facility is a credit card system administered by Accounts Payable. All purchases ***shall*** be in accordance with GEN/RD/1026/SUP ***Accounts Payable Guidelines***.

Subject to transaction and monthly limits, purchasing cards may be used to pay for:

- goods and services including cab fares
- accommodation and meals where the ***procurement officer*** is a booking officer or a Travelling Employee, as defined in HRS/STD/3700/ALL ***Travelling and Living Away from Home Allowance within Australia***
- hospitality expenses for which an Employee Certificate (L1 E Form) is not required – see the ***QR Finance Manual***.

A flowchart of the overall process is provided in the following Section 7.5.4.

Responsibility: Procurement officers

7.5.1.2 Corporate Gold Card

Corporate Gold Cards are issued to the ***Chief Executive Officer, Executive Managers*** and others approved by the ***Chief Executive Officer*** on the recommendation of ***Executive Managers***. They may be issued temporarily to ***workers*** travelling overseas.

Gold Cards are administered by Accounts Payable. All purchases ***shall*** be in accordance with GEN/RD/1026/SUP ***Accounts Payable Guidelines***.

Subject to transaction and monthly limits, gold cards may be used to pay for:

- goods and services including cab fares
- accommodation and meals – see GEN/RD/1026/SUP ***Accounts Payable Guidelines***
- hospitality expenses – see the ***QR Finance Manual***.

A flowchart of the overall process is provided in Section 7.5.4.

Responsibility: Procurement officers

7.5.1.3 Fuel Cards

Fuel cards, administered by Fleet Services, may be used only for purchasing vehicle related items for the particular motor vehicle imprinted on the card.

In locations where the corporate contract vendor has an outlet, fuel **shall** be purchased on contract. Items other than fuel **shall** be processed through the Repair Authorisation Centre Tel. 1800 011100.

All purchases with fuel cards **shall** be in accordance with:

- the *QR Finance Manual*
- GEN/RD/1025/SUP *Motor Vehicle Fleet Guidelines*.

The fuel card process is in the Corporate Contracts flowchart - see Section 7.3.5.2.

Responsibility: Procurement officers

7.5.2 Conditions of Use

Purchasing with a QR credit card **shall** meet the following criteria:

- The **procurement officer** is the cardholder and **shall** be the only person who uses the credit card.
- The QR Purchasing Card or Corporate Gold Card may only be used to purchase goods or services covered by a Corporate Contract where:
 - the Corporate Contract vendor accepts the credit card (eg. hardware)
 - no fuel card has been assigned to a vehicle (eg. hire vehicles).
- Purchases over \$10 000 (**GST exclusive**) will require quotes, except where the purchase is covered by a Corporate Contract – see Section 5.
- The expense **shall** be for QR business purchases only, unless otherwise specifically permitted in a QR **standard** or **specification**.
- The **procurement officer shall** use the correct credit card assigned to the purpose, for example the correct fuel card assigned to the vehicle.
- Where purchases are made over the counter, the **procurement officer shall** sign the transaction slip to authorise the transaction.
- For all purchases, including phone or fax purchases, the **procurement officer shall** obtain from the vendor a:
 - tax invoice for purchases over \$55 (**GST inclusive**)
 - receipt or tax invoice for purchases up to \$55 (**GST inclusive**).
- The **procurement officer shall** provide reconciliation of each month's purchases at the end of the month.

Responsibility: Procurement officers

7.5.3 Authorisation

Procurement officers issued with credit cards have a functional delegation to purchase goods or services subject to the transaction limits for the credit card.

Any purchases outside the monthly or transaction limit or outside any other QR limitations **shall** be approved in accordance with the relevant QR **standard**.

Where purchases are made over the counter, the transaction slip, signed by the **procurement officer**, is sufficient authorisation.

Neither a purchase requisition nor a purchase order is required for credit card transactions.

Responsibility: Procurement officers

Issue of a QR Purchasing Card **shall** be authorised by the divisional manager on the recommendation of the **procurement officer's** manager.

Issue of a Corporate Gold Card **shall** be authorised by the **Chief Executive Officer** on the recommendation of an **Executive Manager**.

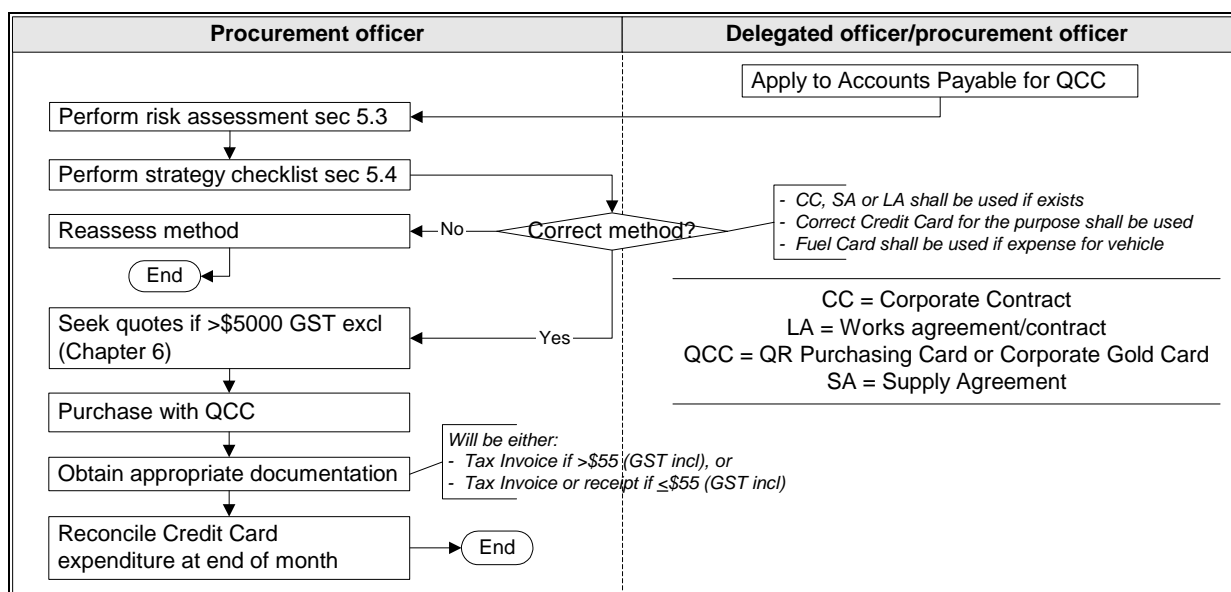
When recommending the issue of a credit card, the **responsible manager shall**:

- set a total monthly credit limit for the card and a dollar limit for each transaction
- determine whether the card usage **shall** be restricted to specific purposes only
- determine how the card **shall** be held in safe keeping when it is not in use.

The authorisation processes for obtaining credit cards are in GEN/RD/1026/SUP *Accounts Payable Guidelines*.

Responsibility: Chief Executive Officer/ Divisional managers/ Responsible managers

7.5.4 Process Flowchart – Purchasing Card & Corporate Gold Card



7.6 Petty Cash

7.6.1 Overview

Petty cash is used for minor purchases up to \$55 (**GST inclusive**), when a credit card is not available and the item is not available from a Corporate Contract. The contract or credit card is preferred for low value expenditure - see Section 7.5.

Quotes are not necessary for petty cash purchases but prices should be compared before purchasing to ensure QR obtains value for money.

QR's requirements and processes for handling and accounting for petty cash are detailed in the *QR Finance Manual*.

A flowchart of the petty cash process is provided in Section 7.6.4.

Responsibility: Procurement officers

7.6.2 Conditions of Use

Using petty cash for purchasing *shall* meet the following conditions:

- The goods or service *should* not be covered by a Corporate Contract or a relevant Supply Agreement – see Sections 7.3 and 7.4.
- *Procurement officers* should consider using credit card instead.
- No petty cash transaction *shall* exceed \$55 (*GST inclusive*) without written authorisation from Financial Services prior to the purchase.
- Petty Cash is for direct purchases only, not to be used for purchasing inventory.
- Petty cash is not used for specialised materials or services requiring analysis of job history as costing information on work/production orders is not available.
- Proof of purchase is required for reimbursement.
- Purchases *shall* be in accordance with any directions issued by the Manager Financial Services and the *QR Finance Manual*.

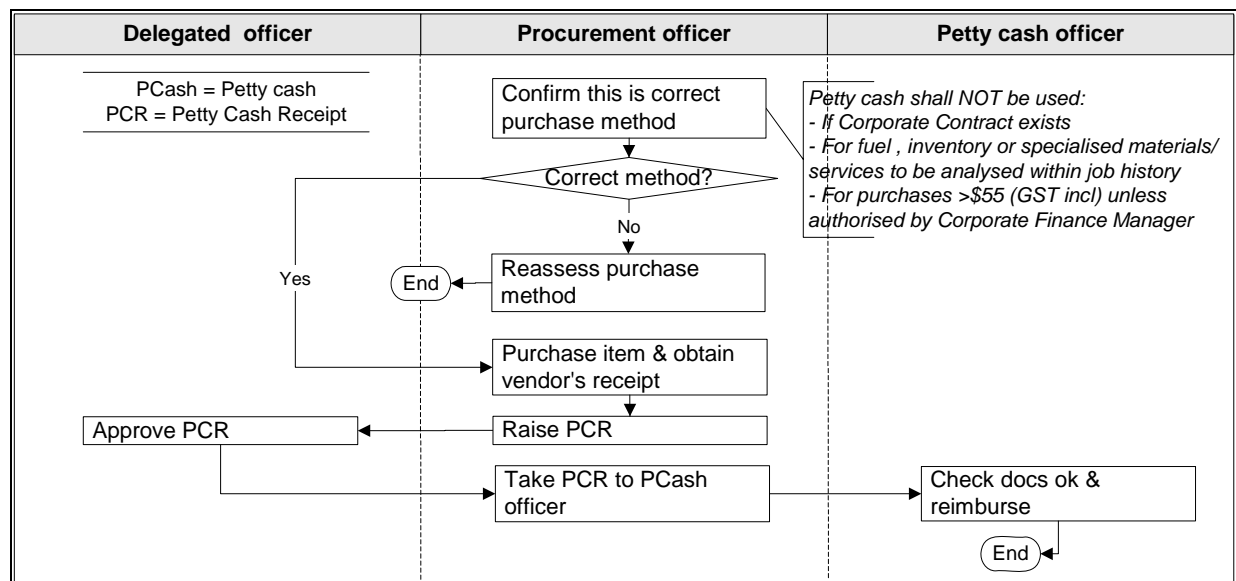
Responsibility: All workers

7.6.3 Authorisation

The Manager Financial Services administers the guidelines for using petty cash. Divisional managers are responsible for appointing petty cash officers.

Responsibility: All workers

7.6.4 Process Flowchart – Petty Cash



7.7 Decentralised Purchase Orders (DPOs)

7.7.1 Overview

DPOs are primarily for the purchasing of non-inventory items valued at up to \$10 000 (*GST exclusive*), when a credit card is not available, where similar items will be purchased up to five times a year and the total yearly cost is under \$50 000.

If the same or similar items are purchased over five times in a year and the planned yearly total cost exceeds \$50 000, Supply Agreements should be used because they are more cost effective – see Section 6.6.

The printed order refers to the *Supply and/or Installation Contract General Conditions*, which are applicable in the majority of cases.

A DPO enables delegated **procurement officers** to create purchase orders directly on a vendor, up to the value of \$10 000 (**GST exclusive**). System controls block the **procurement officer** from creating orders over this amount.

Purchase orders may be sent automatically to vendors by using the Printer ID [CS01], if the vendor's fax number is in SAP.

Different **workers** should perform the ordering and goods receipting processes. If, due to staffing constraints, the same **worker** performs both processes, the **responsible manager shall** countersign the delivery docket – See Section 8.5.2.

A flowchart of the DPO process is provided in Section 7.7.4.

Responsibility: Procurement officers

7.7.2 Conditions of Use

The use of DPOs **shall** meet the following criteria:

- The goods or service **should** not be covered by a Corporate Contract or a relevant Supply Agreement – see Sections 7.3 and 7.4.
- **Procurement officers** should consider using credit card instead.
- DPOs are for direct purchases only, not to be used for purchasing inventory, fuel or hazardous chemical substances.
- Do not use DPOs for purchases from one-time vendors – see Section 6.3.
- All item descriptions in SAP [ME21N] **shall** be clear and meaningful, with one item per line and no attached lists or references to invoice numbers.
- All purchase orders **shall** be created **GST exclusive** and checked to **ensure** that the default VAT codes applied by SAP are correct.
- The purchase **shall** be charged directly to a work order, production order, cost centre, **asset** or project element.
- **Procurement officers shall** monitor the items they purchase on a regular basis, and consider changing to Supply Agreements – see Section 8.6.
- Any invoice delivered with the goods or services **shall** be forwarded immediately to Accounts Payable.
- To avoid blocked invoices, goods receipts **shall** be entered in SAP [MIGO] within one working day of delivery. Do not wait for the invoice. Discrepancies are identified and addressed during monitoring – see Section 8.4.3.

Responsibility: Procurement officers/ Goods receiving officers

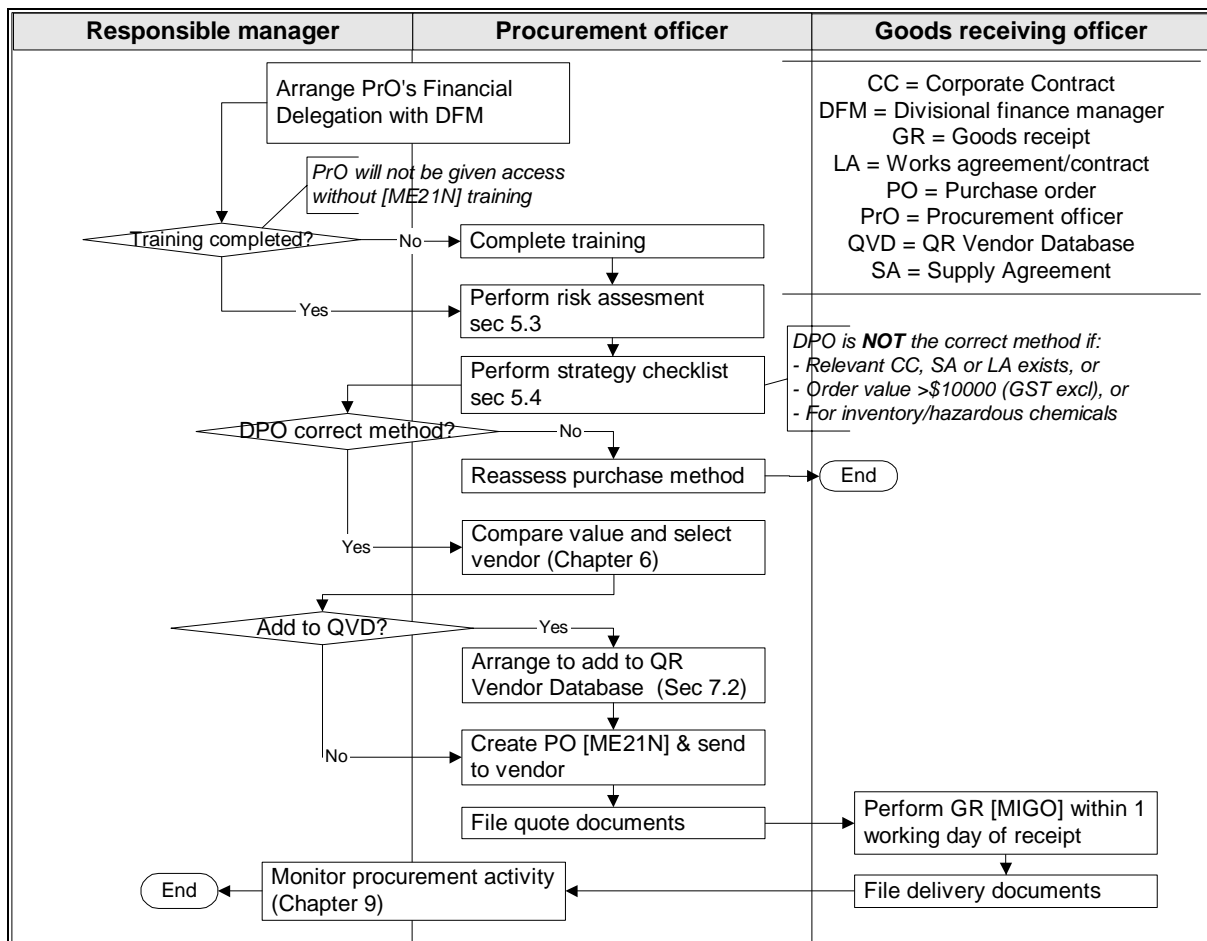
7.7.3 Authorisation

Access to the transaction is the only authorisation required. Supply Division **shall** grant the **procurement officer** access to the transaction when:

- the **procurement officer** has completed the *Ordering Goods and Services* [ME21N] training course conducted by the Supply Division - see Section 3.2.4
- GEN/FRM/1222/INF SARF - *Supply* is completed correctly.

Responsibility: All workers

7.7.4 Process Flowchart – DPOs



7.8 Supply Division Purchase Orders

7.8.1 Overview

Supply Division purchase orders are used primarily when purchasing the same or similar items up to five times in a year. They may be used for:

- non-inventory purchases valued at over \$10 000 (**GST exclusive**)
- all inventory and hazardous substances, regardless of value, unless a Supply Agreement has been established.

Supply Division purchase orders are created from purchase requisitions generated by the business unit. Purchase requisitions may be generated by:

- **procurement officers** entering the requisition into SAP using [ME51N]
- SAP creating the requisition for an inventory item with automatic re-ordering enabled – see Section 6.7.

The advantages of Supply Division purchase orders include the following:

- **Purchasing officers (Supply)** can expedite overdue orders, particularly for critical or long lead time purchases, using dunning letters.
- **Purchasing officers (Supply)** can negotiate prices based on the total QR demand if other requisitions for similar products have been entered.
- Supply Division purchase orders allow an online quotation process.
- Commitments are recorded in SAP, improving management information.

The printed purchase order refers to the *Supply and/or Installation Contract General Conditions*, which is applicable in the majority of cases.

To advise Supply Division of any special requirements, such as liquidated damages, the **procurement officer shall** enter the special requirement in the [Item Note] field and highlight it by entering “ITEM NOTE” in the [Requisition Tracking Number] field.

The QR tendering requirements apply to Supply Division Purchase Orders – see Section 5. The business unit or Supply Division may undertake the tendering. When a business unit arranges tenders or exemption from tendering, the documentation **shall** be filed locally. To avoid unnecessary duplication, the **procurement officer shall** inform the **purchasing officer (Supply)**, as follows:

Circumstance	Requirements
Business unit has performed quote process	<p>When creating the purchase requisition [ME51N], the procurement officer shall enter:</p> <ul style="list-style-type: none"> • “ITEM NOTE” in the [Requisition Tracking Number] field to show that there is information in the [Item Note] field • successful vendor’s vendor number in the [Desired vendor] field • successful vendor’s price into the [Valuation price] field • details of the quotes obtained in the [Item Note] field, for example tenderer’s name and vendor number or ABN • confirmation in the [Item Note] or [Header Note] field, that the <i>Contracting Out</i> requirements of the QR Enterprise Agreement have been satisfied - See GEN/RD/1024/SUP <i>Contracting Guidelines</i>.
Exemption has been approved	The requirements were detailed previously in Section 5.2.1.

The flowchart of the Supply Division Purchase Order process is in Section 7.8.4.

Responsibility: Procurement officers/ Purchasing officers (Supply)

7.8.2 Conditions of Use

The use of Supply Division Purchase Orders **shall** meet the following conditions:

- The goods or service **should** not be covered by a Corporate Contract or a relevant Supply Agreement – see Sections 7.3 and 7.4.
- Used for non-inventory purchases greater than \$10 000 (**GST exclusive**).
- Used for all inventory items unless a Supply Agreement is in place for the material – see Section 7.4. If ISG is the construction contractor, all project materials **shall** be purchased using the inventory process.
- Purchases >\$10 000 (**GST exclusive**) require quotes - see Section 5.
- All item descriptions in SAP [ME21N] **shall** be clear and meaningful, with one item per line and no attached lists or references to invoice numbers.
- Order industry standard pack sizes whenever appropriate. If requisitions for non-standard quantities are received, clarification **should** be sought from the customer and the requisition amended if appropriate.
- All purchase orders **shall** be created **GST exclusive** and checked to **ensure** that the default VAT codes applied by SAP are correct.
- Any invoice delivered with the goods or services **shall** be forwarded to Accounts Payable immediately.
- To avoid blocked invoices, goods receipts **shall** be entered in SAP [MIGO] within one working day of delivery. Do not wait for the invoice. Discrepancies are identified and addressed during monitoring – see Section 8.4.3.

Responsibility: Procurement officers/ Goods receiving officers/ Purchasing officers

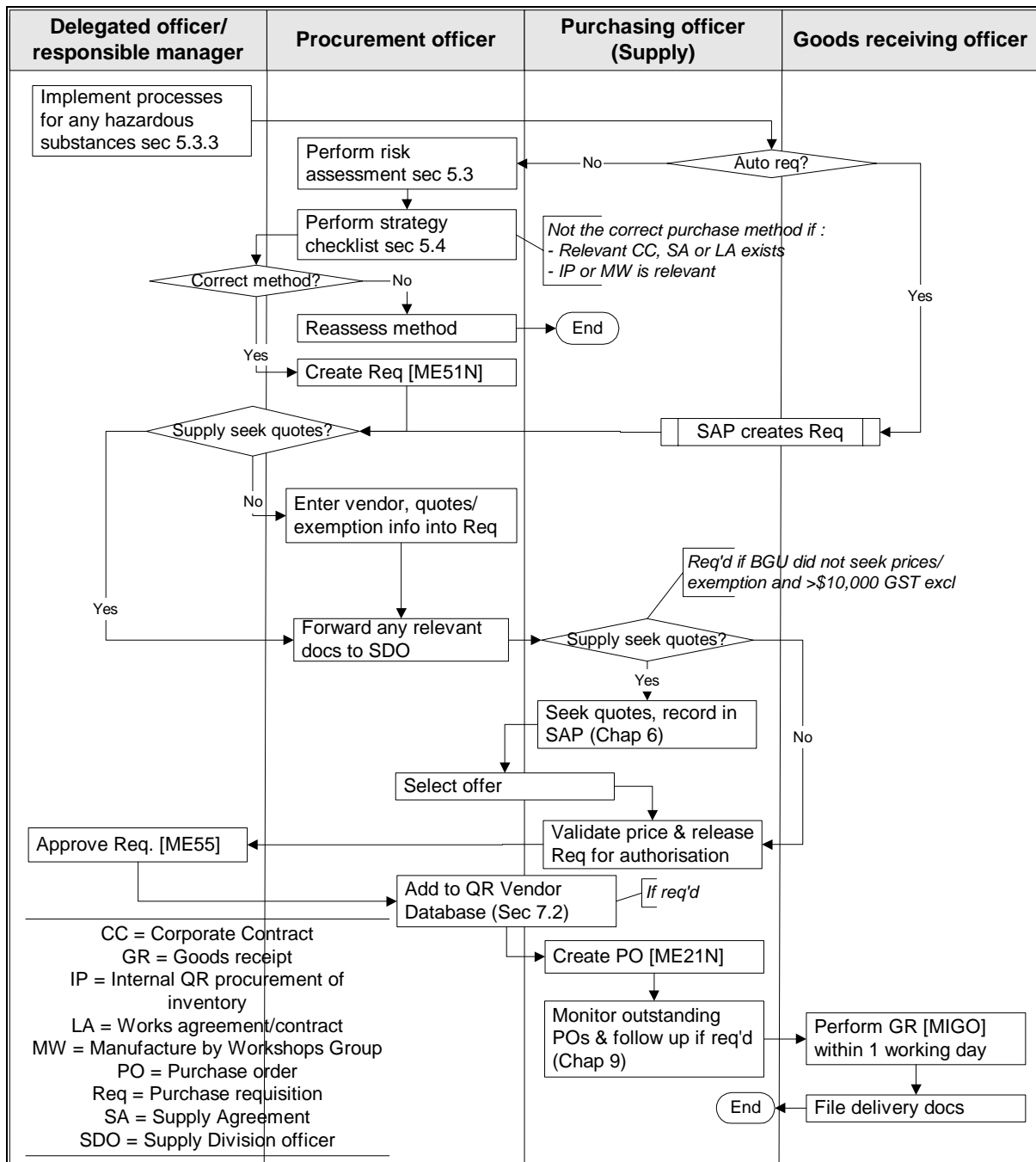
7.8.3 Authorisation

Access to transaction [ME51N] is not restricted and there is no link to financial delegation. However, all **workers** using [ME51N] **shall** be appropriately trained.

Officers with the appropriate financial delegation **shall** authorise purchase requisitions at least weekly using transaction [ME55].

Responsibility: All workers

7.8.4 Process Flowchart – Supply Division Purchase Order



7.9 Works Agreements/Contracts

7.9.1 Overview

The Contracts Facilitator creates and manages SAP agreements for project works and for purchasing major **assets** such as locomotives and ontrack machinery.

Works Agreements deliver project financial commitments, facilitate payments in SAP, follow the tender/award process and use letters of acceptance to initiate contracts.

A flowchart of the Works Agreement process is provided in Section 7.9.4.

Responsibility: All workers

7.9.2 Conditions of Use

The use of works agreements/contracts **shall** meet the following conditions:

- Used for all capital works contracts where progress payment certificates **shall** be raised by the contract administrator as part of the contract process.
- Used where contract contingency funds are established and require monitoring.
- Settlement **shall** be to a project, **asset**, cost centre, work or production order.
- The agreement in SAP **shall** mirror the paper agreement.
- Works Agreements are not used to purchase inventory.

Responsibility: Procurement officers

7.9.3 Authorisation

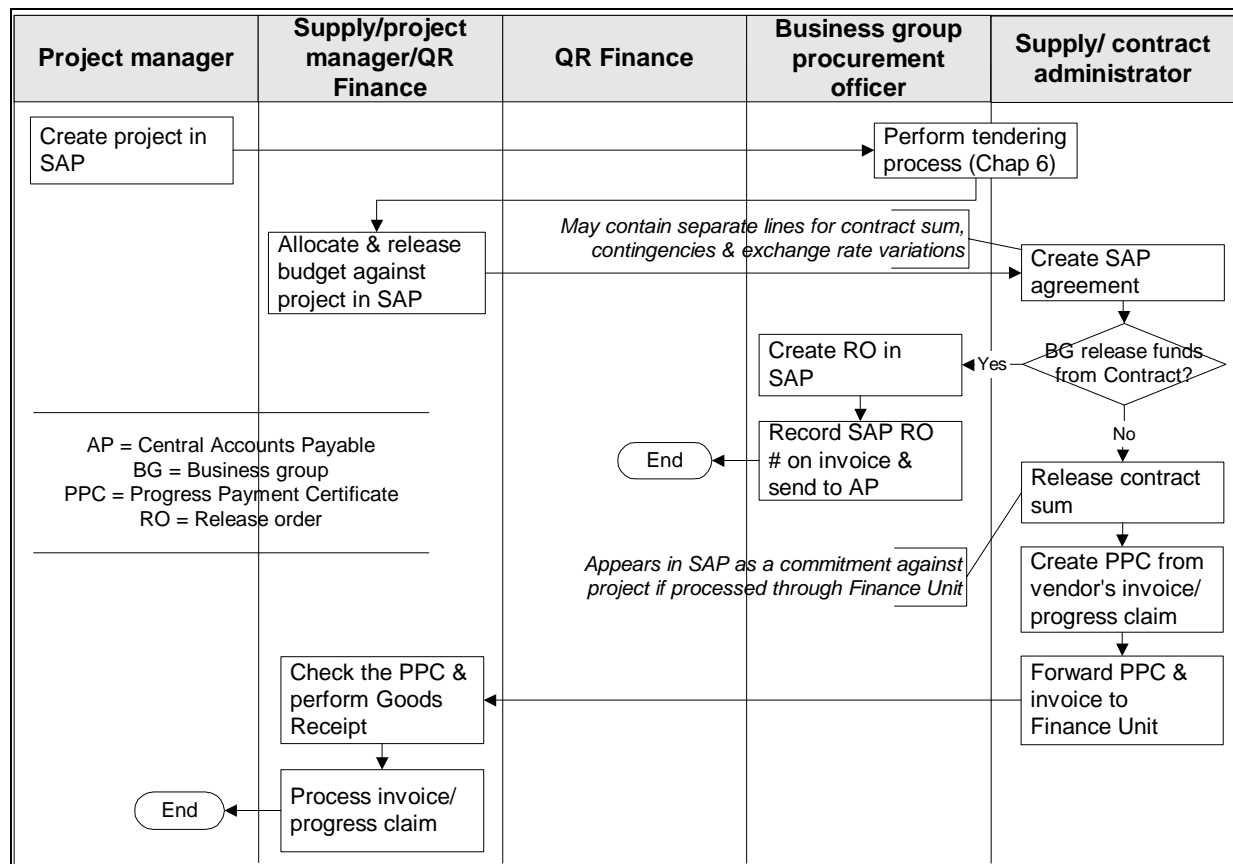
The contracting process and financial approval on capital works contracts is handled outside of SAP. Progress payment certificates or invoices initiate the payment process. These **shall** be authorised by the relevant contract administrator.

All capital works expenditure, including expenditure from contingency sums, **shall** be approved by an officer with the appropriate financial delegation.

For small contracts, the **procurement officer shall** perform the release orders. For major contracts, the Contracts Facilitator **shall** perform the release order function.

Responsibility: All workers

7.9.4 Process Flowchart – Works Agreements/Contracts



7.10 Emergency Purchase Orders

7.10.1 Overview

The *Emergency Purchase Order* (EPO) process is paper based. (Form 13035) It is used only in critical situations when no other option is available immediately.

EPOs **shall** be used only in genuine emergencies resulting from safety issues or time constraints. Examples include irregular crane hire required for a late night derailment or a burst water pipe after normal working hours.

Because EPOs are used for emergency situations only, quotes are not required.

The EPO is a paper requisition so the **procurement officer** does not need to raise an electronic requisition in SAP.

EPO processing requirements are contained on the inside cover of the *Emergency Purchase Order* book, obtained by faxing Moores Ordering Form (Form 13118) to Moores Business Systems Fax. 3908 9330.

For a flowchart of the EPO process, see Section 7.10.4.

Responsibility: Procurement officers

7.10.2 Conditions of Use

The use of Emergency Purchase Orders **shall** meet the following conditions:

- EPOs **shall** be used for genuine emergencies only, not just failure to plan.
- All EPOs **shall** be converted to SAP purchase orders by either:
 - DPOs raised by **procurement officers** for purchases up to \$10 000
 - Supply Division purchase orders raised by **purchasing officers (Supply)** – for purchases over \$10 000 (**GST exclusive**).
- A purchase order number in the 12 000 000 series **shall** be used on the purchase order in SAP.

Responsibility: Procurement officers

7.10.3 Authorisation

There is no delegation to hold an *Emergency Purchase Order* book. Supply Division registers holders of *Emergency Purchase Order* books as follows:

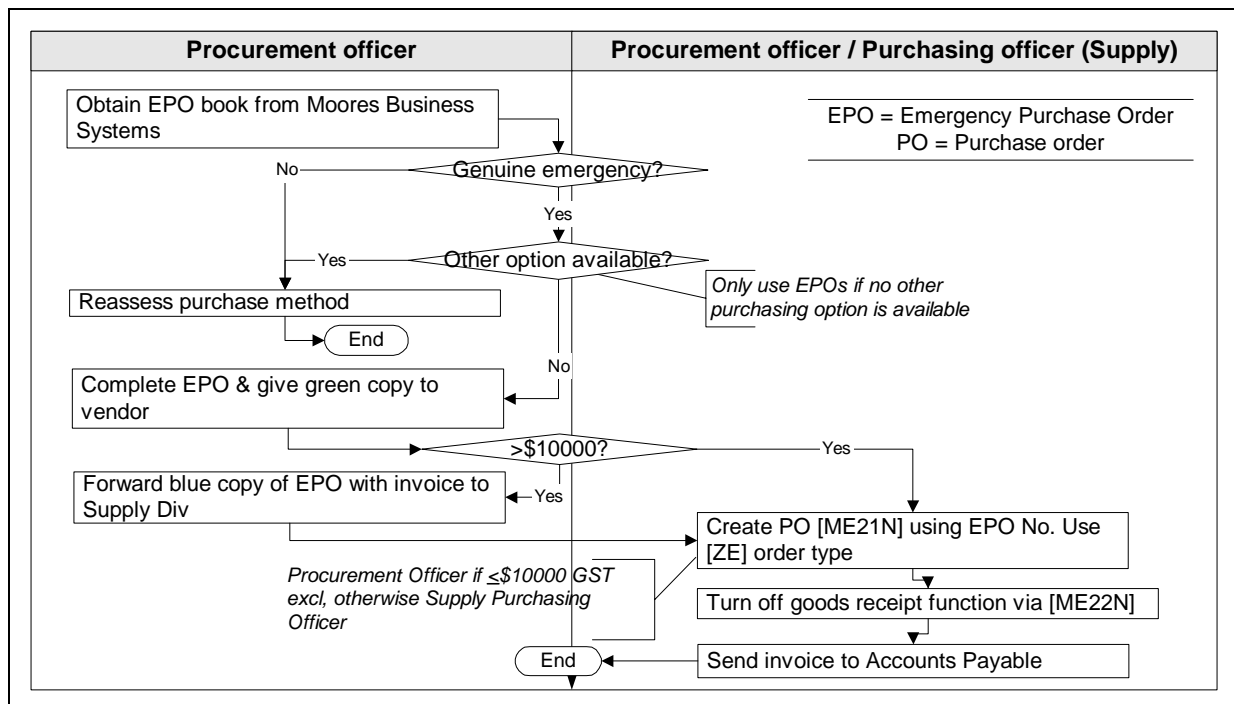
- When Moores receives a request to issue an EPO book, Moores requests QR Supply Division to authorise its issue.
- The Strategic Sourcing Manager (Supply) authorises Moores to issue the EPO book.
- Moores advises the Strategic Sourcing Manager (Supply) the order numbers of the book issued.
- The Strategic Sourcing Manager (Supply) registers the holder and the order numbers of the book issued.

EPOs are used in emergencies only, so no delegation is required to issue an EPO. The **procurement officer shall** complete the EPO “Authorisation” box showing:

- **procurement officer's** name (printed), service number, position and phone
- the name of the division
- signature of the **procurement officer** and the date.

Responsibility: All workers

7.10.4 Process Flowchart – Emergency Purchase Orders



8. Monitoring & Reporting

8.1 Overview

The purpose of this section is to provide *responsible managers* and *procurement officers* with the information required to manage purchasing, expenditure and the audit processes for purchasing.

The monitoring activities defined in this section are as follows:

- calendar of the monitoring activities is provided in Section 8.2
- self-monitoring activities – Section 8.4:
 - check Corporate Contract usage
 - reconcile fuel card usage
 - identify and address any outstanding orders
 - identify and address any blocked invoices
 - review DPO usage for consideration of converting to Supply Agreements
- monitoring by *responsible managers* – Section 8.5:
 - manage the activities of *procurement officers* under their supervision
 - manage the activities of goods receiving officers under their supervision
- reviewing Supply Agreements – Section 8.6:
 - plan ongoing Supply Agreement requirements
 - monitor usage and expenditure against individual Supply Agreements
- monitoring of credit card usage – Section 8.7
- monitoring the activities of purchasing personnel – Section 8.8
- the outcomes of monitoring processes – Section 8.9.

8.2 Activity Calendar

The following calendar is provided as a quick guide to assist *responsible managers* and *procurement officers* plan their monitoring activities.

		RESPONSIBLE FOR ACTIVITY	
		Responsible managers	Procurement officers
FREQUENCY OF ACTIVITY	At least Weekly		<input type="checkbox"/> Check for blocked invoices [MRBR] (s9.4.3)
	Two Weeks		<input type="checkbox"/> Check for outstanding purchase orders [ME2N] (s9.4.4)
	At least Monthly	<input type="checkbox"/> Check Procurement Officer activity (s9.5.1)	<input type="checkbox"/> Reconcile Fuel Card expenditure (s9.4.2)
		<input type="checkbox"/> Check Goods Receiving Officer activity (s9.5.2)	<input type="checkbox"/> Check Corporate Contract expenditure (s9.4.1)
		<input type="checkbox"/> Review Supply Agreements due to expire (s9.6) ← →	<input type="checkbox"/> Review Supply Agreements due to expire (s9.6)
	Regularly (as req'd)	<input type="checkbox"/> Check expenditure on Supply Agreements (s9.6) ← →	<input type="checkbox"/> Check expenditure on Supply Agreements [ME33K] (s9.6)
		<input type="checkbox"/> Check DPOs re conversion to Supply Agreements [ME2N] (s9.4.5) ← →	<input type="checkbox"/> Check DPOs re conversion to Supply Agreements [ME2L] (s9.4.5)

Responsibility: *Responsible managers/ Procurement officers*

8.3 Requirements

All *workers shall* comply with the following mandatory requirements:

- *Responsible managers shall* monitor the purchasing activities of their staff, at least monthly.
- *Procurement officers* and *purchasing officers (Supply) shall* investigate and address the blocked invoices and outstanding purchase orders for their areas.
- *Procurement officers shall* monitor items that they purchase using DPOs on a regular basis, and consider establishing Supply Agreements.
- *Responsible managers* and *procurement officers shall* advise Supply Division to extend ongoing Supply Agreements before the expiry date.

Responsibility: All workers

8.4 Self-monitoring

8.4.1 Corporate Contracts Usage

Procurement officers shall run Corporate Contract expenditure reports at the end of each month to check and monitor expenditure. These reports provide details of itemised expenditure by *commodity* by month.

Responsibility: Procurement officers

8.4.2 Fuel Card

Procurement officers (cardholders) *shall* run a SAP Report at the end of each month to reconcile fuel receipts with their card transactions.

Responsibility: Procurement officers

8.4.3 Blocked Invoices

If an invoice does not match an order, it is marked in SAP as “blocked”.

Procurement officers and *purchasing officer (Supply) shall* run SAP report [MRBR] at least weekly to identify any blocked invoices, investigate the reasons the invoice is blocked and correct the errors.

Group Finance Managers *should ensure* that their *procurement officers* check the blocked invoice reports to avoid the accumulation of unpaid invoices.

Responsibility: Procurement officers/ Purchasing officers (Supply)

8.4.4 Outstanding Purchase Orders

Procurement officers and *purchasing officers (Supply) shall* run SAP transaction [ME2N] at least fortnightly to monitor their outstanding DPOs, Supply Division purchase orders and release orders.

The *procurement officer* or *purchasing officer (Supply) shall* confirm that orders outstanding over three months are still required, cancel with the vendor and in SAP if orders are not required and follow up with the vendor orders that are required.

Should a delivery be made against an order that is no longer required, QR might be obliged to retain and pay for the goods as a contract to purchase existed.

Responsibility: Procurement officers/ Purchasing officers (Supply)

8.4.5 Items Purchased Regularly on DPOs

Supply Agreements should be used instead of DPOs when purchasing a similar item or service five or more times a year, particularly for total annual expenditure over \$50,000.

Procurement officers should regularly monitor the items they purchase using DPOs, and consider using Supply Agreements. Transaction [ME2L] lists purchase orders placed against a specific vendor, presenting one month's orders per plant. Transaction [ME3L] checks whether Supply Agreements exist.

A business unit has two options for reducing excessive DPO usage:

- extend an existing Supply Agreement for another business unit
- establish a new Supply Agreement.

For the requirements and processes to extend an existing Supply Agreement or establish a new one, see Section 6.6.

Responsibility: *Procurement officers*

8.5 Monitoring by *Responsible Managers*

8.5.1 Procurement Officer Activity

Responsible managers shall monitor, at least monthly, the purchasing activities of the staff under their control. A range of purchasing reports including plant level purchasing reports are available for this purpose on the Supply Infonet.

Analysis of the reports may identify:

- whether a purchase is legitimate
- whether purchases have been split to avoid financial delegation levels
- whether a purchase exceeds financial delegation
- the number of orders raised against a specific vendor
- purchases placed outside a relevant Corporate Contract.

The *responsible manager shall* investigate all non-compliant practices identified and document all non-compliant practices as described in GEN/RD/1019/SUP *Supply Complaint Guidelines*.

Responsibility: *Responsible managers*

8.5.2 Goods Receiving Officer Activity

To promote *separation of duties*, QR requires that the same person *shall not* perform both the purchasing and receipting processes. If, due to staffing constraints, the same *worker* performs the ordering and goods receiving processes, the *responsible manager shall* countersign the delivery docket.

Where no independent *worker* is involved in the process, the *responsible manager shall* regularly monitor purchasing activities, approving the expenditure report at least once per month. Expenditure reports *shall* be filed as required in Section 3.2.3.

Responsibility: *Responsible managers*

8.6 Supply Agreements

8.6.1 Overview

Responsible managers and *procurement officers* monitor Supply Agreements to:

- plan the extension of Supply Agreements before they expire – Section 8.6.2
- track expenditure and other Supply Agreement information – Section 8.6.3.

8.6.2 Review Ongoing Requirements

Supply Agreements are archived once the expiry date has passed. To **ensure** continuity, business units **shall** review their ongoing needs and extend agreements if necessary, before they expire.

To allow time for planning Supply Agreement needs, **procurement officers shall** check each month, which of their Supply Agreements will expire the following month. SAP Transaction [ME3L] shows the expiry dates. If assistance is required, contact Supply Helpdesk (81-1234).

Before Supply Agreements expire, the **responsible manager** or **procurement officer shall**:

- determine whether they will be required after the expiry date
- if so, extend the agreement or create a new one – see Section 6.6.

During the review process, **procurement officers** should also review their DPO usage and consider creating Supply Agreements – see Section 8.4.5.

Responsibility: Responsible managers/ Procurement officers

8.6.3 Supply Agreement Reports

Responsible managers and **procurement officers** can use [ME3L] to show:

- all current Supply Agreements for the business unit
- every transaction for a Supply Agreement for the current financial year
- total expenditure for a Supply Agreement for the current financial year
- the available balance for a Supply Agreement for the current financial year.

Responsibility: Responsible managers/ Procurement officers

8.7 Monitoring Credit Card Usage

When they are monitoring the credit card transactions of their cardholders, responsible managers **shall** check that tendering thresholds are observed and that purchases are not split to avoid tendering.

QR's credit card provider supplies reports on credit card usage. The General Manager Supply **shall** monitor these reports to identify any possible noncompliant practices.

Responsibility: Responsible Managers/ General Manager Supply

8.8 Monitoring of the Purchasing Function

8.8.1 Procurement Officer Activities

Supply Division and Internal Audit *workers shall* monitor *procurement officer* activities by reviewing supply chain reports when required. All purchasing methods *shall* be monitored - see Section 7. Analysis of the reports may identify:

- if a purchase is not legitimate
- if purchases have been split to remain below a financial delegation level
- if purchases exceed financial delegations
- the number of orders raised against a specific vendor
- purchases from vendors other than the Corporate Contract vendor
- EPOs used other than in emergencies - see Section 7.10.

The responsible officers *shall* investigate all inconsistencies identified in the reports, involving Internal Audit as necessary. Any non-compliance identified *shall* be addressed as required by GEN/RD/1019/SUP *Supply Complaint Guidelines*.

Responsibility: Supply and Internal Audit workers as required

8.8.2 Purchasing Officer (Supply) Activity

The Procurement Team Leader, Supply Division, *shall* supervise *purchasing officers (Supply)* to *ensure* that:

- purchase requisitions approved online by the *delegated officer* have Supply Division purchase orders raised within one working day
- purchase requisitions and Supply Agreement establishment requests are actioned in an efficient and timely manner
- all non-compliant practices identified are addressed as required in GEN/RD/1019/SUP *Supply Complaint Guidelines*.

Responsibility: Procurement Team Leader

8.9 Monitoring Outcomes

Purchasing activity in QR *shall* be monitored to:

- promote *accountability*:
 - identifying and addressing any inconsistencies and non-compliant practices
 - investigating non-compliance as required in GEN/RD/1019/SUP *Supply Complaint Guidelines*
- *ensure* that QR purchasing records are up to date:
 - maintaining information on expenses and purchasing methods
 - identifying and addressing outstanding and blocked orders
 - assisting business units manage their expenditure
- improve purchasing processes and achieve best practice throughout QR:
 - *workers* identifying unworkable practices or process improvements *shall* advise the Supply Helpdesk by email.
 - Supply Division *shall* consider the issues, advise of any action to be taken and amend the *specification*.

Responsibility: All workers

9. Vendor Management

9.1 Overview

The purpose of this section is to define the processes used to manage the relationships between QR and the vendors on the QR Vendor Database. It does not cover purchasing with petty cash or credit card, except where a Corporate Contract vendor accepts credit cards.

Vendor management allows QR to respond to changes in the business or operating environment. It involves reviewing accomplishments, measuring internal customer satisfaction, acting on lessons learned and continually improving QR's purchasing processes. QR manages its vendors to:

- **ensure** vendors meet contractual terms and QR's business requirements
- provide valuable information to assist with **risk** management
- deliver ongoing improvements in vendor relationships
- identify opportunities, new ideas and new products of benefit to QR
- **ensure** the QR Vendor Database is optimum for meeting QR's business needs
- provide information about vendors to assist future purchasing decisions.

The section on vendor management covers the following topics:

- requirements for vendor management – Section 9.2.
- overall responsibilities for vendor management – Section 9.3.
- methodology to collect data on vendors – Section 9.4.
- data analysis and outcomes – Section 9.5.
- dispute management – Section 9.6.
- flowchart of the vendor management process - Section 9.7.

9.2 Requirements

All **workers shall ensure** that all:

- vendor non-conformances are advised to Supply Division if investigation is required
- issues with vendors and their resolution are recorded on the vendor's file.

Responsibility: All workers

9.3 Overall Responsibilities

9.3.1 Overview

QR's relationship with a vendor can be managed by any QR **worker**, normally the Contracts Facilitator, the Procurement Team Leader, a Strategic Sourcing Manager or Contracts Administrator, a **purchasing officer (Supply)** or a **procurement officer**. The relationship manager is described in this section as the **vendor administrator**.

The role of **vendor administrator shall** include:

- collecting, recording and analysing relevant data on the vendor's file
- ensuring both the vendor and QR meet the terms and conditions agreed in the **contract** and the contract management plan
- taking appropriate action to correct any breach of the terms and conditions.

QR has three relationship management categories, outlined in the following table.

Category of Vendor Relationship Management	Responsibilities
Corporate Contract or Supply Agreement established using the full tender process – see Section 5.5	Section 9.3.2
Supply Agreement: <ul style="list-style-type: none"> • established using the quotation process – see Section 5.4 or • with exemption from the tender process – see Section 5.2 	Section 9.3.3
No Corporate Contract or Supply Agreement has been established	Section 9.3.4

Responsibility: *Vendor administrators*

9.3.2 Contracts with a Contract Management Plan (CMP)

When the tendering process is performed, a contract management plan (CMP) is usually negotiated between QR and the successful tenderer - see Section 5.5. The CMP contains key performance indicators (KPIs) for the contract.

Corporate Contracts and some Supply Agreements normally have a CMP, covering a wide variety of issues – see Section 5.5.14.

Supply Division **shall** nominate a **vendor administrator** for each Corporate Contract and for some Supply Agreements, to be responsible for overall management of the vendor relationship using the CMP.

The business units for whom the contract was raised **shall** nominate a contract administrator responsible for ensuring that the vendor meets business unit requirements and their obligations set down in the particular contract.

When a rebate is payable, the Commodity Manager **shall** advise the supplier to:

- Mail a cheque payable to QR Limited or make an EFT to:
 - Account name: QR Limited
 - Account number: 064 013 1000 0783.
- Post or email a remittance advice to QR, including a GST adjustment note.

The Strategic Sourcing Manager **shall** attach these documents to FIN/FRM/4325/REV *Accounts Receivable Billing Request Form*, include the commodity GL Code and the appropriate revenue cost centres and forward to the Divisional Accountant for processing by the Financial Accounting Systems and Training team.

Responsibility: *Vendor administrator/ Contract administrator*

9.3.3 Agreements with QR Conditions of Contract

Supply Agreements established using the quotation process and those with exemptions and exceptions from tendering will normally not have a CMP.

For these agreements, QR's standard conditions of contract were used as a basis for negotiation between QR and the vendor. Consequently, the terms and conditions agreed will not be the same for all Supply Agreements.

If required, a Supply Division Strategic Sourcing Manager may be nominated as **vendor administrator** to manage the vendor relationship, using the agreed terms and conditions of contract.

Otherwise, the Procurement Team Leader, Supply Division, is the **vendor administrator** responsible for overall management of the Supply Agreement vendor relationship.

Responsibility: *Strategic Sourcing Managers/ Procurement Team Leader*

9.3.4 Sundry Vendors

QR has a number of sundry vendors on the QR Vendor Database not covered by a Corporate Contract or Supply Agreement. These vendors are only used for occasional purchases. Purchases are made from sundry vendors by DPOs or Supply Division purchase orders.

Prior to acceptance as a QR vendor and entry to the QR Vendor Database, vendors complete the *Create Vendor Form* which refers them to the appropriate *Standard Conditions of Contract* on the QR internet site. The Vendor Management officer is responsible for management of the QR Vendor Database.

The *procurement officer* raising a DPO on a sundry vendor is responsible for following up any non-delivery, late delivery, short delivery, over delivery, or nonconforming product issues with the vendor. Unresolved issues **shall** be brought to the attention of Supply Division – see Section 9.4.2.

The *purchasing officer (Supply)* raising a Supply Division purchase order against a purchase requisition is responsible for following up any non-delivery, late delivery, short delivery, over delivery, or nonconforming product issues with the vendor.

If purchases are made from a sundry vendor five or more times a year, the *procurement officer* should arrange a Supply Agreement, to include the vendor in the research, analysis and vendor management processes - see Section 6.6.

Responsibility: Procurement officers/ Purchasing officers (Supply)

9.4 Collecting Data on Vendors

9.4.1 Overview

Performance can be measured either by its efficiency or its effectiveness:

- Efficiency measures include resource utilisation, on time, right quantity, right item, right place, reliability, availability, utilisation and maintainability.
- Effectiveness measures offer the greatest opportunities for improvement. They include measures of internal customer satisfaction, focussing on outcomes and often relying on qualitative assessments.

The issues on a vendor's file should be used as an indication of vendor performance. Key performance indicators (KPIs) can also be used. For the process to be useful to QR, the KPIs must be measurable, achievable and relevant.

The *vendor administrator* is responsible for data collection and analysis and **shall ensure** that purchasing *workers* examine Corporate Contract and Supply Agreement performance at least once per year during the life of the contract.

Vendor administrators and *procurement officers* gather performance data from:

- notification of concerns by business unit *workers* – Section 9.4.2
- researching internal QR sources – Section 9.4.3
- management and analysis of the QR Vendor Database – Section 9.4.4
- meetings with vendors – Section 9.4.5
- externally sourced data – Section 9.4.6
- financial searches – Section 9.4.7.

Responsibility: Vendor administrators/ Other responsible workers

9.4.2 Business Unit Issues with Vendor

9.4.2.1 Overview

From time to time, vendor shortcomings such as non-delivery, late delivery, short delivery, over delivery, nonconforming product or behavioural issues are encountered. This section covers the process for dealing with these:

- notifying Supply Division of a vendor issue – Section 9.4.2.2
- Supply Division recording of the non-conformance – Section 9.4.2.3
- resolving the issue with the vendor– Section 9.4.2.4.

9.4.2.2 Notify Supply Division

When a **worker** has an issue with a vendor, they may resolve it themselves, particularly if the concern is regarding a DPO they raised. If the issue is not resolved, the **worker shall** advise the Supply Helpdesk:

- Tel. 81-1234
- Fax 81-7696
- Internal mail Floor 1, RC2, Brisbane.

Responsibility: All workers

9.4.2.3 Non-conformance Notices

When the Supply Helpdesk is advised of a concern about vendor performance, the Supply Helpdesk **worker shall** record the call in the HEAT database for monthly analysis by Supply Division and forward the call to the **vendor administrator** responsible for the contract. If ownership of the issue can not be determined, the call **shall** be forwarded to the IMS Officer, Supply Division.

In cases of repeated failure of a supplier or major supply problems identified by the monthly analysis of Helpdesk calls, the **vendor administrator shall** raise GEN/FRM/1012/SUP *Supply Non-conformance Notice*, and create a new issue in the *Issues & Actions Register*. If necessary, the *Supply Non-conformance Notice* should be emailed to the appropriate business unit **procurement officers** for completion of the details.

The IMS Officer, Supply Division, **shall** forward incoming calls to the relevant **vendor administrator** and, if necessary, monitor and **ensure** resolution.

Responsibility: Supply Helpdesk/ Vendor administrators/ IMS Officer

9.4.2.4 Resolve with Vendor and Record on Vendor's File

If the issue is about non-delivery, late delivery, short delivery, over delivery or nonconforming product, the **vendor administrator shall** liaise with the vendor and the **worker** who originated the query, to resolve the issue.

The responsible **vendor administrator shall** advise the resolution of the issue to:

- the vendor and the **worker** who originated the query
- the IMS Officer, closing the associated actions in the issue recording system.

The **vendor administrator shall** file the details and resolution of the issue on the vendor's file, contract file, agreement file or purchase order file, as required by Section 3.2.3.

Responsibility: Vendor administrators/ Purchasing officers (Supply)

9.4.3 Other Internal QR Sources

As notification of concerns with vendors (Section 9.4.2) may not provide the full picture, **vendor administrators** or other **workers** may use other sources of data:

Source	Information
Internal customers	Surveys may be by phone, email, questionnaire or interview
SAP	The following transactions provide information on a specific vendor: <ul style="list-style-type: none"> • [XK03] for general information - name, address, contact details • [ME3L] provides details of all contracts with the vendor • [ME2L] provides details of all purchase orders with the vendor
Data Warehouse	Phone Supply Helpdesk, Tel. 81 1234, for other information available to Supply Division <i>workers</i> from the data warehouse
Accounts Payable	Phone Supply Helpdesk for all vendor invoice payment issues

Responsibility: All relevant workers

9.4.4 Management of the QR Vendor Database

The Systems Analyst (Supply Business Solutions) is responsible for managing the QR Vendor Database.

The Vendor Management officer *shall* monitor the sundry vendors on the QR Vendor Database on an ongoing basis to identify inconsistencies such as duplications, and update vendor details.

The Vendor Management officer *shall* liaise with vendors and *procurement officers* on all issues related to vendors, including:

- invoicing issues
- account amalgamation
- any other issues in the supply chain.

Responsibility: Systems Analyst/ Vendor Management officer

9.4.5 Meeting with Vendors

The purpose of meetings with vendors includes:

- resolving issues that either vendors or QR may have with the relationship
- providing an avenue for discussing opportunities that are mutually beneficial
- inspection of the vendor's premises, if relevant, as a visual indicator that the vendor is capable of continuing to meet its obligations
- discussion of performance (either good or poor)
- regular agreement or contract reviews.

The contract management plan (CMP) or the *Terms and Conditions of Contract* agreed to between QR and the vendor normally specify meeting arrangements and QR's right to inspect the vendor's premises. Meetings *shall* be documented:

- all meetings with vendors *shall* be minuted
- minutes *shall* be signed and dated by QR and vendor representatives
- vendors *shall* be provided with a copy of the minutes
- minutes *shall* be filed as required in Section 3.2.3 with:
 - the original on the vendor's file
 - a copy on the contract, agreement or purchase order file, as relevant.

Responsibility: Vendor administrators

9.4.6 Externally Sourced Data

To update QR's information on themselves and their products, vendors may contact QR with information by phone, by mail or in person. The *vendor administrator shall* record all relevant information on the vendor's file.

When QR receives verbal or written information that may be controversial or affect QR's relationship with a vendor, the following process *shall* be used:

- The *worker* receiving the information *shall*:
 - document, sign and date any verbal communication and
 - forward all documents on the issue to the Supply Helpdesk.
- The Supply Helpdesk *worker shall* forward the documents to the relevant *vendor administrator*.
- The *vendor administrator shall*:
 - investigate the issue
 - file all documentation on the issue as required in Section 3.2.3:
 - the original on the vendor's file
 - a copy on the contract, agreement or purchase order file.

When vendors provide information requiring amendment of the QR Vendor Database, *workers shall* process the information as required by Section 2.3 of GEN/RD/1020/SUP *Vendor Management Guidelines*.

Responsibility: *All workers/ Helpdesk workers/ Vendor administrators*

9.4.7 Ongoing Searches

During tendering, the *procurement persons* assessed the risk of vendor failure – see Section 5.5.10. The risk information is held by the *procurement officer*.

If an ongoing *risk* exists, the *procurement officer shall* arrange for ongoing checks of the vendor. Supply Helpdesk (Tel. 81-1234) can provide advice.

The *procurement officer shall* file the records of ongoing financial and environmental performance searches, as required in Section 3.2.3.

Responsibility: *Procurement officers/ Procurement persons/ Vendor administrators*

9.5 Data Analysis & Outcomes

9.5.1 Overview

Analysis of the vendor data collected provides current information which:

- assists *vendor administrators* prepare for meetings with vendors
- *ensures* the Vendor Database meets business needs – see Section 9.5.3
- assists with QR's future purchasing decisions – see Section 9.5.4
- identifies issues with vendors that need to be addressed – see Section 9.6.

The *vendor administrator* has overall responsibility for *ensuring* that the data collection and analysis processes are performed for the contract.

9.5.2 Analysing the Vendor's File

Vendor administrators need to be aware of any key performance indicators (KPIs) agreed in the contract management plan and the *Terms and Conditions of Contract*, as these are the basis for resolving issues before they become disputes. The process for resolving minor issues is detailed in Section 9.4.2.

During the analysis, *vendor administrators shall* consider the following KPIs:

- performance of the goods or services and the quality of the purchases
- whether the vendor consistently provided the correct product
- how quickly the vendor corrected any nonconforming product issues
- whether price variation was an issue
- whether the vendor consistently met their delivery obligations
- performance on any after sales service or warranty issues
- whether the vendor adhered to other agreed terms and conditions.

Analysis of the vendor's file may indicate that the vendor is consistently performing badly in some or all areas. Where consistently bad performance is identified, the *vendor administrator shall* contact the vendor to resolve the issues. The process to address disputes is detailed in Section 9.6.

The *vendor administrator*, or other responsible *workers*, *shall* document all analyses and file the records as required in Section 3.2.3 on:

- the original on the vendor's file
- a copy on the contract, agreement or purchase order file.

Responsibility: *Vendor administrators/ Other responsible workers*

9.5.3 Optimising the Sundry Vendor Supply Base

The Systems Analyst (Supply Business Solutions) *shall* establish and maintain a management plan for the QR Vendor Database, *ensuring* that QR's supplier base is optimum for the needs of QR's business units.

The Vendor Management Officer *shall* monitor the QR Vendor Database to:

- identify inconsistencies such as duplications
- identify vendors that QR has not used in over twelve months
- liaise with vendors, *commodity* teams and *procurement officers*
- correct inconsistencies and remove unwanted records, *ensuring* vendors are not removed without consulting the business units.

Responsibility: *Systems Analyst/ Vendor Management officer*

9.5.4 Future Purchasing Decisions

All *workers shall ensure* that they keep appropriate records documenting the proven performance of vendors. This information is invaluable for planning future purchases and for making informed decisions during future tender evaluations.

Responsibility: *All workers*

9.6 Dispute Management

9.6.1 Overview

Resolution of issues benefits both QR and the vendor. Dispute management is about resolving issues between QR and the vendor. Issues between QR and a vendor may arise from:

- concerns raised by the vendor
- vendor performance concerns identified from records in the vendor's file.

9.6.2 Problem Solving Mechanisms

Most non-conformance issues are minor and will be resolved before they become disputes. The process for resolving these minor issues is in Section 9.4.2.

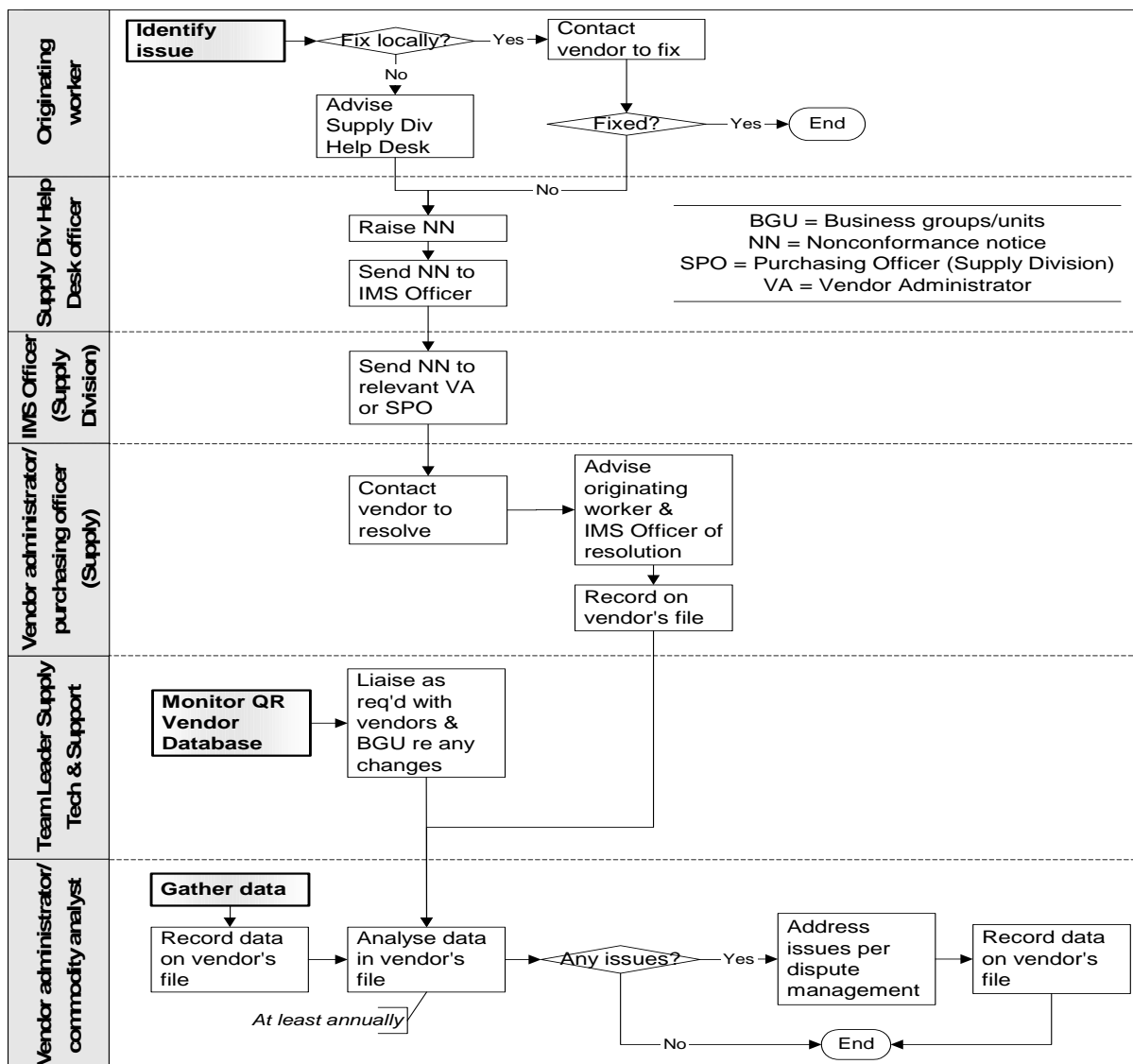
If a contract management plan (CMP) is in place, its dispute mechanisms *shall* be used to resolve disputes between QR and the vendor. The *vendor administrator shall* contact the vendor to resolve issues. Regular meetings with a vendor are an excellent method to assist with the resolution process.

The *vendor administrator shall* document all dispute communication:

- minute all meetings with the vendor
- minutes signed and dated by both QR and vendor representatives
- provide the vendor with a copy of the minutes
- document all verbal communication, signed and dated by the *worker*
- file all documentation on the issue as required in Section 3.2.3:
 - original on the vendor's file
 - copy on the contract, agreement or purchase order file.

Responsibility: Vendor administrators

9.7 Process Flowchart – Vendor Management



10. Associated Documents

10.1.1 Legislation & Other Government Documents

- Better Purchasing Guides (QGCPPO)
- Code of Practice on Employment & Outwork Obligations – TC&F Suppliers
- Financial Administration and Audit Act 1977
- Financial Management Standard 1997
- Government Procurement Agreement
- Local Industry Policy
- Public Records Act 2002
- Queensland State Archives Disposal Authority
- State Procurement Policy
- Trade Practices Act 1974

10.1.2 Supply Governance Documents

- GEN/STD/1006/SUP Supply Chain
- GEN/RD/1017/SUP Inventory Guidelines
- GEN/RD/1018/SUP Reclamation and Disposal Guidelines
- GEN/RD/1019/SUP Supply Complaint Guidelines
- GEN/RD/1020/SUP Vendor Management Guidelines
- GEN/RD/1021/SUP Systems Access Guidelines
- GEN/RD/1022/SUP Material Cataloguing Guidelines
- GEN/RD/1023/SUP Uniform Guidelines
- GEN/RD/1024/SUP Contracting Guidelines
- GEN/RD/1025/SUP Motor Vehicle Fleet Guidelines
- GEN/RD/1026/SUP Accounts Payable Guidelines
- GEN/RD/1027/SUP Bulk Fuel Guidelines
- GEN/RD/1015/SUP Motor Vehicle Driver's Guide
- GEN/RD/1014/SUP QR Best Practice Inventory Handbook
- GEN/STD/1400/RMT Risk Management
- SUP-HB-400 Strategic Sourcing Handbook

10.1.3 Other Governance Documents

- FIN/STD/450P/TSY Treasury Principles
- FIN/STD/460P/INV Investments Principles
- FIN/STD/470P/TAX Taxation Principles
- FIN/STD/480P/PBR Planning/Budgeting/Reporting Principles
- FIN/STD/400P/ACC Accounting Principles
- FIN/MAN/400G/ACC QR Finance Accounting Manual
- GEN/RD/1026/SUP Accounts Payable Guidelines
- FIN/SPC/4804/REP Functional Delegations – CEO
- HRS/STD/3500/SPT QR's Code of Conduct
- HRS/STD/3700/ALL Travelling & LAH Allowance within Australia
- SAF/STD/0012/COM Accident & Incident Reporting, Recording & Investigation
- SAF/STD/0008/COM Emergency Preparedness, Response & Recovery
- SAF/STD/0032/SWK High Visibility Clothing
- SAF/STD/0009/WHS Personal Protective Equipment
- SAF/STD/0013/WHS Plant
- SAF/STD/0004/WHS Management of Hazardous Substances & Lead H. S.

- SAF/STD/0010/WHS Reg. of Workplaces, Plant, Plant Design & Construct'n
- SAF/STD/0011/COM Safety Training & Accreditation
- SAF/STD/0095/WHS WH&S Improvement Committees, Reps & Officers

10.1.4 Forms

- Contract Procedures Compliance Certificates
- Form 13130 Supply Agreement Release Order form
- Form 13035 Emergency Purchase Order
- GEN/FRM/1002/SUP Supply Agreement New/Extension
- GEN/FRM/1003/SUP Verbal Quote form
- GEN/FRM/1004/SUP Formal Instrument of Agreement
- GEN/FRM/1007/SUP Material Master Request
- GEN/FRM/1008/SUP Create Vendor form
- GEN/FRM/1037/SUP Generic Letters of Acceptance
- GEN/FRM/1001/SUP Supplement Corporate Contract Vendor List
- GEN/FRM/1012/SUP Supply Non-conformance Notice
- GEN/FRM/1077/SUP One-time Vendor - Request for Payment form

11. Definitions

Except for the following definitions, which are specific to these guidelines, all terminology used in these guidelines is in accordance with GEN/STD/1002/ADM QR's *Terminology and Definitions*.

<i>Accountability</i>	This is the obligation to be able to explain or account for the way particular duties have been performed. <i>Accountability</i> for outcomes is about being able to explain or account for how the purchase has achieved its anticipated outcomes.
<i>Asset</i>	This is an item that exceeds \$2 000 in value, has a useful life of at least 12 months and is independently functional.
<i>Commodity</i>	In the context of these guidelines, this is a group of materials or services that are grouped together on the basis of their likeness or availability from common vendors.
<i>Delegated officer</i>	This is the QR officer who has the required financial or functional delegation to perform a task.
<i>SRM</i>	Supplier Relationship Management software, formerly EBP, BBP.
<i>Failure to perform</i>	Failure of the supplier to deliver goods or services when and where required, inadequate after sales service or failure of the item or service to perform its function to the standard required in the specification.
<i>GST exclusive</i>	The total purchase price of the item minus the GST component. To calculate the <i>GST exclusive</i> price (from the <i>GST inclusive</i> price), multiply the <i>GST inclusive</i> price by 10 and then divide the result by 11.
<i>GST inclusive</i>	The total purchase price of the item including the GST component.

<i>Procurement officer</i>	This is the <i>worker</i> who initiates the act of purchasing, e.g. the <i>worker</i> who creates a DPO, or raises a purchase requisition from which a <i>purchasing officer (Supply)</i> creates a purchase order, or pays for an item with a credit card, or expects reimbursement from petty cash. A <i>procurement officer</i> may also initiate or prepare tender documentation, invite tenders, negotiate with tenderers, award and administer contracts and/or agreements. See also “ <i>Purchasing officer (Supply)</i> ”.
<i>Procurement persons</i>	In the context of these guidelines, this describes the role that performs various tasks relevant to purchases over \$50 000 (<i>GST exclusive</i>). Due to the different structures throughout QR, this role may be the responsible manager, <i>procurement officers</i> , purchasing officers (Supply), <i>commodity</i> teams, or a combination of these.
<i>Purchasing officer (Supply)</i>	This is the Supply Division <i>worker</i> who raises an order from a <i>procurement officer's</i> purchase requisition, or establishes a Supply Agreement at the request of a <i>procurement officer</i> . See also “ <i>Procurement officer</i> ”.
<i>Real property</i>	In the context of these guidelines, <i>real property</i> includes the acquisition, disposal and leasing of all QR's real estate.
<i>Responsible manager</i>	In the context of these guidelines, this is a QR <i>worker</i> who controls staff, is responsible for the financial performance of an area of <i>accountability</i> and in most cases a QR budget, and is responsible for the management of certain QR <i>assets</i> .
<i>Separation of duties</i>	This means delegating the separate tasks of a process to different <i>workers</i> , where practicable, to provide greater <i>accountability</i> , e.g. having one worker raise the purchase order and another the goods receipt.
<i>Tender</i>	An offer received in response to a request for offers from QR. The term includes quotes and quotations.
<i>Vendor administrator</i>	The procurement contract manager who deals with a particular vendor. This role can be undertaken by the Commodity Manager, the Contracts Facilitator, the Procurement Team Leader, a Strategic Sourcing Manager or a <i>purchasing officer (Supply)</i> .

12. Appendices

There are no Appendices applicable to these guidelines.