



Aquatic Control Engineering

# Procurement Policy and Procedure

Date Reviewed: 27/06/2023

Next Scheduled Review: 27/06/2024

Aquatic Control Engineering Ltd understand the increasing importance of a procurement policy and the affects it has on reputation, financial health, ethics and corporate social responsibility aims.

ACE also understand the importance of a Procurement process when addressing suppliers, equipment, materials, related services and products etc purchased by the organisation to ensure they conform to Occupational, Health & Safety, Environmental and Quality management systems in place.

The Procurement process will be used to determine, assess and eliminate hazards to reduce Occupational Health and Safety risks associated with, for example, products, hazardous materials, hired equipment, or services hired / outsourced before their introduction into the workplace.

It is the duty of all employees involved with procurement and purchasing to understand and comply with this policy and process.

**ACE are committed to:**

- Delivering value for money ensuring quality and sustainable products and services are competitive
- Maintaining and developing a healthy supply chain and supplier risk management process
- Procurement practice that upholds ACE's environmental, corporate responsibility and equality aims and objectives whilst adhering to ethical standards of procurement
- Recognising professional procurement as a significant contributor to enhancing business performance.
- Complying with legislation, in particular to commercial payment terms and competition laws
- Providing leadership, coordination, appropriate resources, information, instruction, training and supervision by all purchasing staff.
- Achieving good overall environmental performance through lower embodied carbon, recycled content.
- Take into consideration ACE's 'Reduce, Reuse, Recycle, Think policy for all goods procured

**Our core procurement principles are:**

- Based on the principle of fair and free competition without collusion
- To conduct all procurement activities taking into account the ACE INSPIRES values (Innovation, Nature, Safety, Passion, Integrity, Respect, Empowerment and Sustainability).
- Not to engage in any form of corruption or bribery
- To comply with legislation and regulations
- To manage the supply chain and maintain supplier and sub-contractor relationships
- To incorporate, where possible sustainable aspects in the procurement process: defining the impacts, and evaluating the options, the design, and the selection of suppliers.
- Make every effort to collaborate with local business where possible

Aquatic Control Engineering Ltd has an accompanying procedure for the selection and monitoring of suppliers and (sub)contractors; HSEQ Supplier and Sub Contractor Vetting procedure.

## Procurement Procedures

### Risk Management

ACE will ensure when purchasing products and services for its business operations risk is managed and reviewed in all areas of the business.

Where no specific terms and conditions are provided by the supplier, ACE have standard conditions of purchase in place which are issued and adhered to. All ACE employees who procure goods/services are aware of and have access to our terms of purchase (Z: Intranet).

Risk in procurement is managed as per the policy above and all purchases should adhere to the procurement procedure terms and requirements.

One off purchase or purchasing from new suppliers should be authorised in line with both the HSEQ Approved Suppliers and Sub Contractors vetting procedure and the Procurement procedures outlined below.

Project and site-specific inspections and testing will take place to ensure conformity of products and services prior to, and post installation services. These include:

- Incoming inspections; release notes
- COSHH risk assessments and material safety data sheets provided with purchasing
- Factory Acceptance Testing
- Site Acceptance Testing
- Risk Assessments Method Statements for all site works and project works

### Conformity with regulations

ACE will ensure it complies with all legislation, including conformity of its products when purchasing by ensuring:

- Products are delivered and inspected in accordance to their specifications upon purchasing
- Materials that require Material Safety Data Sheets will be retained within the COSHH Health and Safety files upon purchase of items, these are made available to all in line with the Control of COSHH procedure
- Reasonable checks are made when selecting specific work equipment using the Provision of Work Equipment Regulations 1998 (PUWER)
- Hired in services such as lifting equipment and life jackets will be inspected using an accredited company and all certification reviewed at least annually
- Appropriate documentation is received with the product, including but not limited to, O&M manuals, testing and inspection plans and reports, design calculations, CE marking, products specifications and certifications of conformity.

## Supply Chain Management

ACE is committed to minimising any negative social, environmental and ethical impacts of its supply chain. This is done via supply chain management in line with the companies Integrated Quality, Health and Safety Management System and HSEQ Approved Supplier and sub-contractor vetting procedure.

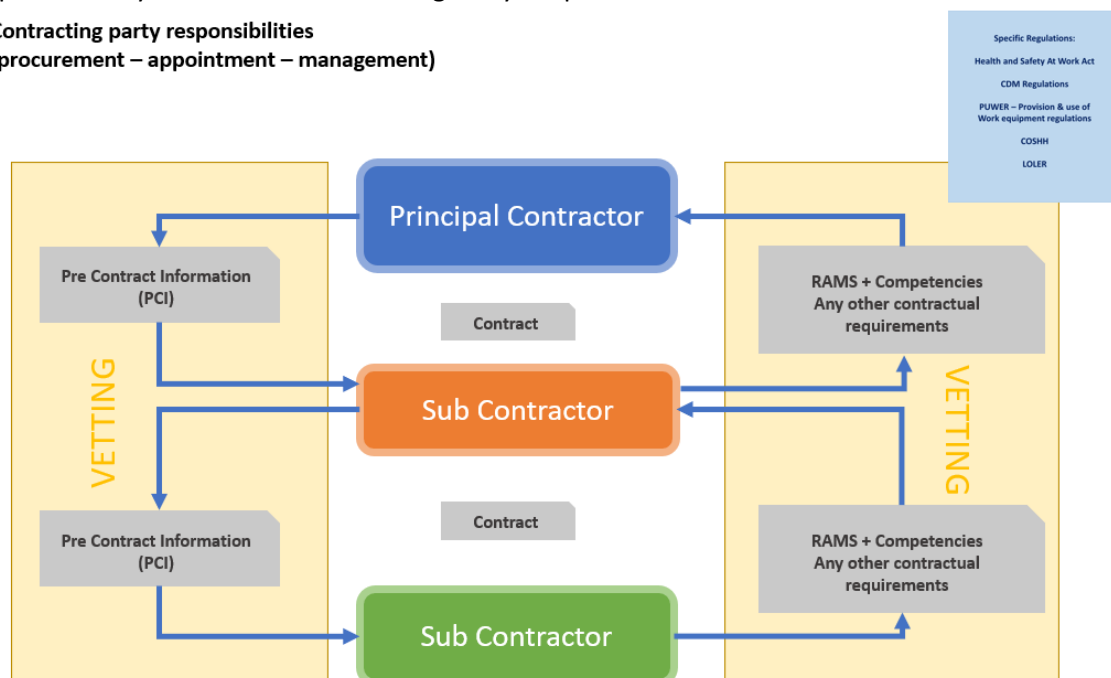
In line with the HSEQ procedure to implement and maintain this level of purchasing, ACE will:

- Work collaboratively with suppliers to improve environmental, social and ethical standards with the aim of continuous improvement in all three areas for both ACE and our supply chain.
- Monitor the supply chain to ensure the purchase of goods and services that minimise negative and enhance positive, impacts on the environment and society whilst meeting ACE's business requirements.
- Ensure both the supplier and ACE comply with legislative requirements
- Seek to work with businesses and organisations local to ACE HQ or our sites where possible.

## Contracting Party Responsibilities – Sub Contractors

Appointment of Subcontractors and Outsourcing is determined by CDM regulations and specific competencies by law. See the Contracting Party Responsibilities flow chart:

**Contracting party responsibilities**  
(procurement – appointment – management)



**The Principal Contractor will complete a site induction to all workers under ACE's control.**

***Where inductions are not provided by the principal contractor ACE/ACE's subcontractor will provide them***

***ACE/ACE's subcontractor will ensure Risk Assessments and Method Statements are in place before the work starts and are understood by all employees involved***

### Procurement process

Throughout ACE, many employees have responsibilities which include sourcing equipment and services in line with this Procurement Policy. It is the responsibility of those purchasing to ensure that these standards as set out are achieved.

ACE's procurement process has the following key stages:

- Identification and approval of supplier or sub-contractor (See Appendix 2 – Showing requirements of subcontractor vetting/checking)
- Agreement between parties of specification and / or requirements in writing
- Agreement and request of written quotation for ACE records
- Review and agreement of either selling parties Terms of Sale or ACE Terms and Conditions of Purchase (In some cases contract agreement)
- Placement of purchase order or sign off on contract
- Once the goods are received, follow the goods inspection process to agree that all products or services were delivered as agreed prior to sanctioning payment.

These stages must be adhered to at all times, it is the responsibility of the purchaser at ACE to ensure the orders are placed and agreed in line with company policy.

### Purchase Order process

Employees with the correct authorisation can raise and place purchase orders. Anyone who is unsure of their purchasing authorisation should check with their line manager or the managing director.

Any supplier payments that need to be made in advance of delivery are to be approved by the managing director.

Unless given express permission by the managing director, all orders are to be placed with pre-approved suppliers only. These can be found in the Zoho CRM suppliers module- this is regularly updated and maintained to ensure quality. If the supplier is not listed here approval should be sought prior to moving forwards (See Appendix 2 – Showing requirements of subcontractor vetting/checking).

In preparation to place an order, the credit limit of the supplier and their approval status is to be checked- no orders are to be placed where the cumulative credit limit with the supplier is exceeded (i.e. check existing orders), or with suppliers that are not approved unless expressly authorised by the Managing Director.

When placing an order with a supplier or sub-contractor the following minimum requirements should always be in place.

- Written confirmation from the supplier/sub-contractor regarding the specification and/or scope of works along with a cost and any exclusions.
- Vetting of the supplier/sub-contractor has been carried out and they are approved with company details completed on Zoho (CRM).

- The Purchase order is to be produced using the CRM Purchase Order module- there are templates available for most applications, however if the PO is complex, at a minimum, the CRM fields should be completed, and the document (Usually Purchase Contract Agreement) referenced in the same manner.
- The data in the Zoho CRM Purchase order module is to be then updated and maintained as the project progresses- this is to provide monitoring of status and performance.

For further information See Specific Guidance below (Appendix 1) on Zoho Purchase Order Process.

- Purchase orders for equipment or services that are not linked to a customer project (For example new IT equipment for the offices) should be approved by the managing director before placement.
- When the purchase is in a currency other than (£) pounds sterling the managing director (or when not available the Chairman) should be notified.
- Wherever possible purchases should be made on account with the seller providing an invoice and payment terms, purchase orders requiring payment upfront should be sent with a request for a proforma invoice by reply and should be authorised by the Managing Director.

#### **Commercial terms (payments, damages, guarantees, bonds etc)**

For Suppliers where pre-existing commercial terms and agreements are in place, appropriate templates should be used on all occasions and signed off by a member of the senior management team, or the project manager when relating to a specific project.

For all purchases, where possible, agreement of minimum 30 days payment terms is required (ideally more when possible).

All Purchase Contract Agreements must be signed off by both the supplier and ACE. Project Managers must have these countersigned by the Managing Director at ACE. Note: Sign off must be in place by all parties prior to payment release to the supplier.

#### **GDPR**

ACE adhere to the General Data Protection Regulations and Data Protection Act to ensure any information collected through purchasing is processed correctly, as shown in the company's GDPR Policy.

#### **Procurement Authorisation and Responsibility**

At ACE those staff whose roles require them to order in goods/services or make everyday purchases have authorisation to do so providing the following rules are adhered to at all times.

- All 1 off purchases above £200.00 should be authorised by your line manager
- Wherever possible, orders should be placed on account for invoicing rather than card payments
- Any purchases relating to a project, not originally identified during estimation, should be traceable and recorded as such in project finance tracking.
- Any purchases which are made from a pre-set Budget must be reviewed when excess of previously agreed values (For example AdWords, Exhibitions or Training)
- Any items purchased that would require periodic record keeping, inspections, testing or ongoing maintenance should be authorised by the appropriate senior management member

before the purchase is made (For example new power tools or rented/hired equipment on contract).

- All purchases which have an ongoing cost must be authorised by the managing director
- All instances where the selling party requires a signature for contractual terms and conditions must be signed by the managing director
- Any purchases made on company credit cards must be in line with the Expenses Policy

At all times those purchasing for the business should investigate whether the purchase represents good value for money and is line with the core values of the business. If at any time any employee is in doubt on how best to procure equipment or services, they should discuss it with their line manager or the managing director.

Date: 27/06/2023



Signed:  
Stephen Randall  
Managing Director

## Appendix 1 – Zoho Purchase Order Process

### Zoho Purchase Order Process

In line with the ACE Procurement Policy and Procedure, this process has been produced to provide assistance with the physical input and upkeep of Purchase orders and associated modules in Zoho CRM.

### Approved Suppliers:

Unless express permission from the Managing Director has been granted, all purchase orders need to be placed on Zoho as approved suppliers. These are found under the Supplier tab within Zoho CRM, and are either approved, pending or declined. (See Appendix 2 – Showing requirements of subcontractor vetting/checking)

- Approved Suppliers can be used with relevant orders to their credit limit.
- Pending suppliers can be used with permission, to a limit of £5000- a notification is sent to the Quality manager when their account is created, starting the approval process.
- Declined suppliers MUST NOT be used (and are usually not visible).

If you have a purchase order to place with a supplier who is not on the approved suppliers database:

- Create a new vendor within Zoho CRM (if your permissions do not permit this, please contact the quality manager).
- Complete the relevant fields, including the description of their services.
- Ensure that the status of the vendor remains as pending on save.
- Await confirmation of their approval from the quality manager.

### Purchase ordering (POs):

Any orders going to suppliers, service providers or contractors are classed as purchase orders (i.e. any incoming goods/services)- we are “purchasing” them.

**NOTE:** Purchase orders are needed for all orders placed by ACE employees. These records are used for monitoring of costs and financial planning and so should be filled out fully and accurately at all times.

### PO Type:

As we have a number of inter-departmental requirements, requisitions are placed to request the services of Aquiko, Operations and Design/Drawings. These allow the teams to report on status, but maintain an accurate value of the project.

Within Purchase Orders there are the following types:

- External Purchase Order- This is for anything NOT manufactured by ACE/Aquiko.
- Aquiko Requisition- A £0 request for an Aquiko product to be made.
- Ops Requisition- A £0 request for Assembly (from Aquiko) or installation (ACE-Projects) services.
- Parts Purchase Order- An external order FROM Aquiko for parts/components for products.
- Drawing Requisition- A £0 request for UK Drawings.



### **Raising a PO:**

The process to place a Purchase Order (PO) is as follows:

- Access the relevant project via Zoho CRM
- Scroll to the purchase orders section
- Click new
- Choose the appropriate PO type
- Complete all relevant fields- all those with a red highlight are mandatory.
- NOTE: When inserting line items, ensure that “show vendor products” tick box is unchecked.
- NOTE: Special instructions is a mandatory field, but if there are none, please insert “None”.
- Produce the PO from the menu, by choosing “Export to PDF”, then the “ACE Purchase Order NEW” template.
- Save in the project files under Award, Finance-Commercial, Orders, Outgoing, using the following naming format: PO-PO NUMBER-INITIALS-REVISION (e.g. PO-1234-JC-0)

For external POs, the exported PDF should also be emailed to your contact to progress the PO (Internal POs are emailed automatically to the department head).

***NOTE:*** If the PO is to be delivered to the ACE warehouse, leave the shipping address blank (fill in the shipping contact only) and the address will populate when you save the PO.

### **Variations/unique situations:**

- 1- Due to limitations of the CRM software, we cannot use dual currencies in Zoho CRM. If your PO is in a different currency, please:
  - a. Convert the value of the PO Into £ sterling and input this value in the “Cost” field.
  - b. Insert the value of the currency exchange into the Exchange box.

*e.g. An order in € of €1000, at an exchange of 1.12: Cost = £892.86 Exchange= 1.12*
- 2- Some POs are more complex than the templates in Zoho are suitable for (For example an NEC contract or ACE Purchase Contract Agreement).  
In this case, the PO can be drafted by hand in word, however all of the relevant fields in Zoho need to be completed and maintained.  
Where applicable, it may be sufficient to add further information in the “pre items text”, “post items text” and the “special instructions” fields to add further details/clarity.

### **Maintenance of Purchase Orders**

During the project & supply process, the status and data related to the purchase order will progress- as an activity takes place, this may be reflected in the PO module on CRM- All must ensure that dates and status are kept up to date as this occurs.

## **Billing (Supplier Invoice)**

Payment of purchase orders is arranged through Bills (i.e. incoming bills, outgoing cash).

On receipt of a bill from a supplier (supplier Invoice), the accounts department should:

- Search CRM for the PO reference number shown on the invoice
- Check the value of the bill against the PO
- Check the status of the PO

If any of the above are not present/matching, the PO creator should be contacted for advice or for the PO to be updated- the Bill should be held/rejected if the value differs or does not show the reference number.

Change the bill status to reflect the situation (i.e. pending, hold or rejected).

If all is correct, then proceed to:

- Input the bill reference number
- Input the bill date
- Input the bill value
- Check the bill for payment terms, and input the due date
- Change the bill status to "processing"

When the bill is due for payment, this should be carried out and the bill status be updated to paid.

## **Staged Payment Billing**

It is only possible to input a single bill date, value and reference in the PO data.

Where staged payments apply, the value should be a cumulative value of all bills to date referring to the PO, and the dates/references be that of the latest bill.

### ***Worked Example***

Bill 1	£ 2500	Ref: 1234	Dated 1/1/20
Bill 2	£ 2500	Ref: 5678	Dated 1/3/20
CRM should show:			
Bill Value	£5000	Ref: 5678	Bill Date: 1/3/20

The status should be shown in this case as Part Paid (Staged), and the staged payment check box should be selected.

The expected bill date should also show the date when the last bill for the PO is expected to be issued.

Should anyone have any questions on the use of purchase ordering via Zoho (CRM) please contact the managing director for assistance.

For suppliers to be paid on time and for ACE to accurately manage costs and supply chains it is of critical importance that the information contained on Zoho (CRM) is accurate, up to date and maintained, this is the responsibility of the whole team at ACE.

**If in doubt – ask.**

## Appendix 2 – Supplier/Subcontractor

When ordering hired in equipment or services the following documentation and checks must be in place for the supplier/subcontractor.

Documentation often follows the order prior to works commencing on site. It is best to specify our requirements on the Purchase order to aid efficiency and minimise the risk of items being missed.

Hired in Equipment from Subcontractor/Supplier	Pre- Order Checks			Documentation Required			
	Insurances	ISO certification	Supplier Information form completed	RAMS / Dive Plan / Lift Plan	Training Certificates	Equipment Certificates	OTHER
Welfare Hire	YES – obtained through approved supplier process	YES – obtained through approved supplier process	YES – obtained through approved supplier process	N/A	N/A	N/A	Check suitable Insurance (for Welfare Vans)
Crane Hire – Contract lift	YES – obtained through approved supplier process	YES – obtained through approved supplier process	YES – obtained through approved supplier process	Lift Plan / RAMS	Operator, Slinger/Signaller and Appointed Person training certificates	Equipment certificates for crane, shackles etc	
Dive works Hire	YES – obtained through approved supplier process	YES – obtained through approved supplier process	YES – obtained through approved supplier process	Dive Plan / RAMS	Diving training certificates	Equipment certificates or signed onto RAMS	1. MEDICALS 2. EA DIVE SAFE FORM
MEWP Hire	YES – obtained through approved supplier process	YES – obtained through approved supplier process	YES – obtained through approved supplier process	Review ACE RAMS	Operator training certificates (if required or ACE trained)	Equipment Certificates/Inspection certificates	
Confined Spaces	YES – obtained through approved supplier process	YES – obtained through approved supplier process	YES – obtained through approved supplier process	Review ACE RAMS	Operator Training certificates	Equipment certificates	
Subcontractor of any other type/speciality - Electrical - Civils - Groundworks etc.	YES – obtained through approved supplier process	YES – obtained through approved supplier process	YES – obtained through approved supplier process	RAMS	As Applicable to scope of works	As Applicable to scope of works	

The above is not an exhaustive list and it is the responsibility of the person placing the purchase order to ensure that the supplier/subcontractor has been vetted and can meet the requirements of our HSEQ Management systems. If in doubt ask.

Allow sufficient time/warning for full checks to be carried out prior to placing order or commencing works with supplier/subcontractors that are not already approved on Zoho.