


|   |  |                                     |  |                        |
|---|--|-------------------------------------|--|------------------------|
|  | TITLE:<br><b>Audits</b><br><br><b>TPP114</b> | OWNER:<br><b>Purchasing Manager</b> | LAST MODIFIED:<br><b>21<sup>st</sup></b><br><b>November</b><br><b>2007</b> | PAGE:<br><b>1 of 5</b> |
|---|--|-------------------------------------|--|------------------------|

## 1. PURPOSE

- 1.1 To detail how senior management develop and implement the Procurement Standards Documents, review its suitability and continually improve its effectiveness.
- 1.2 To develop the company's Procurement Policy and Objectives.
- 1.3 To ensure Translink Procurement activities are internally audited on a regular basis.

## 2. METHOD


2.1 Management Responsibility

2.2 Senior Management is defined as:


- Director of Finance
- Purchasing Manager
- Divisional Managers
- Buying Manager
- Procurement Compliance Manager

2.3 It is the responsibility of the Senior Management Team to both demonstrate commitment and involvement in:

- a) Procurement Standards –giving the organisation direction, making resources available to achieve both the company's policies and objectives for procurement and encouraging involvement in the procurement standards and its continuous improvement
- b) Awareness - establishing an awareness of the Procurement Standards throughout Translink
- c) Policies - establishing the supporting policies consistent with the direction of the business
- d) Planning – setting objectives at relevant functions and levels throughout the organisation to provision for the achievement of it's policies and providing the necessary support and resources for effective operation of Procurement.
- e) Responsibility, Authority & Communication – To identify and implement an organisation structure complete with appropriate responsibilities and authorities. To provide the means to facilitate effective communication in respect of information affecting the Procurement Standards and performance.

|   |  |                                     |  |                        |
|---|--|-------------------------------------|--|------------------------|
|  | TITLE:<br><b>Audits</b><br><br><b>TPP114</b> | OWNER:<br><b>Purchasing Manager</b> | LAST MODIFIED:<br><b>21<sup>st</sup></b><br><b>November</b><br><b>2007</b> | PAGE:<br><b>2 of 5</b> |
|---|--|-------------------------------------|--|------------------------|

- 2.4 Procurement System Review Meetings
- 2.5 The Procurement Standards are reviewed by Senior Management a minimum of once per year, to ensure it's continuing suitability and effectiveness. Records of Reviews are maintained.
- 2.6 The meeting will review:
- a) Results of audits
  - b) Customer complaints & feedback
  - c) Process performance and
  - d) Supplier performance
  - e) Follow up actions from previous reviews
  - f) Changes that could effect the Procurement Processes
  - g) Continuing suitability and effectiveness of the Procurement Standards, System, Policy and Objectives.
  - h) Recommendations for improvements
- 2.7 Internal Audits will be carried out to ensure that the Procurement Standards continue to meet the needs of Translink's procedures and that it has been effectively implemented and maintained.
- 2.8 Personnel qualified to carry out audits are:- Procurement Compliance Manager and/ or Suitably qualified personnel at the discretion of the Procurement Compliance Manager. The auditor will be chosen to ensure objectivity and impartiality and will not audit their own work.
- 2.9 Classification of Audits - Five different types of audit may be carried out.
- 2.10 System Audit - Planned Audits of the Procurement Standards and all Procedures shall be audited a minimum of once per year.
- 2.11 Special Audits - Unscheduled audits may be carried out at the request of the Purchasing Manager.
- 2.12 Follow-up Audit - A second audit to verify that corrective action has been implemented and is effective. Where applicable a follow-up audit will be initiated by the Procurement Compliance Manager to ensure that corrective actions from previous audits, have been implemented and are working effectively.

|   |  |                                     |  |                        |
|---|--|-------------------------------------|--|------------------------|
|  | TITLE:<br><b>Audits</b><br><br><b>TPP114</b> | OWNER:<br><b>Purchasing Manager</b> | LAST MODIFIED:<br><b>21<sup>st</sup></b><br><b>November</b><br><b>2007</b> | PAGE:<br><b>3 of 5</b> |
|---|--|-------------------------------------|--|------------------------|

2.13 Supplier Audit - An audit carried out by Translink on a Supplier at their site or whilst working on Translink sites, to ensure conformance with the commercial requirements detailed on the purchase order / contract accepted by them. These audits will be carried out by a team supervised by the Procurement Compliance Manager.

2.14 Delegated Procurement Authority Audit - These are independent checks carried out on a random sample of purchase commitments for the purpose of establishing compliance with the various levels of Delegated Procurement Authority.

### 3. Planning the Audit

3.1 The frequency of these checks will depend upon the value and volume of purchase commitments being undertaken

3.2 The Procurement Compliance Manager will prepare a list for each Standard Document and plans for each to be audited a minimum of once per year.

3.3 The results of previous audits and the findings of risk assessments shall also be considered when establishing the frequency of audits.

3.4 All audit reports shall be kept on the audited file and held within an audit file.

### 4. Procurement Policy and Objectives


4.1 Senior management will establish a company wide Procurement Policy which is;

- appropriate to the purpose of the organisation
- includes a commitment to comply with requirements and improve the Procurement Standards
- is communicated and understood within the whole organisation
- reviewed for continuing suitability for incorporation into the Business Plan.

4.2 **Internal Communication** Senior management ensure that information regarding the Procurement Standards, including changes, improvements, results etc., and the importance of meeting statutory and regulatory requirements are communicated to all staff.

### 4.3 Procurement Standards

4.3.1 Senior Management will be responsible for ensuring that the Procurement Standards are implemented and understood by each member of their department.

|   |  |                                     |  |                        |
|---|--|-------------------------------------|--|------------------------|
|  | TITLE:<br><b>Audits</b><br><br><b>TPP114</b> | OWNER:<br><b>Purchasing Manager</b> | LAST MODIFIED:<br><b>21<sup>st</sup></b><br><b>November</b><br><b>2007</b> | PAGE:<br><b>4 of 5</b> |
|---|--|-------------------------------------|--|------------------------|

**4.3.2** Following audits of the area the respective manager will give feedback on the results to the department staff and ensure that any non-conformances are addressed.

**4.3.3** The respective managers will encourage all staff to look for ways of continually improving the Procurement Standards.

**4.3.4** Resources - Senior Management will ensure that staff and resources are available to implement, maintain and continually improve the Procurement Standards.

**5. Internal audit non-conformances**

**5.1.1** Non-conformances found at internal audit will be recorded on audit report and forwarded to the Purchasing Manager for action.

**5.1.2** The Purchasing Manager will discuss the report with the relevant employees and appropriate action nominee(s) will be identified.

**5.1.3** The action nominee will receive a copy of the audit report and will be tasked with establishing a satisfactory conclusion to the non-conformance. A target completion date will be agreed for the necessary corrective / preventative action.

**5.1.4** Corrective / preventative action and target completion dates will be reviewed on a regular basis at the department management team meetings.

**5.1.5** On completion, the action nominee(s) will advise the Procurement Compliance Manager of the outcome and pass the completion details over for sign off and filing. The Procurement Compliance Manager will advise all relevant parties of any changes that need to be made as a result of the non-conformance.

**5.1.6** Procedural non-compliance - Any procedural / process deficiency identified, will be addressed by the Purchasing Manager and if necessary escalated to the Executive Team.

**6. Procurement System Improvements**

**6.1.1** All employees are actively encouraged to identify areas of potential system improvements and provide a written record of these which will detail precisely the identified improvement area along with any suggestions for its resolution to the Procurement Compliance Manager who will keep a register of these and take the necessary action.

**7. RELATED DOCUMENTS**

**7.1** Procedure(s) No(s)TPP115 Document Control

**7.2** Form(s) No(s)TPF3045 Audit Quality Assurance



TITLE:  
**Audits**  
**TPP114**

OWNER:  
**Purchasing Manager**

LAST MODIFIED:  
**21<sup>st</sup>**  
**November**  
**2007**

PAGE:  
**5 of 5**