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Procurement and Contract Management Procedure

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Engineering Management

Procurement and Contract Management



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1 Purpose

This procedure outlines the responsibilities of OTHR members and managers in relation to procurement and engagement of contractors and describes the requirements for the selection, engagement, induction, consultation, monitoring and performance reporting of contractors and consultants undertaking work on behalf of OTHR.

2 Scope

This procedure provides guidance to the OTHR Management Committee and its Managers in relation to contractor management and procurement obligations.

3 Contractor Engagement

3.1 Definition of Contractor

A contractor is someone who is not employed by OTHR and who OTHR engages to perform rail safety work for OTHR. This may be on a single or ongoing basis.

There is no requirement for a physical 'contract' between the rail transport operator and the contractor, so long as there is an arrangement to do work.

Examples of contractors could include:

- An external maintainer engaged to maintain a specific locomotive type;
- A training organisation to perform competency assessments;
- An Engineer engaged to develop standards;
- A consultant engaged to certify track post maintenance works;
- An engineman engaged through a labour hire company on a short-term basis;
- An engineer who is de-commissioning a steam locomotive;
- A consultant who is facilitating operational risk assessments;
- A motor mechanic who is servicing a Road Rail Vehicle.

3.2 Information to be provided by Contractor.

Prior to engagement of a contractor, it will be necessary for the contractor to provide appropriate information, which shall as a minimum include the following:

- Proof of Insurances – Workers Compensation, Public and Product Liability, Professional Indemnity and other appropriate insurances i.e. Motor Vehicle;
- Proof of current Business registration and if applicable Regulator/Authority Registration;
- Identification of person within organisation responsible for rail safety and WH&S;

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- Procedures and instructions or processes e.g. WHS, Quality and Environmental Management System including plans.
- Copy of Safe Operating Procedures / Safe Work Instructions relevant to the task.
- Registers of training, plant and inductions.
- Copy of relevant licences and certifications, registrations and competency certificates for rail safety workers.
- Copy of NSW Subcontractor Statement to ensure workers are being paid.
- SWMS/Risk Assessment(s) for the activities covered by the Contractor.
- Return of the signed contractor agreement.

The Contractor must not be engaged unless appropriate system documentation is available.

Contractors who are to perform rail safety work must also be able to demonstrate that they are Fit for Duty under the National Health Assessment Standard for Rail Safety Workers (see Element 27 Health and Fitness) before they are engaged to commence rail safety work.

3.3 Contract Tender

Prior to engagement of a contractor, the OTHR Project Manager in consultation with the OTHR Management Committee shall prepare a tender document for the Project which will provide details of the scope of the work to be undertaken by the contractor.

3.4 OTHR Project Manager

The OTHR Project Manager will be selected and approved by the OTHR Management Committee and will be responsible for selection of the preferred contractor for the project.

The OTHR Project Manager shall review the proposed contractor's information to ascertain whether these systems meet OTHR's requirements.

The OTHR Project Manager will be responsible for engaging a Contractor in consultation with and subject to approval by the OTHR Management Committee.

The OTHR Project Manager will review and confirm any detail of the technical aspects of the work that need clarification including appropriateness of the risk assessment/JSA.

All work undertaken by a contractor on the OTHR Network shall be managed by the OTHR Project Manager.

3.5 Induction

On selection of an appropriate Contractor to undertake contract work, the OTHR Project Manager will ensure that the contractor's staff are inducted in accordance with OTHR's Induction Manual.

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The Project Manager must ensure that where contractors, use sub-contractors they must ensure that these sub- contractors have, and follow safe systems of work that are equivalent to or accepted by OTHR.

At the commencement of the contract OTHR will induct the Contractor by communicating any requirements as specified in the contract documentation, as well as any OTHR matters that may be relevant to the contract or relevant to carrying out the contract. The induction shall be recorded in accordance with OTHR procedures..

The Contractor is required to keep and maintain records of any inductions, induction information and Safety information that has been provided to any subcontractors or employees of the contractor and must provide these to OTHR upon request.

Wherever reasonably practicable, a site induction should be undertaken to confirm the contractor is aware of any site-specific hazards.

Information communicated by OTHR through the induction will not relieve the contractor from any legislative and statutory obligations.

3.6 Monitoring Contract

During the contract, the OTHR Project Manager shall monitor the contract and has the authority to inspect the work and to interrupt the work if OTHR's approved safety standards are not being followed.

The OTHR Project Manager will provide regular reports to the OTHR Management Committee in relation to progress against program and where costs may exceed approved budgets.

4 Procurement

4.1 General Requirements

OTHR shall consider what impacts the products they purchase will have on safety on safety.

When requesting supplies of equipment or consumables, the following purchasing policy shall apply:

- Due consideration must be given to safeguarding OTHR's limited funds as we are a not-for-profit volunteer organisation.
- Check with several sources of supply and with other OTHR management to obtain the most favourable pricing, consistent with good quality and adherence to the relevant specifications. Other Heritage Rail groups may be able to assist with advice.
- Obtain authority from the relevant Manager, or Management Committee with the reasons for selecting the item(s) before raising an order using the Order Book.

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- OTHR must purchase services and products that conform to safety requirements. Such products or services will be assessed to ensure safety requirements are met before being accepted or used.
- Where appropriate, traceability of supplies will be maintained through batch or other identification.

4.2 Goods Procurement

All purchases must be submitted by the Manager for approval by the OTHR Management Committee.

ALL goods ordered must be accompanied by a Purchase Order (*from the Order Book*) bearing the signature of the delegated Committee member, and a reference as to the purpose of the goods purchased (i.e. what they are going to be used for).

Copies of purchase orders and subsequent delivery dockets, invoices, and receipts are forwarded to and held by the Treasurer.

4.3 Off the Shelf Items

Goods and services for rolling stock or infrastructure are specified and ordered by personnel, considering any specifications available.

For more specific products the specifications are provided to the supplier, and the suitable products acquired and then checked for applicability and safety before use.

4.4 Specially Manufactured Items

All items such as wheels, axles, etc., shall be obtained from a reputable industry supplier. All such items will only be ordered under the authority of the OTHR Management Committee. All items must comply with the original specifications, where available.

For rail safety purposes all such items are to be individually marked by the appropriate Line Manager or delegated person to enable traceability. If such a major component then fails, a trace may be made to establish purchase, supply and manufacture date and if applicable batch number for subsequent inquiry.

Should there be any doubt concerning a relevant supplier for any component destined for railway use, other heritage or commercial railway operators may be contacted for a reference.

Should the item or supplier be one that has not been used in the rail industry previously, testing, checking, and verification shall be carried out as part of the change management process.

4.5 Second-hand Items

Many items purchased or collected for the restoration and operation of rollingstock operated by OTHR, and for the maintenance of its infrastructure are second-hand items. These do not have the usual quality guarantees that come with the purchase of new materials and equipment.

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Purchasing or collecting of such materials requires special care in terms of judging quality, serviceability and safety. All second-hand items must be checked by the appropriate Line Manager for suitability, condition and tolerances/wear and safety prior to use.