

Authority and Delegation Policy

CONTENTS

1. INTRODUCTION	3
2. DEFINITIONS	3
3. MAINTENTACE OF FINANCIAL DELEGATIONS	3
4. SOURCE OF AUTHORITIES	3
5. FINANCIAL AUTHORITY VEHICLES	4
6. DOCUMENT CONTROL	6
7. SCHEDULES	7

1. INTRODUCTION

This document considers the delegation of financial and non-financial authorities to employees of Batchfire.

The Batchfire Board delegates specific authorities to the Business Head (“BH”). The BH has authority to delegate this authority to other officers in accordance with Schedule 1, 2 and 3. A delegated officer may only exercise authority within their area of responsibility.

2. DEFINITIONS

Financial Authority – the authority to financially commit Batchfire to an external party. Limits apply to both capital and operating expenditure and apply to costs incurred on a Batchfire credit card.

Specific Authorities – are non-financial authorities that are required to perform specific tasks. These may include specific authorities listed in Schedule 1, such as recruitment, and travel.

Payment approval – refers to the process of authorising the receipt and payment of goods and services for company approves transactions. Payment approval may be exercised by the responsible officer of Batchfire.

Statutory and Other Similar Authorities – refers to the authority to approve payments outside of the normal delegated Payment Approval limits where the invoice does not include the ability to exercise expenditure discretion. For example, rates, taxes including royalties and income tax accounts. Generally, these accounts will have a basis in an underlying contract.

3. MAINTENTACE OF FINANCIAL DELEGATIONS

The Finance and Commercial Department is responsible for ensuring the Batchfire Authorisation Register is maintained on a regular basis to ensure consistency with Schedule 1, 2 & 3. The Authorisation Register will be used to update authority approval limits in the relevant Batchfire systems.

4. SOURCE OF AUTHORITIES

Authorities and Delegations are based on position. Providing a person has been formally identified as acting within a position then that person will assume the authorities and delegations pertained to the position.

Authorities are given to officers of Batchfire on the clear understanding that due process and procedure is followed. This includes ensuring the prescribed procedures for obtaining quotes and establishing contractual arrangements. An officer exercising financial authority is ultimately responsible for ensuring the relevant Batchfire Policies and Procedures are followed through the entire transaction. In discharging this responsibility, the officer should rely upon the professional advice and guidance by the other departmental areas of Batchfire.

Both conditional and unconditional approvals may be provided. Where conditional approval is granted the relevant officer is responsible for ensuring all conditions are exercised prior to committing Batchfire.

As soon as an officer becomes aware that the approved value for a purchase order, contract or project will be exceeded, supplementary approvals are required. The relevant approval level will be

in accordance with Schedule 3. No further commitments are authorised until supplementary approval has been granted. Where the estimated increase is less than 10 per cent of the original approved budget value the BH has delegated authority from the Board to authorise the supplementary request.

5. FINANCIAL AUTHORITY VEHICLES

5.1 External Commitments

There are three types of instruments that can be used to initiate an external commitment.

5.1.1 Project Authority

Project expenditure recognises the need to aggregate a series of expenditures that are related to delivering a common objective (the Project). Aggregated transaction requires appropriate financial authority at the aggregated level and are to be progressed using the standard Project Authorisation procedure.

Despite a Project receiving financial authority individual transactions still require authorisation by an officer with the appropriate level of Financial Authority prior to committing Batchfire.

5.1.2 Contract Authority

Where a contract for goods or services is not part of a Project then the specific contract should receive individual approval. The initial approval should seek to cover both the contract sum and the contingency amount for the total period of operation. The contingency amount may be utilised before seeking approval for an increase.

There are two basic types of contracts and each should attract their own specific authorisation process:

A. Lump Sum/Fixed Price Contracts:

Contracts with a defined scope of work and a predetermined price. The price may be subject to variation for escalation, exchange rates etc. An initial financial authorisation covers all expenditure on items to be paid under the terms of the contract.

B. Schedule of Rates contract:

Contracts containing schedules that set out the unit cost of defined individual items. The initial approval is to seek authorisation for the maximum expenditure under the contract for the life of the contract.

Performing work under a schedule of rates contract where work performed is discretionary will use a Site Instruction (SI) system. (eg Civil Works contractor, Vehicle Servicing contractor)
The SI system does not need to be used where there is an alternate system in place. (eg load sheets for explosives contractor, written authorisation from Manager for Labour Hire contractor)

SI book to be used to support the system:

- Each instruction to a contractor to be in triplicate
- SI copies to contractor, accounts payable, one copy stays in book
- Each site instruction shall contain:
 - Instruction to contractor
 - Estimated value of work to be performed
 - Signed by contractor

- Signed by Batchfire Superintendent
- Any contractor performing work under an SI must submit SI numbers on their invoice before a payment can be authorised

5.1.3 Purchase Order Authority

Where non-contract expenditure occurs then a purchase order should be raised (except in the case of those special expenditures identified under the *Specific Authority* process). Purchase orders are raised subsequent to the exercise of the Financial Authority through the Pronto purchase requisition process. Where the value of a purchase order requires variation, Financial Approval is required as per Schedule 3.

5.2 Internal Commitment

A 'Work Order' only requires exercise of Financial Authority according to the levels stated in Schedule 1 & 2 to the extent that the expenditure is external to Batchfire. Other internal commitments, such as internal labour, are to be monitored through mechanisms that do not require Financial Authority.

Requisitioning items from the warehouse are controlled via Pronto generated exception reports delivered to the Manager Maintenance. The levels these reports are generated at are determined by the Manager Maintenance.

6. DOCUMENT CONTROL

Revision	Reason for review	Review team	Authorised (SSE)	Date	Authorised (BH)	Date
4	Change to 4. & 5.1.3 to update for new variation approval values	Finance & Commercial Dept	Tony Peterson		Chris Coombes	
	Change Ops Manager to GM Operations in Schedule 1					
	Adjust schedule 1 - line 3 – increase FC from \$2m to \$10m to cover royalty payments					
	Adjust schedule 1 - line 5 – add \$25k authority to GM Development					
	Adjust schedule 1 - line 9 to align ANZ authority with CFO for Financial Controller and GM Development					
	Add line 29 and 30 to schedule 1					
	Add schedule 3 – Variance value approval limits					

7. SCHEDULES

Schedule 1 – Delegations (Note a delegated officer may only exercise authority within their area of responsibility)

	Item	Board	BH	CFO	GM Operations	Maint Manager	Managers	GM Development	GM Marketing
1	Budgeted Opex - General Delegation (Purchase Orders)	>\$10m	\$10m	\$2m	\$200k	\$100k	\$50k	\$250k	\$10k
2	Supply Contract	>\$10m	\$10m	\$2m	Nil	Nil	Nil	Nil	Nil
3	Statutory and Other Payment	Unlimited	Unlimited	Unlimited	Nil	Nil	\$10m*	Nil	Nil
4	Unbudgeted Opex by activities/ items/ cost centres	>110% of total Opex Budget	Total Opex Spend to remain ≤ 110% of Budget	Nil	Nil	Nil	Nil	Nil	Nil
5	Budgeted Capital items	>\$5m	\$5m	\$200k	\$50k	\$25k	\$25k	\$25k	Nil
6	Unbudgeted Capital Items	>\$1m	\$1m	Nil	Nil	Nil	Nil	Nil	Nil
7	Lease Commitments	>\$1m	\$1m	Nil	Nil	Nil	Nil	Nil	Nil
8	Foreign Exchange Contracts	>\$2m	\$2m	\$1m	Nil	Nil	Nil	Nil	Nil
9	ANZ Authority - approval limits for payment runs	>\$30m	\$30m	\$30m	Nil	Nil	\$30m*	\$30m	Nil
10	Treasury Functions (Borrowing, derivatives, debt repayment etc.)	All	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11	Sales Contracts	All	All	Nil	Nil	Nil	Nil	Nil	Nil
12	EBA Sign off	Yes	Yes	Nil	Nil	Nil	Nil	Nil	Nil
13	Budget Approval	Yes	Nil	Nil	Nil	Nil	Nil	Nil	Nil
14	Asset / Bad Debt write off	>\$500k	\$500k	\$200k	Nil	Nil	Nil	Nil	Nil
15	Ex-Gratia Payments	>\$10k	\$10k	Nil	Nil	Nil	Nil	Nil	Nil
16	Purchase of Land	All	Nil	Nil	Nil	Nil	Nil	Nil	Nil
17	Settlement of legal proceedings	>\$1m	\$1m	Nil	Nil	Nil	Nil	Nil	Nil
18	Settlement of insurance claims	>\$1m	\$1m	Nil	Nil	Nil	Nil	Nil	Nil
19	Donation / Sponsorship	>\$50k	\$50k	Nil	Nil	Nil	Nil	Nil	Nil
20	Hiring of personnel or consultants within approved budget	For BH	Yes	Yes	Nil	Nil	Nil	Nil	Nil

	Item	Board	BH	CFO	GM Operations	Manager Maintenance	Managers	GM Development	GM Marketing
21	Hiring of personnel or consultants outside approved budget	Yes	Yes	Nil	Nil	Nil	Nil	Nil	Nil
22	Pay increment increases	For BH	Yes	Nil	Nil	Nil	Nil	Nil	Nil
23	Employee bonus objectives	For BH	Yes	Nil	Nil	Nil	Nil	Nil	Nil
24	Dismissal of personnel	For BH	Yes	Nil	Nil	Nil	Nil	Nil	Nil
25	Domestic Travel	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
26	Overseas Travel	For BH	Yes	Nil	Nil	Nil	Nil	Nil	Yes
27	IT Expenditure (per delegation limits)	Yes	Yes	Yes	Nil	Nil	Yes*	Nil	Nil
28	Sale, Disposal of Assets	>\$1m	\$1m	Nil	Nil	Nil	Nil	Nil	Nil
29	Increasing Warehouse Stock Levels	Nil	Nil	Yes	Nil	Nil	Yes**	Nil	Nil
30	Tax Function	Nil	Nil	Yes	Nil	Nil	Yes*	Nil	Nil

Notes

* Financial Controller only

** Supply and Contracts Manager only

Schedule 2 – Delegations- Superintendents/ Seniors, Supervisors/Maintenance Planners

	Item	Superintendents / Seniors	Supervisors / Maintenance Planners
1	Budgeted Opex General Delegation (Purchase Orders)	\$10k	\$2k
2	Increasing Warehouse Stock Levels	\$10k***	Nil

*** Supply Superintendent only

Authority and Delegations Policy

Document No: POL_COM_025
Next Review: November 2021
Revision: (1) 16.11.2020

Schedule 3 – Variance Value Approval Limits

	Position	Variance Value Approval Limit
1	Manager – Technical Services	\$5k
2	Manager – Safety & Health Systems	\$5k
3	Manager – Supply & Contracts	\$10k
4	Manager – Mining	\$10k
5	Manager – Engineering & Maintenance	\$20k
6	Manger – Environment & Community	\$5k
7	Manager – Coal Handling	\$5k
8	Financial Controller	\$10k
9	General Manager – Development	\$10k
10	General Manager – Marketing	\$5k
11	General Manager – Operations	\$50k
12	Chief Financial Officer	\$50k
13	Head of Business	All