

Procurement Policy

Section 1 - Purpose

(1) The purpose of this Policy is:

- a. to define the principles and framework by which Charles Sturt University (the University) effectively and efficiently acquires goods and services, either purchased or leased;
- b. to ensure that the procurement of all goods and services are conducted in an honest, competitive, fair and transparent manner that delivers the best value for money outcome; and
- c. to protect the reputation of the University by taking into account the required specification, quality, service, delivery, reliability, environmental, sustainable and social issues as they contribute to the total cost of ownership for the particular goods or service.

SCOPE

(2) This Policy applies to all procurement of goods or services, for or on behalf of the University, including those undertaken by the Charles Sturt Foundation, Centres, enterprises and controlled entities, even when there is an expectation that the University will be reimbursed by another individual or organisation.

(3) This Policy does not apply to remuneration of University employees, which is subject to separate procedures and delegations.

Section 2 - Glossary

(4) In this Policy:

- a. Approved supplier - means a supplier appointed as a result of a tender or other selection process in accordance with the threshold values established in this Policy.
- b. Best value for money - means the outcome that gives the best value for money taking into account the Total Cost of Ownership (TCO), which includes:
 - i. cost of sourcing, procuring and paying for the products;
 - ii. the impact, value and benefits to be received from the goods or services;
 - iii. estimated cost of parts and on-going maintenance charges;
 - iv. installation and de-installation costs;
 - v. costs to manage the services provider; and
 - vi. costs to maintain the product and dispose of it at the end of its life.
- c. Conflict of interest - means a situation in which a member or affiliate has a duty (perceived or actual) to more than one person or organisation which may affect decision-making. Staff and affiliates have a responsibility to act in the best interests of the University and the public in performing their duties.
- d. Controlled entity - is one that satisfies the test of the [Corporations Act 2001](#) - Section 50AA and includes:
 - i. an entity which the University wholly owns (“wholly owned subsidiary”); or
 - ii. an entity in which the University holds an interest of any kind (including a shareholding interest or

membership interest) and the University has control of the entity.

- e. Corporate Social Responsibility (CSR) - means procurement decisions made on the basis of social issues covering the social impacts of products and services, including:
 - i. health;
 - ii. safety;
 - iii. human rights;
 - iv. ethical production processes;
 - v. social justice;
 - vi. Fair Trade;
 - vii. diversity;
 - viii. access; and
 - ix. purchasing locally and domestically made products.
- f. Direct pay invoice - means an invoice processed without there being an initiating purchase order issued by the University.
- g. Documented quote - means a submission from a supplier that specifies the cost of supplying goods and/or services, or a record of a published price from a supplier's website or catalogue.
- h. Environmentally responsible procurement - means procurement decisions made on the basis of environmental issues covering the environmental impacts of products and services from cradle to grave, including:
 - i. reducing the amount of products purchased;
 - ii. minimising energy, water and materials;
 - iii. recycled, recyclable, biodegradable and reusable components;
 - iv. minimal packaging, maintenance, waste, emissions, chemicals and transportation; and
 - v. environmentally responsible disposal.
- i. Fit for purpose - means appropriate and of a necessary standard for its intended use.
- j. Probity - means transparency in the process that provides evidence of ethical behaviour, including integrity, uprightness and honesty.
- k. Procurement - means the end to end process from the identification of a requirement to the disposal of the acquisition at the end of its life (in the case of goods) or the completion of obligations (in the case of services).
- l. Procurement Board - means the Board established to promote and oversee strategic procurement using best practice in the processes to procure goods and services in order to achieve value for the University's expenditure.
- m. Purchase order - means the formal document initiated by the University and forwarded to a supplier normally used to form the basis of a one-off contract between the parties for the supply of goods and/or services to the University.
- n. Purchasing - means the administration of buying which is a component of the broader function of procurement and consists of activities such as ordering, receipt and payment for goods/services.
- o. Request for Information (RFI) - is a less formal process of asking suppliers to provide the University with information with the clear intent to aid in the development of ideas and documents for planning and future RFTs.
- p. Request for Proposal (RFP) - means a request to suppliers for how they would provide solutions for an identified procurement activity. Requests for Proposal will usually contain commercially sensitive information from the University and the potential supplier and as such information received from potential suppliers should not be shared with others.
- q. Request for Tender (RFT) - means the formal, competitive process used to seek priced bids from a Supplier. The University's detailed vision and specified requirements for the activity are to be covered in an RFT.
- r. University - means Charles Sturt University or related entities that are bound by the University's regulations or

can acquire goods and/or services under the University's contracts and agreements with suppliers.

- s. Total cost of ownership - means the cost incurred and the value received from goods or service over the entire period it is in the University's control. These will include the process to obtain the goods or service, the management/maintenance during its use and then termination/disposal cost.

Section 3 - Policy

(5) Procurement requires a fair and transparent process which provides accountability for the use of University funds which is justified, planned and aligned to the University strategies. Goods and services procured must be 'fit for purpose' and represent value for money while adhering to the Universities Corporate Social Responsibility Guidelines.

(6) The principles that govern procurement are:

- a. an established and understood need for the goods or service to deliver value to the University;
- b. the scope of service or the function of the goods is described clearly;
- c. value for money, being the benefits achieved compared to the total cost of ownership;
- d. quality, efficiency and effectiveness;
- e. probity and equity;
- f. transparency; effective competition, including ethical behaviour fair dealing;
- g. CSR Guidelines; and
- h. management considerations of other risks.

(7) Achieving best value for money requires consideration of cost and non-cost factors where relevant, depending on the complexity of the purchase. Non-cost factors may include:

- a. the quality of the needs analysis or scope of work;
- b. quality of goods and services;
- c. supplier capability (e.g. financial, proven supplier);
- d. consistent adherence to requirements of the University's CSR Guidelines;
- e. risks inherent to the purchase options available; and
- f. availability and quality of maintenance, services and support.

(8) The University has a Director, Strategic Procurement, who is responsible for ensuring that the University has sound policy and procedures. The Director, Strategic Procurement will support processes and oversee that the University selects its suppliers appropriately and achieves fair value for money in all University procurement activities.

(9) Goods/services are only to be purchased for University business purposes and be approved by the relevant delegate as set out in the [Delegations and Authorisations Policy](#).

(10) Goods or services procured without adhering to this policy and the appropriate University processes may result in the purchase being deemed a private expense and the obligation for payment fall to the person who instigated the procurement.

(11) The University will establish preferred suppliers for certain goods and/or services. Where the University has an agreement with a preferred supplier then that supplier must be used to procure those goods/services in the first instance. Variations can be approved in accordance with the [Delegations and Authorisations Policy](#) and reference to the Director, Strategic Procurement.

(12) Correct documentation is required to be completed and maintained in support of the procurement of goods and

services outlined in the:

- a. [Delegations and Authorisations Policy](#); and
- b. [Procurement Review Board Operation Policy](#).

Procurement practices are open to substantial internal and external scrutiny. Records relating to procurement processes can be examined through internal or external audit processes, by the [Independent Commission Against Corruption \(ICAC\)](#) and unsuccessful suppliers can seek access under the [Government Information \(Public Access\) Act 2009 No 52](#) (GIPA).

(13) Employees involved in procurement actions are prohibited from accepting gifts or extensive hospitality or other benefits from current or prospective suppliers. Gifts, other than items of small intrinsic value set by the [Gifts Guidelines - Receipt by Staff](#), should not be accepted from suppliers or prospective suppliers.

(14) Where a conflict of interest exists, the person must immediately declare this conflict in accordance with the [Conflict of Interest Procedure](#).

(15) Where it is considered that there is only one suitable source of supply and that calling for quotations or tenders would not benefit the University, the quote/tender process may be waived by the Director, Strategic Procurement, upon receipt of a completed Sole/Single Source Form.

(16) Details of contracts in excess of \$150,000 are required to be placed on the contracts disclosure register under the [Government Information \(Public Access\) Act 2009 No 52](#), which is managed by the University Ombudsman.

(17) The Director, Strategic Procurement's responsibilities include, but are not limited to:

- a. providing a centre-led approach, where appropriate, to seek eligible suppliers, communicate the requirements and solicit supplier proposals and create an environment of competitive alternatives;
- b. overseeing all University tenders for goods and/or services;
- c. providing expert advice and support to University staff regarding all aspects of procurement including quotes, determining fair value and preferred suppliers;
- d. reviewing and endorsing all tender waivers;
- e. review all advertisements for tenders; and
- f. Chair of the Procurement Board.

Section 4 - Procedures

(18) Steps should be considered when undertaking procurement activities. The level of documentation required for each step will be according to the size and complexity of the procurement activity being undertaken. The steps are:

- a. needs analysis/scope of work;
- b. procurement plan and evaluation criteria;
- c. request for tender/quote;
- d. evaluation;
- e. contractor/supplier selection;
- f. issue purchase order/contract;
- g. manage contractor/supplier relationships;
- h. purchase order/contracts management;
- i. receive goods/services; and
- j. payment/finalisation.

(19) Expending University funds on the provision of services or the supply of goods must add value to the activity of the University. Completing a needs analysis and creating a scope of work are important initial steps to assist in determining the appropriate processes to be used for obtaining the correct goods or services. During this process consideration should be given to the following items, this list is not exhaustive and other policies and procedures relevant to the activity may provide further information:

- a. WHS requirements and compliance;
- b. timeframe and required from date;
- c. regional requirements and community impacts;
- d. Corporate Social Responsibility impacts/requirements;
- e. existing infrastructure and facilities; and
- f. is there something similar already in the University?

(20) The University will create and operate a Procurement Board. The Procurement Board will operate in accordance with the Procurement Board Procedure. Procurement activity where the likely cost will be greater than \$100,000 as determined by the Finance delegations must be presented to the Procurement Board at the Needs Analysis/Scope of Work step. The Procurement Board will review the activity scope and plan as well as seeking to understand the value and risk for the University.

(21) Selecting the correct/appropriate supplier from the existing University panels or going to market to identify a new supplier can also add value to the procurement process. An important step in contractor/supplier selection is ensuring the correct evaluation criteria are met. When creating the needs analysis/scope of work documentation, consideration should be given to how contractor/supplier responses will be evaluated.

(22) A documented quote must be obtained for purchases as required and detailed in the [Delegations and Authorisations Policy](#). The purchase of goods and/or services less than \$100,000 from non-approved suppliers is also covered the [Delegations and Authorisations Policy](#) and is as follows:

- a. under \$5,000 quote optional;
- b. \$5,000 to \$20,000 one quote required;
- c. \$20,000 to \$50,000 two quotes required; and
- d. \$50,000 to \$100,000 three quotes required.

(23) Purchases from all suppliers must be initiated by an approved University purchase order prior to the supply of the goods or service unless approved direct pay invoice procedures are in place, or a University corporate credit card is used in accordance with the [Corporate Credit Card Policy](#).

(24) The University will only use a contractor or supplier that has an Australian Business Number (“ABN”) except where:

- a. the supplier is not carrying on an enterprise in Australia. This will apply to imports (provided the supplier is not carrying on business through a permanent establishment in Australia). It will also apply where University staff travel overseas and make payments for various expenses (such as accommodation) to overseas suppliers;
- b. the supplier is an individual and has completed a declaration stating that the supply of goods or services is made in the course of an activity done as a private recreational pursuit or hobby, or is wholly of a private or domestic nature;
- c. the payment is not for the provision of goods or services (i.e. there is no supply). Examples of this type of payment include:
 - i. scholarship payments to students;
 - ii. prize payments to students; or

iii. refunds of fees to students;

d. except in the above circumstances, should a supplier not provide an ABN, the University is required to withhold tax from the payment to the supplier at the highest marginal rate.

(25) Every effort should be made to obtain the supplier's ABN before engaging them to supply goods and/or services. The Australian Government has an ABN Lookup where ABN's can be verified to ensure they are valid and belong to the supplier.

(26) The management of suppliers or contractors is an important part of the process. Operating in regional areas, it will not be uncommon for the University to represent a large proportion of a suppliers/contractors total business. The University must treat all suppliers/contractors fairly and ethically while still having sound commercial dealings and achieving value for money for the University.

(27) Procurement of goods and services relating to specialised functions of the University such as building works and projects, information technology, library services and publications must be placed either through or directly by the relevant Division or Faculty.

(28) The principle authorisation for the procurement of goods and services occurs during the online requisition process via a predetermined workflow that prevents purchase orders from being printed or emailed until expenditure has been approved. University funds are not to be expended unless correctly authorised and in accordance with approved policies and procedures.

(29) The required method for purchasing on behalf of the University is an official University purchase order. The University corporate card should only be used where the supplier will not accept a purchase order or payment is required by the supplier prior to delivery of the goods. Purchases required as part of approved travel are to be made under the University's [Travel Policy](#) for minor incidental expenses and claimed via the Travel and Expense Management system. Claims by staff for reimbursement of purchases made outside of this Policy will not be paid by the University.

(30) Payments can be made to suppliers via the following payment methods:

- a. a non-negotiable cheque addressed to the supplier/independent contractor;
- b. Electronic Funds Transfer (EFT) - preferred option for domestic;
- c. overseas draft;
- d. overseas telegraphic transfer - preferred option for overseas; or
- e. corporate credit card.

(31) The value of goods, services and building works must not be split into components to a lesser value in order to avoid the requirements of the procurement, tendering or financial approval processes.

(32) Staff members must ensure that purchases on behalf of the University comply with relevant safety requirements and building standards in respect of goods, services and building works.

Section 5 - Guidelines

(33) Nil.

Status and Details

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