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) acquires goods and services, either purchased or leased;
b. to ensure that the procurement of all goods and services is 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 needs of the purchase (specification, quality, service, delivery, reliability, disposal and environmental) as well as 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 the procurement of all goods or services (including consultancies) by any person acting on behalf of the University, including employees, visiting and adjunct staff/fellows, scholars, students involved in any purchasing activity, the Charles Sturt Foundation, Centres, enterprises and controlled entities of the University, even when there is an expectation that the University will be reimbursed by another individual or organisation.

(3) This Policy outlines the University's approach to managing the acquisition and disposal of goods and services from vendors/suppliers, contractors and consultants, and governs University expenditures, with the exception of the following transactions that are subject to separate policies, procedures and delegations:

a. scholarships and grants awarded and paid to students;
b. wages, salaries and allowances paid to employees;
c. staff expense reimbursement, cash advances or daily allowances;
d. donations; and
e. payments to collaborative research partners where the University is the lead administration organisation for a grant.

(4) This Policy should be read in conjunction with the following documents:

a. University Expenditure Policy;
b. Travel Policy;
c. Guiding Principles: University Expenditure (May 2018); and
d. Delegations and Authority.

Section 2 - Glossary

(5) In this Policy:

a. Approved supplier - means a supplier appointed as a result of a market appraisal or prequalification assessment

in accordance with the threshold values established in this Policy.

b. Best value for money - means the outcome that gives the best benefits for the amount paid to acquire the goods and services taking into account the Total Cost of Ownership (TCO), which includes:
    i. cost of sourcing, procuring and paying for the products/services;
    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, as described in the Conflict of Interest Procedure - 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 and declare any perceived conflicting interest.
d. Controlled entity - is an entity that is subject to the control of the University, and 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 and safety;
    ii. human rights (Modern Slavery);
    iii. ethical production processes;
    iv. social justice;
    v. fair trade;
    vi. diversity;
    vii. access; and
    viii. considering purchasing locally and domestically made products.
f. Direct pay invoice - means a properly constituted tax invoice processed without there being an initiating purchase order issued by the University.
g. Documented quote - means a written submission from a supplier that specifies the items sought and cost of supplying stated goods and/or services, including 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 an appropriate and necessary standard for its intended use.
j. Probity - means contestability and transparency of 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. 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.
m. Purchasing - means the administration of buying which is a component of the broader function of procurement and consists of activities such as ordering, review, receipt and payment for goods/services.
n. Request for Information (RFI) - is a less formal process of asking suppliers to provide the University with information with the clear intent to aid innovation in the development of ideas and documents for planning and future RFTs.
o. 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.
p. 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.
q. 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.
r. 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, evaluating the purchase and then termination/disposal cost.

Section 3 - Policy

(6) There are four (4) guiding principles for all University expenditure. Any expenditure must be:

a. necessary to perform a valid business purpose fulfilling the mission of the University. If required, employees must be able to identify and justify the relationship or nexus between the expenditure and the official business of the University;
b. reasonable and represent "value for money" in that the expenditure amount is not extreme or excessive. Optimal value is achieved through a competitive process where all suppliers are given an equal opportunity to submit and negotiate pricing for clearly defined and specified goods and/or services;
c. appropriate in that the expenditure is suitable and fitting in the context of the valid business purpose. To be "fit for purpose" all materials and equipment must be procured taking into account the purpose for which they will be used, and that they are of sufficient standard and capability to fulfill the requirements for an acceptable timeframe.
d. allowable according to the terms of any regulation, law, sponsored contract or University policy and procedure. There is evidence that University procedures have been followed to demonstrate that a prudent decision to incur the expense has been made the the relevant delegated authority.

(7) All University procurement activities will follow the highest standards of probity, transparency, equity and the avoidance of a conflict of interest. Consistent with the guiding principles:

a. University funds cannot be used for private purposes, under any circumstances;
b. items purchased by University funds remain the property of the University;
c. confidentiality in dealings with suppliers will be honoured;
d. an employee cannot provide goods or services to the University in any capacity, outside of those provided through their employment relationship;
e. an employee must always comply fully with the University's Conflict of Interest Procedure. Importantly, an employee must not undertake negotiations, contract or arrangements in which they have either a pecuniary or

significant non-pecuniary relationship with any supplier (the latter relationship would include immediate family members). Any potential conflicts of interest will be disclosed and addressed in accordance with the Procedure. Where there is a perceived or actual conflict of interest, the relevant employee or contractor may be excluded from aspects of the procurement process as appropriate;

f. an employee cannot enter into a commitment for the supply of goods or the performance of services unless designated funds are available and the appropriate level of approval has been obtained as set out in the Delegations and Authorisation Policy (an employee approving purchases must ensure they are familiar with the restrictions outlined in the delegations documentation);
g. employees involved in procurement actions should not accept gifts, extensive hospitality or other benefits from current or prospective suppliers (refer to Gift Guidelines – Receipt by Staff and Conflict of Interest Procedure Part E – Receipt for Gifts);
h. all suppliers will be treated fairly and impartially. Suppliers will be given consistent documentation on how their proposal will be submitted and assessed, as well as relevant timeliness. Suppliers will be evaluated against the same criteria and will incur minimal cost for participating in the procurement process. Specifications and tender documentation will not be prepared to favour or disadvantage particular suppliers.
i. all purchases must comply with relevant safety requirements and Australian Standards in respect of goods, services and building works;
j. there must be separation in all purchasing and payment functions in procurement processes, in particular ordering, receipting and payment functions;
k. accurate and sufficiently detailed records will be kept to document the process, justify the outcome and provide an audit trail for regular review. This will be required to be added to the justification section of requisitions.

(8) In line with the University's Statement of Values, all procurement activity must endeavour to address and take into account the following:

a. engagement with and consideration of local community interests; and
b. environmental and sustainability issues, specifically addressing the University's commitments in this area.

(9) Tenders should specifically reference these requirements and require tenderers to respond directly by addressing them in their tender submissions. Tenders should include links to the University's Sustainability Statement.

(10) Procurement will comply with the University's CSR Guidelines, including considerations such as health and safety, human rights, ethical production processes, modern slavery, fair trade, diversity and other social impacts of procurement processes in the selection of goods and services.

(11) 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;
f. availability and quality of maintenance, services and support; and
g. intangible benefits (e.g. training, single point of contact).

(12) 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). Supplies can seek access to information and process under the Freedom of Information Act 1982

(FOI). The University is compelled to publicly release information on awarded tenders over $150,000 in accordance with the Government Information (Public Access) Act 2009 No 52 (GIPA).

(13) 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 strategic procurement.

(14) 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.

(15) Any proposal that involves an operating or finance lease must be referred to the Director, Strategic Procurement before the procurement process commences.

Section 4 - Procedures

(16) The University will utilise a centre-led approach, where appropriate, to seek eligible suppliers, communicate the requirements, solicit supplier proposals and create an environment of competitive alternatives.

(17) The Director, Strategic Procurement, or nominee, will among other duties:

a. oversee all University tenders for goods and/or services;
b. provide expert advice and support to University staff regarding all aspects of procurement including quotes, determining fair value and preferred suppliers;
c. review and endorse all tender waivers;
d. review all advertisements for tenders; and
e. be Chair of the Procurement Evaluation Committee (PEC).

(18) 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 Supplier Form.

(19) Details of contracts where the total agreed value is in excess of $150,000 are required to be placed on the Contracts Disclosure Register in accordance with Government Information (Public Access) Act 2009 No 52, which is managed by the University Secretary.

(20) The following 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 seven (7) steps to consider are:

a. funds identification/approval;
b. market analysis;
c. procurement plan (risk, specification and evaluation development)
d. market appraisal;
e. evaluate, award, release contract/purchase order;
f. manage contract/supplier relationship; and
g. evaluate the procurement process.

(21) Using University funds to acquire services or the supply of goods must add value to the activities 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. Note, this list is not exhaustive and other policies and procedures relevant to the activity may provide further information:

a. use of existing supply chains;
b. workplace health and safety requirements and compliance;
c. timeframe and required from date;
d. regional requirements and community impacts;
e. Corporate Social Responsibility impacts/requirements;
f. existing infrastructure and facilities;
g. is there something similar already in the University? and
h. leveraging of known supply base.

(22) The University will create and operate a Procurement Evaluation Committee (PEC), as required. The PEC will operate in accordance to its Terms of Reference but will evaluate high-cost and high-risk potential procurements. Where a proposal has a likely cost greater than $100,000 as determined by the Finance delegations, the proposal must be submitted to the PEC at the Needs Analysis/Scope of Work step. The PEC will review the activity scope and plan as well as seeking to understand the value and risk for the University.

(23) 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.

(24) 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.

(25) Purchases from suppliers must be initiated by the issuing of an approved University purchase order prior to the supplier's release of the goods. Purchases with a University corporate credit card should be limited and in accordance with the Finance Procedure - Corporate Credit Cards.

(26) Every effort should be made to obtain the supplier's Australian Business Number (ABN) before engaging them to supply goods and/or services. If a supplier does not provide an ABN, the University is required to withhold tax from the payment to the supplier at the highest marginal rate. Normally the University will only use a contractor or supplier that has an 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;

(27) 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 supplier's/contractor's 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. Supplier relationship management is key in a rural setting.

(28) 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 under the guidance of Procurement.

(29) 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 in accordance with the delegations.

(30) 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.

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

a. electronic funds transfer (EFT) - preferred option for domestic;
b. overseas draft;
c. overseas telegraphic transfer - preferred option for overseas; or
d. corporate credit card.

(32) 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.

Section 5 - Guidelines

(33) Nil.

Status and Details

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