Finance Procedure - Procurement

Section 1 - Purpose

(1) This procedure supports the Finance Management Policy by setting out the processes by which Charles Sturt University (the University) acquires goods and services, either purchased or leased.

Scope

(2) This procedure:

a. 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 title holders, scholars, students involved in any purchasing activity and controlled entities, but
b. does not apply to:
    i. wages, salaries and allowances, or
    ii. staff expense reimbursement, cash advances or daily allowances.

Section 2 - Policy

(3) See the Finance Management Policy.

Section 3 - Procedures

Part A - Procurement requirements

(4) All University procurement activities will follow the highest standards of probity, transparency, equity and the avoidance of a conflict of interest.

(5) All University procurement activities must be consistent with the guiding expenditure principles stated in the Finance Management Policy, as well as the following:

a. Items purchased by University funds remain the property of the University.
b. Confidentiality in dealings with suppliers will be honoured to the extent permitted by law.
c. Employees involved in procurement actions should not accept gifts, hospitality or other benefits from current or prospective suppliers (refer to the Conflict of Interest Procedure – Gifts or benefits).
d. All purchases must comply with relevant safety requirements and Australian standards in respect of goods, services and building works.
e. There must be separation in all purchasing and payment functions in procurement processes, in particular the ordering, receipting and payment functions.
f. Achieving best value for money requires consideration of cost and non-cost factors where relevant, depending on the complexity of the purchase, where:
    i. cost factors may include:

- cost of sourcing, procuring and paying for the products/services
- the impact, value and benefits to be received from the goods or services
- estimated cost of parts and ongoing maintenance charges
- installation and de-installation costs
- costs to manage the services provider, and
- costs to maintain the product and dispose of it at the end of its life, and

ii. non-cost factors may include:

- the quality of the needs analysis or scope of work
- quality of goods and services
- supplier capability (e.g. financial, proven supplier)
- consistent adherence to requirements of the University's corporate social responsibilities,
- risks inherent to the purchase options available
- availability and quality of maintenance, services and support, and
- intangible benefits (e.g. training, single point of contact).

(6) Procurement practices are open to substantial internal and external scrutiny:

a. Records relating to procurement processes can be examined through internal or external audit processes, and/or by the Independent Commission Against Corruption (ICAC).
b. Suppliers can seek access to information and process under the Government Information (Public Access) Act 2009 (NSW) (GIPA Act).
c. The University is compelled to publicly release information on awarded tenders over $150,000 in accordance with the GIPA Act.
d. All consultancies will be reported as part of the University's Annual Report.
e. Compliance of the use of retrofit purchase orders and spot checks of purchase orders below $100,000 will be performed by Procurement Services. Non-compliance will be addressed with buyers and senior approvers prior to reporting to the Chief Financial Officer.
f. Reporting to Supply Nation on addressable spend with First Nations owned business.

(7) Accurate and sufficiently detailed records must be kept to document the procurement process, justify outcomes and provide an audit trail for review. To achieve this, procurement activities must be managed through the appropriate University systems:

a. Tenderlink must be used for tenders.
b. UniMarket must be used for issuing purchase orders and approving payments.
c. Promaster must be used to reconcile out of pocket expenses and corporate credit card purchases.
d. UniRecords must be used to capture signed copies of all contracts, licences and agreements.
e. Banner Document Manager must be used to capture finalised invoices and transactions.

(8) See the Finance Management Policy for disciplinary or legal actions that may be taken for noncompliance with this procedure.

Roles and responsibilities

(9) Delegated approvers are responsible for:

a. monitoring procurement activities within their budget centre/organisational unit and ensuring that only allowable and appropriate transactions are approved,

b. ensuring compliance with delegations, the Finance Management Policy and associated procedures
c. reporting details of suspected inappropriate procurement activity to the Division of Finance, and
d. ensuring no commitment of supply is made other than via a valid purchase order.

(10) Within the Division of Finance:

a. The Accounts Payable team will process invoices, ensure timely payments to suppliers and payment of direct invoices and accounts receivable.

Part B - Procurement processes

Procurement planning

Needs analysis

(11) A needs analysis and scope of work must be completed to determine the appropriate processes 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 preferred suppliers, existing supply chains and supply bases.
b. Workplace health and safety requirements and compliance.
c. Compliance with any other relevant legislation, codes or standards.
d. Timeframes and required from dates.
e. Regional requirements, First Nations supplier base and community impacts.
f. Corporate social responsibility impacts/requirements.
g. Existing infrastructure and facilities, or where something similar exists within the University.
h. How contractor/supplier responses will be evaluated.

(12) Any proposal that involves an operating or finance lease must be referred to the Director, Financial Services before the procurement process commences.

Procurement Evaluation Committee

(13) A proposal (including the needs analysis and scope of work) must be submitted to the Procurement Evaluation Committee (PEC) if:

a. the likely cost of the procurement will be greater than $100,000, and/or
b. the Director, Financial Services determines that the proposal is of high risk to the University.

(14) Procurement will:

a. evaluate high-cost and high-risk potential procurements
b. review the activity scope and plan as well as seek to understand the value and risk for the University
c. determine whether a tender process may be waived, and
d. operate as otherwise required in accordance with its terms of reference.

Procurement activity considerations

(15) 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:

Procurement step	Potential actions
Funds identification/approval	Ensure that funding is secured and available before any requests for tender are released, or before any commitment to procure is made.
Market analysis	Consider the capability and capacity of the market to fulfil the procurement need. Consider whether it is a specialised procurement activity. For complex procurement activities, support is available from Procurement in the Division of Finance.
Procurement plan (risk, specification and evaluation development)	Be able to demonstrate how the procurement planning requirements have been met. Document, at minimum: 1. the results of the needs analysis, scope of work, and market analysis 2. any risks associated with the procurement and mitigation strategies 3. any actual, potential or perceived conflicts of interest and mitigation strategies 4. how the supplier will be selected 5. how, if required, quotes and tenders will be evaluated, and 6. consider a nominal percentage weighting for First Nations owned and locally owned vendors when determining value.
Market appraisal	Identify potential suppliers, issue requests for information, quotes or tenders as required.
Evaluate, award, release contract/purchase order	For simple procurement – issue a purchase order. For other procurement, evaluate quotes and tender, vet preferred supplier(s), negotiate and approve contracts, issue purchase order.
Manage contract/supplier relationship	Ensure delivery of goods and services, reconcile invoices within required timeframes, vary or renegotiate contracts as required.
Evaluate the procurement process.	Review all steps of the process to ensure the required outcomes were achieved.

Comprehensive advice relating to the Procure to Pay process can be accessed via Procure to Pay process.

Specialised procurement

(16) Procurement of goods and services relating to specialised functions of the University must be placed either through or directly by the relevant division or faculty, under the guidance of Procurement. For example:

a. Computers/audiovisual equipment - Computer Shop.
b. Books/journals/subscriptions - Division of Library Services.
c. Radioactive materials – Radiation Safety Committee.
d. Catering on campus – CSU Events Unit.
e. Building works and projects – Facilities Management.
f. Fleet vehicles – Division of Finance.
g. Advertising (except for recruitment or tender purposes) – Division of Customer Experience.
h. Legal advice – Legal Services.

Selection of suppliers

(17) 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.

(18) All employees involved in supplier selection processes and approvals must ensure that:

a. the management of suppliers or contractors, especially those where the University represent a large proportion of a supplier's/contractor's total business, is fair and ethical while still having sound commercial dealings and achieving value for money for the University

b. no employee undertakes negotiations or commits to contracts or arrangements with any supplier in which they or an immediate family member has a pecuniary or significant non-pecuniary relationship, and that any other actual, potential or perceived conflicts of interest are declared and managed as set out in the Conflict of Interest Procedure, and
c. all suppliers are treated fairly and impartially. Where required, suppliers will be given consistent documentation on how their proposal will be submitted and assessed, as well as relevant timelines. 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.

(19) For the procurement of goods and services up to the value of $20,000, a supplier may be selected from the preferred supplier list, without additional authorisations, quotes or tenders.

(20) For the procurement of goods and services above the value of $20,000, or from suppliers not on the preferred supplier list, authorities to approve supplier selection, variations and requirements for quotes and tenders are set out in Delegation Schedule C - Finance.

(21) Where the annual spend with a supplier is likely to be $150,000 or more, the supplier will be vetted following the process determined by the Division of Finance, as required by the Fraud and Corruption Control Policy.

Preferred suppliers

(22) The University will establish preferred suppliers for certain goods and/or services. Where the University has an agreement with a preferred supplier, that supplier must be used to procure those goods/services in the first instance, unless a variation is approved.

(23) Suppliers will be approved for addition to the preferred supplier list by the delegated authority as set out in Delegation Schedule C - Finance. Approvals are based on the following considerations:

a. participation in consortia
b. consistency with the University's Modern Slavery Annual Statement
c. requests and proposals from organisational units or purchasers (via the UniMarket supplier creation request form)
d. alignment with the expenditure principles and rules set out in the Finance Management Policy, and/or
e. alignment with the University's strategic objectives.

Indigenous suppliers

(24) The University is committed to developing measurable procurement practices to genuinely engage with First Nations business owners. As a member of Supply Nation, the University has the opportunity to support First Nations owned businesses where value is evidenced. The University is committed to achieving national targets for addressable spend with First Nations owned companies.

(25) In line with Universities Australia Indigenous Procurement Guidelines, the University aims to achieve 2.5% of annual average addressable procurement spend directly with certified or registered Indigenous businesses.

(26) The Director, Financial Services provides quarterly reporting to Supply Nation and the Chief Financial Officer on University spend with Indigenous suppliers.

(27) The University will release requests for tender on the Supply Nation Member Opportunity Board, in conjunction with TenderLink, to allow direct communication with Indigenous businesses on large scale project opportunities.

Quotes and tenders

(28) Quotes and tenders are required for procurement activities as stated in Delegation Schedule C - Finance:

a. Where there is no preferred supplier or the requirement to use a preferred supplier is waived:
    i. Under $20,000 - one quote required.
    ii. $20,000 to $50,000 - two quotes required.
    iii. $50,000 to $150,000 - three quotes required.
    iv. Over $150,000 – tender required.
b. Where the preferred supplier list is used:
    i. Under $250,000 – no quote or tender required.
    ii. Over $250,000 – tender required.

(29) Requests for tender must be issued through the University's e-Tendering portal, Tenderlink.

(30) Employees undertaking a tender process must submit a Tenderlink request form and should contact Procurement (procurement@csu.edu.au) for advice on developing tender documentation.

(31) Requests for quotes may be issued through Tenderlink, or by other means (e.g. email requests). All documented quotes must be retained with the records of the procurement activity.

(32) Tenders should specifically reference the University's community engagement, environmental and sustainability, and corporate social responsibility requirements set out in the Finance Management Policy and require tenderers to address these in their tender submissions.

(33) Requirements for quote or tender may be waived as follows:

a. The renewal or continuation for the provision of goods or services within an existing contract.
b. The Director, Financial Services or Associate Director, Procure to Pay (in accordance with Delegation Schedule C - Finance) may waive the requirement for a quote for expenditure from $20,000 - $150,000, subject to the receipt of a completed Sole Supplier Form and supporting evidence that there is only one suitable source of supply and/or that calling for quotations or tenders would not benefit the University (e.g. for a unique service or product, products required to match existing equipment, or in response to an emergency).
c. Band 6, Division of Finance, on the recommendation of the Procurement Evaluation Committee, may waive the requirement for a tender process and substitute an alternative process.

Contractors and consultants

(34) Contractors and consultants are engaged under the procurement processes described in this procedure, subject to:

a. the additional assurances set out in the Finance Procedure - Contractors and Consultants, and
b. authorisations in Delegation Schedule C - Finance.

(35) In particular, the issue of whether a proposed engagement is an employee, consultant or independent contractor must be determined and the evidence submitted with any purchase requisition and/or contract for a contractor or consultant, as set out in the Finance Procedure - Contractors and Consultants.

Contracts and agreements

(36) Authorities to negotiate and approve contracts (including licenses, agreements, MOUs, etc) with suppliers are set

out in the relevant delegation authorities. Authority to approve an expenditure does not necessarily confer authority to approve a contract.

(37) All contracts for the supply of goods or services must be saved to the University records management system as set out in the Records Management Procedure. Details of contracts with a total agreed value in excess of $150,000 will be published, as required under the GIPA Act, by the University Ombudsman or delegate.

Purchase orders and approvals

(38) Procurement activities should be initiated with the supplier by a purchase order issued through the University's e-Procurement system, UniMarket. When raising a purchase order:

a. the purchase order will not be issued to a supplier until the expenditure is approved in the e-Procurement system by the appropriate delegated approver
b. employees should not take receipt of a goods or service until the purchase order is issued
c. the e-Procurement system workflows will be set up to ensure separation of function as far as practicable, however, employees and delegated approvers should also ensure there is an appropriate separation of functions when raising a purchase order, approving the expenditure and receiving the goods or service, and
d. purchase orders must not be split into components to reduce the transaction cost for the purpose of exercising a lower expenditure delegation.

(39) Before approving expenditure, a delegated approver must ensure that:

a. they have the necessary expenditure delegations and budget centre approver status to approve the expenditure. Where they are required to approve a variation to the cost of a procurement activity, they must ensure that the total cost of the activity is within their expenditure delegation
b. funds are available for the expenditure, and
c. only allowable and appropriate transactions are approved, in compliance with delegations, the Finance Management Policy and associated procedures.

Purchase cards

(40) In limited circumstances, procurement activities may be managed using a University purchase card, normally where the supplier will not accept a purchase order or payment is required by the supplier prior to delivery of the goods. Use of purchase cards must be in accordance with the Finance Procedure - Corporate Credit Cards.

Supplier payments

(41) Employees must confirm receipt of the goods or service in the e-Procurement system before invoices will be paid.

(42) Payment of invoices will be completed by the Accounts Payable team, Division of Finance.

(43) If a supplier does not provide an ABN, the University will 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 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.

(44) 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.

Asset management and stocktaking

(45) All assets must be registered on the asset register maintained by the Division of Finance.

(46) Minor equipment must be maintained by organisational units and lodged annually to the Assets Manager, Division of Finance for audit inspection.

(47) Disposal of assets and minor equipment must be approved by:

a. for assets, the Chief Financial Officer or delegate (unless specified otherwise in Delegation Schedule C - Finance), and
b. for minor equipment, the appropriate Band 6 approval authority within the organisational unit.

(48) See the Assets procedures on the Division of Finance website for more information.

Section 4 - Guidelines

(49) See the Finance Guidelines - Entertainment, FBT and Private Expenditure.

Section 5 - Glossary

(50) Refer to the Finance Management Policy, as well as the following:

a. Assets – means items costing $10,000 or more.
b. Compliance – means measures undertaken to ensure adherence to relevant governance.
c. Delegated approver - means the employee responsible for monitoring and approving procurement activity against an approved University budget.
d. 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.
e. 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.

f. Gift Cards – please review the Gift Card Procedure for purchasing guidelines and control of card distribution.
g. Minor equipment - means items costing less than $10,000.
h. Preferred supplier - means a supplier appointed as a result of a market appraisal or prequalification assessment.
i. Private expense/transaction - means any transaction or part thereof that is not related to the University's business operations.
j. 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).
k. Separation of function – means maintaining clear and distinct roles in a procurement process, in particular for the ordering, receipting and payment functions, where no employee fulfils more than one key role or function.

Section 6 - Document Context

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