

Procurement Policy

Section 1 - Purpose and Scope

Purpose

(1) This Policy establishes the framework for the University's procurement activities including the principles to be applied for the acquisition of all goods and services.

(2) This framework is based on the [NSW Government Procurement Policy Framework](#).

Scope

(3) This Policy applies to:

- a. University staff, students and affiliates;
- b. the University's controlled entities;
- c. any entity which is bound to follow it by the terms of an agreement with the University; and
- d. all University procurement activities.

Section 2 - Definitions

(4) For the purposes of this Policy, the following definitions apply:

- a. Annual strategic procurement plan - means the strategic document that outlines the framework and roadmap for the way the University conducts its procurement activity. The annual strategic procurement plan must align with the University's business strategy and include:
 - i. a supplier engagement plan;
 - ii. a contract management planning strategy;
 - iii. category management plans; and
 - iv. capability development plans
- b. Category - means the grouping of similar goods or services with common demand drivers and a similar supply base.
- c. Category management - means a strategic lifecycle approach to managing procurement spend, that segments and aligns spend with each supply market, allowing greater focus on value creation.
- d. Contracted suppliers - means any person, persons, or entity under exclusive contract or agreement with the University to provide goods and services.
- e. Direct negotiation - means a procurement method where there is no competitive process and negotiations are entered into with one or more suppliers.
- f. Local suppliers - means a supplier of goods or services that maintains a workforce whose usual place of residency is located within a 125-kilometre radius of where the good or service is to be supplied.
- g. Mandated suppliers - means any person, persons, or entity under contract or agreement with the University to provide goods or services as determined under the [Southern Cross University Act](#) or any other local, state or

federal legislation.

- h. Market invitation – means the process where the University approaches the supply market calling for offers for a good or service. Depending on the sourcing approach used, this may be called a request for proposal (RFP), request for quote (RFQ) or request for tender (RFT).
- i. Panel - means an arrangement under which a number of preferred suppliers agree to supply goods or services for a set period of time and for a set price.
- j. Preferred suppliers - means pre-qualified suppliers who can supply goods or services on a non-exclusive basis in the future and who have met the necessary requirements to be included on a panel when required.
- k. Probity - means the evidence of ethical behaviour in a procurement process. It is expected that University officers act in such a way that ensures:
 - i. fairness and impartiality;
 - ii. accountability and transparency of process;
 - iii. effective management of conflicts of interest; and
 - iv. confidentiality and security of information and materials.
- l. Procurement - means the whole process of obtaining goods and services. Beginning with the identification of needs, procurement can include the functions of planning, design, standards determination, specification writing, selection of suppliers, financing, contract management, disposals and other related functions.
- m. Social procurement - means when the University uses its buying power to generate social value above and beyond the value of the goods and services purchased
- n. Subject matter expert - means the University officer or external person that provides the knowledge and expertise in a specific procurement category, business area, or technical area for a category management program.

Section 3 - - Policy Content

Procurement principles

(5) The University applies the following principles to its procurement activities:

- a. Demonstrated need;
- b. Value for money;
- c. Fair and open competition; and
- d. Social procurement.

Demonstrated need

(6) All procurement must be justified against the University's limited resources. Prior to purchase, the option of sharing resources across the University must be considered.

Value for money

(7) Value for money is not necessarily the lowest price, nor the highest quality good or service. It requires a balanced assessment of a range of financial and nonfinancial factors, such as: quality, cost, fitness for purpose, capability, capacity, risk, total cost of ownership or other relevant factors.

Fair and open competition

(8) Transparent, competitive processes build trust in the University's procurement practices and decisions, drive fair and ethical behaviour, safeguard probity and foster healthy working relationships between the University and

suppliers. Competition produces tangible outcomes such as cost savings, increased quality and innovation and supports market sustainability.

Social procurement

(9) The University will endeavour to support small and medium sized businesses, Indigenous First Nations businesses, regional businesses, disability employment organisations and social enterprises in its procurement activities.

(10) Social procurement focuses on spending public money efficiently, economically and ethically to deliver value for money on a whole of life basis. Social procurement extends the assessment of value for money beyond the sourcing process, considering benefits and risks to the organisation, the community, the economy and impacts on the environment. Social procurement:

- a. considers how procurement impacts society, the economy and the environment;
- b. provides all suppliers with full and fair opportunities to compete;
- c. respects stakeholders' interests, the rule of law and human rights;
- d. seeks innovative solutions to address sustainability throughout the supply chain;
- e. buys only what is needed or seeks sustainable alternatives;
- f. analyses all procurement costs, including benefits for society, environment and the economy; and
- g. integrates sustainability into procurement practices.

(11) The University is committed to identifying and mitigating the risk of Modern Slavery which can occur in many areas of complex global supply chains.

(12) Staff involved in the procurement process are required to undertake due diligence on suppliers and the suppliers' compliance with Modern Slavery legislation, as set out in the [Procurement Procedures](#). The extent of the due diligence conducted will depend on the types of goods and services being sourced.

(13) Where a legal agreement forms part of the procurement, then the legal agreement will include provision for compliance with modern slavery legislation.

(14) The University will not:

- a. engage a supplier who refuses to commit to the University's requirements on Modern Slavery; or
- b. use labour suspected of being forced.

(15) The University will prepare an annual statement for approval by University Council. The approved Statement will be provided to the relevant federal and state authorities, as required.

Section 4 - Methods of procurement

(16) Goods and services must be acquired using the methods outlined in the [Procurement Procedures](#).

(17) The minimum market invitation requirements for procurement depend on the value of the spend as follows:

| Value | Minimum Market Invitation |
|-----------------------|-----------------------------------|
| Less than \$5,000 | One quoted or advertised price |
| \$5,000 to \$19,999 | One written Request for Quote |
| \$20,000 to \$200,000 | Three written Requests for Quotes |

| | |
|----------------|---|
| Over \$200,000 | Category Procurement Plan outlining the sourcing approach including single and/or multi-stage market invitations. |
|----------------|---|

(18) The value of the procurement is the total value of the transaction excluding GST. A transaction must not be split into parts or components for the purpose of determining the minimum procurement requirements.

Direct Negotiations

(19) Procurement by direct negotiation involves significant risk. Therefore, it is essential that proper process is followed and that a unique or incumbent supplier is not unfairly or improperly advantaged.

(20) For procurements valued at \$20,000 or above, direct negotiations with a supplier without first conducting a competitive procurement process may only occur in situations where:

- a. there is only one available supplier for the goods or services; or
- b. there is an ongoing or associated project and there is a demonstrable case for continuing with a particular supplier; or
- c. there is a legitimate reason to renew or rollover a contract; or
- d. the procurement relates to the purchase of equipment or accessories that are required to match existing assets for research or teaching continuity; or
- e. it can be demonstrated that:
 - i. there are significant advantages or value propositions offered by a particular supplier; and
 - ii. there would be a significant financial or time cost to the University in seeking or using an alternative supplier.

(21) Prior approval must be obtained before entering into direct negotiations with a supplier and must be based on demonstrable and compelling evidence that one of the situations set out in clause (20) exists must be provided.

(22) Where the value of the procurement is under \$200,000, prior approval to enter into direct negotiations must be obtained from the University Procurement Board.

(23) Where the value of the procurement is over \$200,000, prior approval to enter into direct negotiations must be obtained from the Vice-Chancellor. A category procurement plan detailing the proposal to enter into direct negotiations must first be submitted to the Procurement Board in accordance with the [Procurement Procedures](#). The Procurement Board will consider the proposal, before forwarding to the Vice-Chancellor.

(24) Staff involved in direct negotiations are required to comply with all other aspects of this Policy and the [Procurement Procedures](#).

Specialised Procurement

(25) Specialised goods and services may only be procured by the relevant Category manager and Subject matter expert in accordance with the University's annual Strategic Procurement Plan. Categories of specialised procurement spend include, but are not limited, to the following:

| Spend category | Category manager or Subject matter expert |
|----------------|---|
| Software | Chief Information Officer |
| IT Hardware | Chief Information Officer |

| | |
|-------------------------|---|
| External legal services | Vice-Chancellor Director, Human Resources Director, Governance Services |
| Fleet | Director, Property Services |
| Travel expenses | Director, Financial Performance |
| Laboratory supplies | Pro Vice Chancellor (Research Infrastructure) |

University supplier arrangements

(26) The University may establish preferred supplier arrangements for the acquisition of specific goods and services.

(27) University supplier arrangements must be established in accordance with the Procurement Procedures.

(28) For mandatory and contract supplier arrangements, the relevant goods or services must be purchased from the mandated supplier.

(29) For preferred supplier arrangements, the relevant goods or services should be purchased from the preferred supplier where possible.

(30) Goods and services may be procured from mandated or preferred suppliers without the need to obtain written quotes or undertake a competitive procurement process.

Section 5 - Procurement Activities

(31) Procurement must only be undertaken where there is a genuine business need and the expenditure forms part of the approved budget for the relevant work unit.

(32) All procurement must be fair, ethical, transparent and probity rich. Probity must be routinely considered in procurement decisions.

(33) Suppliers' confidential information must be safe-guarded and tenders and business information must be treated fairly, impartially and securely.

(34) Supplier due diligence must be conducted in line with the value, nature and risk profile of the procurement and resulting contract.

(35) Records of procurement planning, management and decision-making must be retained in accordance with the [Records Management Policy](#).

(36) Procurement must be conducted using the University's standard sourcing and contract templates where possible.

Compliance and reporting

(37) All procurement activities must be conducted in accordance with this Policy and the Procurement Procedures. Non-compliance with this Policy or the Procurement Procedures may result in management action.

(38) Staff should report non-compliance with this Policy or the Procurement Procedures to their supervisor.

(39) Staff must report suspected fraud or corrupt conduct in accordance with the [Fraud and Corruption Prevention Policy](#). If the report relates to corrupt conduct, maladministration or serious or substantial waste it can be made in accordance with the [Whistleblowing \(Public Interest Disclosures\) Policy](#).

(40) Procurement Services will provide a report on non-compliance with this Policy to the Procurement Board at least quarterly.

Section 6 - Procurement Board

Objectives and functions

(41) The University will establish a Procurement Board. The objectives of the Board are to:

- a. develop and implement a University-wide strategic approach to procurement;
- b. ensure best value for money in the procurement of goods and services by the University;
- c. reduce administrative costs associated with procurement; and
- d. simplify procurement processes while ensuring probity and fairness

(42) The functions of the Board are to:

- a. oversee the procurement of goods and services by the University, including approving procurement plans for all procurements valued at over \$200,000;
- b. approve the University's annual strategic procurement plan;
- c. develop, monitor, review and advise the Vice Chancellor and the Vice Chancellor's Group on the University's procurement policies and procedures;
- d. monitor and report on compliance with the University's procurement policies and procedures to the Vice Chancellor's Group and the Audit and Risk Management Committee;
- e. guide the development of templates and guidelines relating to procurement activities; and
- f. review and analyse data and statistics in relation to the University's procurement of goods and services.

Composition

(43) The Procurement Board will be comprised of:

- a. Chair, Vice President (Finance);
- b. Director, Financial Performance;
- c. Manager, Procurement Services;
- d. Pro Vice Chancellor (Research Infrastructure);
- e. Director, Property Services;
- f. Chief Information Officer; and
- g. Senior University Lawyer.

(44) The Board may seek advice from professional or technical experts as required.

(45) A quorum will consist of the Chair plus four other members.

(46) Members are entitled to one vote and in the event of an equality of votes, the Chair will have the deliberate and casting vote.

(47) Members must abstain from voting on matters relating to categories of spend that related to their Category manager role.

Section 7 - Roles and responsibilities

Procurement Services

(48) Procurement Services is responsible for:

- a. providing expert advice, guidance and support to all staff regarding all aspects of procurement activities, procurement principles and requirements;
- b. developing an Annual Strategic Procurement Plan in consultation with the Executive and Heads of Work Units for approval by the Procurement Board;
- c. planning and managing sourcing activities for goods and services; and
- d. negotiating and identifying eligible suppliers.

Staff

(49) Staff are responsible for:

- a. complying with this Policy, the Procurement Procedures and the [Code of Conduct](#);
- b. reporting any actual, apparent or perceived conflicts of interest;
- c. reporting any suspected fraud, corruption or other wrongdoing;
- d. identifying, and if appropriate, taking steps to mitigate the risks involved in any acquisition;
- e. informing themselves and complying with the University's obligations under the Modern Slavery Act and Australian and other government sanctions and defence export controls;
- f. complying with the [Records Management Policy](#) and [Procedures](#) in relation to any procurement activity; and
- g. recording assets in the University asset register in accordance with the [Asset Financial Management Procedures](#).

Heads of Work Units

(50) Heads of Work Units are responsible for:

- a. ensuring that their staff understand and comply with this Policy and the Procurement Procedures; and
- b. engaging with Procurement Services in relation to the Annual Strategic Procurement Plan.

Delegates

(51) Before approving a purchase, financial delegates are responsible for ensuring that the procurement process complies with this Policy, the Procurement Procedures and the [Delegations Rule](#).

Status and Details

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| Effective Date | 30th November 2021 |
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| Responsible Executive | Travis Walker Vice President (Finance) +0011 612 66203731 |
| Head of Work Unit | Dave Elmer Director, Financial Performance |
| Enquiries Contact | Dave Elmer Director, Financial Performance <hr/> Financial Performance |