


**UNIVERSITY of
TASMANIA Procurement Policy**

Responsible Officer	Chief Operating Officer
Approved by	Vice-Chancellor
Approved and commenced	May, 2019
Review by	May, 2020
Relevant Legislation, Ordinance, Rule and/or Governance Level Principle	Governance Level Principle 7 – Procurement and Contracts
Responsible Organisational Unit	Financial Services

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1 Objective

This *Policy* governs all University procurement related activity and outlines the commercial approach adopted by the University of Tasmania (the University) to manage the acquisition of goods and services from vendors, contractors and suppliers.

2 Scope

This *Policy* applies to all University expenditure captured in the University's financial management system except for:

- scholarships and grants to students
- wages, salaries and allowances paid through the University's Human Resources Management System
- staff expense reimbursement, cash advance or daily allowances
- donations
- payments to collaborative research partners where the University is the administering organisation for a grant.

This *Policy* applies to all staff, visiting fellows and scholars, adjunct, clinical and associate title holders and students involved in purchasing activity.

3 Procurement Principles

This *Policy* must be considered in conjunction with other relevant University policies, procedures and guidelines. In addition, all procurement activity must align and be consistent with the University Mission, Vision and Statement of Values.

The Centre Led Procurement (CLP) Team shall ensure acquisition of goods and services across the University complies with the principles set out below.

3.1 Value for Money/Fit for Purpose

The University seeks value for money in all procurement transactions. Value for money can be defined as the useful benefits minus the costs of the goods or services obtained.

Objective criteria should be used to determine the value obtained and in comparing the benefit from any given supplier. Optimal value is achieved through a competitive process where all suppliers are given an equal opportunity to submit and negotiate pricing for a clearly defined and specified set of goods and/or services.

To be fit for purpose all materials and equipment must be procured considering:

- the purpose for which they will be used
- that they are of sufficient standard and capability to fulfil the requirements for an acceptable timeframe.

3.2 Probity, Transparency and Equity

All University procurement will follow principles of probity, transparency and equity as follows:

- complete impartiality must be exercised in all supplier dealings
- wherever possible and appropriate (see Section 4) a competitive procurement process will apply in which all suppliers:
 - are treated fairly and equally
 - are provided with the same information at the same time
 - are provided with clear direction on what is required of them
 - information is provided as to how their proposal will be evaluated
- all processes for dealing with suppliers must be clearly documented and adhered to
- where a tender process is deemed either necessary or appropriate, ALL tender procedures and guidelines must be carefully observed, and a secure process undertaken to ensure total commercial confidentiality is maintained.

3.3 Segregation of duties

The segregation of duties principle requires that multiple people are involved in a procurement process to avoid the possibility of fraud. There must be separation in all purchasing and payment functions in procurement processes, ordering, receipting and payment functions.

3.4 Conflict of interest

Conflict of interest is defined in the *Conflict of Interest Policy*. In a procurement context, a conflict of interest can arise where an employee or contractor with a role in determining the outcome of a procurement or contracting decision may be influenced in their judgement by some form of connected relationship. The influence may be real or perceived and may be direct or indirect, positive or negative. For example:

- the employee will financially benefit from the transaction or is a shareholder in a company vying for University business
- the employee's family or friends will directly benefit from a transaction they are involved in
- the employee has a personal disagreement with (or dislike of) a person or persons working for a contractor and may exhibit bias against them.

Employees must always demonstrate a strong commitment to the values of honesty and integrity in carrying out commercial dealings on behalf of the University and comply fully with the University's *Conflict of Interest Policy*.

3.5 Social, Environmental, Safety and Sustainability considerations

In line with the University's Statement of Values, all procurement activity must endeavour to address and consider the following:

- engagement with, and consideration of, local community interests
- environmental and sustainability issues – specifically addressing the University's commitments in this area. Tenders should specifically reference these requirements and require tenderers to respond directly by addressing

them in their tender submissions. Procurement will comply with the *Sustainability Policy* and with the goals of Sustainable Procurement

- social responsibility - including considerations such as health and safety, human rights, ethical production processes, Fair Trade, diversity and other social impacts of procurement processes and the selection of goods and services. This responsibility extends also to the eventual disposal of goods
- health and safety – where relevant to the scope of work, the requirements of the Contractor Safety Management Procedure should be referenced when drafting tender questions and developing evaluation criteria.

3.6 Risk Management (including legal framework)

All procurement activities must identify and consider all relevant risks associated with that activity in accordance with the Risk Management Policy. For expenditures of \$200,000 and over, the risk assessment should be documented and retained with all other details of the procurement activity.

As a minimum requirement, all procurement actions must consider legal risk. Consequently, only purchase order terms or contract terms reviewed and approved by Legal Services may be used. Modification or alteration of any approved terms and conditions OR acceptance of supplier or contractor terms and conditions may only be done with the prior review and approval of Legal Services.

4 Policy Provisions

4.1 Nominated Suppliers

The University will establish contracts with suppliers of certain goods and/or services. Depending on the nature of the agreement these suppliers may be “nominated”. A Nominated Supplier is one who must be used to purchase those goods or services stipulated within the contract without exception.

In some cases, rather than a single supplier, a panel of suppliers is nominated. Where a panel of suppliers is nominated, any of those suppliers may be utilised subject to the terms set out in the associated agreement.

4.2 Delegations and Budgetary Approvals

Approval for a purchase requirement must be sought and obtained prior to the commitment to purchase, The *Delegations Policy*, through the *Schedule of Financial Delegations* establishes purchasing limits.

4.3 Expenditure Levels and quotation and tender requirements

Except where nominated suppliers and associated contracted prices have been established, the following thresholds apply for all procurement of goods and services:

\$0 - \$4,999	No written quotation is required.
\$5,000 - \$19,999	One written quotation must be obtained and retained with the purchase record for that transaction.
\$20,000 - \$199,999	Three written competitive quotations must be obtained and retained with the purchase record for that transaction.
\$200,000 and over.	A formal competitive tender process must be undertaken under the guidance and control of the CLP Team.

The above amounts are exclusive of Goods and Services Tax.

4.4 Sole or Single Source Justification and Approval

Circumstances may arise where there is a need to directly procure goods and services without first seeking three competitive quotations and/or enter into a competitive tender process. This situation potentially applies to transactions in the \$20,000 and above category.

The justification for doing so, including the results of market testing, must be documented in writing and formally approved by both the Senior Procurement Manager and the delegated authority for the purchase. Approvals must be obtained prior to any commitment being made to the supplier.

Assurance that the transaction provides value for money for the University is still required.

4.5 Means of Procurement Commitment

Procurement commitment may be made by either purchase order or contract, except in cases where it is appropriate to use a Corporate Credit Card. These two procurement tools create a fully auditable transaction trail from identification of a requirement to approval, commitment, receipt and finally payment.

4.5.1 Contracts

A formal contract between the University and the supplier must be entered into for procurement activity greater than \$200,000.

For complex transactions less than \$200,000 a formal contract may be warranted to address the legal or commercial risks associated with the procurement transaction.

The CLP Team, in consultation with Legal Services will retain a suite of standard contract templates. The CLP Team in consultation with Legal Services shall agree on the most appropriate form of contract for each specific transaction.

All supplier initiated contracts must be reviewed by Legal Services.

4.5.2 Purchase Orders

A purchase order is required for all purchasing commitments up to \$200,000. The purchase order commits both the University and the supplier to terms and conditions which have been agreed and approved by Legal Services. Any departure from these standard terms must first be reviewed and agreed by Legal Services.

The requirement for purchase orders is effective following the implementation of the PurchaseNow solution for procurement

Purchase orders are not required where Corporate Credit Cards are used.

4.5.3 Corporate Credit Card

A Corporate Credit Card may be used as follows:

- for travel and entertainment expenditures where prior commitment, approval and payment is not possible through the use of a purchase order or by booking through the University's nominated travel management company in accordance with the *Travel Policy*.
- for purchases that are ad-hoc uncontracted and urgent purchases for which it is not possible to use a purchase order.

4.5.4 Informal Commitments

All University procurement transactions must be supported by a formal agreement such as a properly documented purchase order or contract. Informal agreements (including email exchanges or verbal agreements) not formalised by way of purchase order or contract are considered to be a breach of this *Policy*.

All suppliers will be informed that the University requires a purchase order in order to facilitate payment.

4.6 Leasing and Financing

Financing arrangements, including finance leases, must not be entered into without the approval of the Chief Financial Officer.

4.7 Tender Governance

The CLP Team has responsibility for the oversight of the tender process, including:

- facilitating and supporting the entire tender process from the time where the requirement is first identified by a requestor through to the final recommendation and award of contract.
- providing probity guidance and advice and generally ensuring that all due processes have been properly observed and that outcomes are fair, ethical and appropriately documented.

- assisting with the formation of a tender panel. The panel must consist of a minimum of three parties; the requestor, a CLP representative and at least one other key stakeholder. A tender panel may consist of more than three people but must only consist of stakeholders or technical experts who are necessary for the development and/or the evaluation of the tender. The tender panel is responsible for development and execution of an appropriate procurement plan.
- determining any negotiation strategy which may be required and leading negotiations with tenderers to ensure an improved and sustainable outcome is achieved.
- preparation of a Recommendation to Award briefing note to be submitted to the appropriate delegated authority complete with such supporting documents necessary to support the recommendation.

4.8 Breaches of Policy

All employees are required to adhere to the requirements of this *Policy* and may be subject to misconduct action if the provisions of the *Policy* are breached.

5 Responsibilities

The **University Council** is responsible for the establishment of the Governance Level Principle relating to Procurement and Contracts.

The **Vice-Chancellor** is responsible for the implementation of the Governance Level Principle relating to Procurement and Contracts.

The **Chief Operating Officer** is responsible for the University wide application of this *Policy*.

Financial Services, through the **Centre Led Procurement Team**, will be responsible for oversight of the *Policy* and providing advice, support and guidance on its appropriate implementation.

Staff, visiting fellows and scholars, adjunct, clinical and associate title holders and students involved in procurement and purchasing are obligated to adhere to the *Policy* principles and provisions.

6 Definitions and Acronyms

Term/Acronym	Definition
Organisational Unit	Faculty, School, Centre, University Institute, other University Entity, Division, Section or University Business Enterprise.
CLP	Centre Led Procurement

Corporate Credit Card	Credit card / business card allocated to staff member
Procurement Plan	A standard template documenting key procurement considerations and criteria prepared jointly by CLP and the end-user.
Tender	A formal process for seeking quotations in a structured manner where all parties have the same information and submit bids to a common deadline.

7 Supporting Documentation

- *Conflict of Interest Policy*
- *Delegations Policy (Schedule of Financial Delegations and Schedule of Contract Delegations)*
- *Risk Management Policy*
- *Staff Gifts and Benefits Policy*
- *Staff Gifts and Benefits Procedure*
- *Sustainability Policy*
- *Travel Policy*
- *Travel Procedure*
- *Contractor Safety Management Procedure*

8 Versioning

Former Version(s)	This policy replaces: <i>General Purchasing Policy</i> ; Approved November 2011 <i>Tendering Policy</i> ; Approved February 2012 Version 1 – <i>Procurement Policy</i> , approved May 2017. Version 2 – <i>Procurement Policy</i> , minor amendments approved October 2017.
Current Version	Version 3 – <i>Procurement Policy</i> , minor amendments approved May 2019