Finance and Accounting Manual

Procurement Policy

Approved by the Vice-Chancellor (Acting): 20 March 2012
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OBJECTIVES

1. Policy

This Policy applies to the acquisition of all goods and services, either purchased or leased, from suppliers external to the University.

This policy outlines the principles regarding the acquisition of all goods and services at the University and, in tandem with the Procurement and Purchasing Guidelines, will guide procurement decisions to enable the fair value for money to be achieved for the University.

Compliance with this policy will ensure that both the University and our valued suppliers: (1) shorten procurement cycle times: (2) improve operating efficiencies and (3) adhere to the appropriate probity and legislative requirements.

The acquisition of goods and services include but are not limited to:-

- Office consumables, including office supplies
- Office, teaching and research equipment
- Facilities management and construction
- Information and communications technology
- Contractors and consultants
- Motor vehicles
- Travel (refer to the Travel Policy for details including preferred suppliers)

This Policy excludes services provided by staff employed through the University payroll and any services provided to Investment and Capital Management in connection with the University's investment portfolio.

2. Coverage

This policy applies to all University activities including those undertaken by Foundations, Centres, Controlled Entities (as defined in the University's Controlled Entity Policy), and any other entity which has entered into an agreement with the University, requiring compliance with the University's procurement policy and associated procedures.

PRINCIPLES

3. Principles of procurement

The principles that govern Procurement are:-

(a) value for money, being the benefits achieved compared to the whole-of-life costs (e.g. price, quality, reliability, service, delivery, payment terms, and strategic suppliers);
(b) quality, efficiency and effectiveness;
(c) probity and equity;
(d) transparency;
(e) effective competition, including ethical behaviour fair dealing;
(f) environmental and sustainability considerations; and
(g) other risk management considerations.

Comprehensive and well documented records must be maintained on all acquisitions of goods or services, in accordance with the University's Recordkeeping Policy. Procurement documents may be examined by audit staff, the Independent Commission Against Corruption (ICAC), police and any member of the public under the NSW Government Information (Public Access) Act 2009. In accordance with Division 5 of that Act, the University maintains a publicly available register of Contracts, other than contracts of employment, to which it is a party and which have, or are likely to have, a value of $150,000 or more. The Register is published on the University's website by Archives and Records Management under Contract Reporting.

It is also crucial that the acquisition of goods and services by the University is free from corruption, fraud and conflict of interest. Refer also to the University's Code of Conduct, Corruption Prevention Strategy and Reporting Wrongdoing Policy 2012.

The University has a Procurement Services Department led by the Chief Procurement Officer, which is responsible for ensuring that the University selects its suppliers appropriately and achieves fair value for money in all University procurement activities.

All Procurement Services led activity will be delivered using standardised Procurement processes. These processes have been developed to ensure that probity and business requirements and value-for-money are met in the most efficient way possible.

The policy also recognises the need to provide the appropriate guidance to staff at a local level, who wish to purchase specific goods and services not managed centrally by Procurement Services. To assist in this area, Procurement Services have developed 'Procurement and Purchasing Guidelines' to act as a guide for all purchases below a contract value of AUD$200,000, inclusive of GST.

Procurement Services' responsibilities include, but are not limited to:-

- The Procurement Services department, acting on behalf of the University, providing a centre-led approach, where appropriate, to seek eligible suppliers, communicate the requirements and solicit supplier proposals. Procurement Services is required to create an environment of competitive alternatives
- Planning, Managing and negotiating all University tenders for goods and/or services, excluding CIS managed tenders
- Reviewing and endorsing all tender waivers prior to submission to the Tender Board
- Approving all advertisements for tenders
- Establishing and approving all purchasing contracts or agreements over $200,000, inclusive of GST, providing expert advice and support to University staff regarding all aspects of procurement including quotes, determining fair value and preferred suppliers, excluding CIS managed tenders

4. Justification for the purchase and confirmation of funding

Prior to the purchase of goods and services there must be sufficient justification to demonstrate that there is a need for the goods and services to be provided and that funding is available.

Formal confirmation of funding must be obtained prior to engaging the market and may be submitted in various formats but as a minimum it must clearly show that adequate funds have been made available to cover all relevant costs associated with the acquisition of a good or service. Confirmation of funding must be obtained from the appropriate Financial Delegate for the Department/Business Unit.

For further guidance on delegated expenditure levels refer to parts 6.3, 6.4 and 6.5 of the Delegations of Authority – Administrative Functions found at Policy Online.

5. Quotation and tender requirements

The following quotation and tender requirements are the minimum needed. Additional quotations or undertaking a tender process should be considered where the nature of the goods or services being acquired warrants it. Templates and guidelines to assist in obtaining the required number of quotations can be found at: sydney.edu.au/procurement_services

Value of Order/ Agreement/ Contract Life (including GST)-Standard activities	*Value of Order/ Agreement/ Contract Life (including GST)-CIS and ICT activities*	*Requirement*
$200,000 and above	$200,000 and above	Tendering process via Procurement Services, or CIS for CIS managed tenders Tender Board approval required
$50,000 to $199,999	$50,000 to $199,999	3 written quotations
$10,001 to $49,999	$10,001 to $49,999	2 written quotations
$10,000 and below	$10,000 and below	Quotations optional

Note: Waivers:
Refer to section 8 for quotation and tender waivers where the circumstances in which the need to follow the above table, and obtain written quotations or to run a tender, may be waived.

Note: Preferred Suppliers:
Specific goods or services acquired from an approved external supplier included on the Preferred Supplier schedule are not subject to quotation and tender requirements, including reporting to the Tender Board, though normal delegation approval and limits apply - see Section 9.

Note: Purchase Orders:
University Purchase Orders are to be issued for all purchases above $10,000 (including GST) - see section 13.1.

Note: Values in this policy are gross costs, including all taxes and duties.

Note: Order Splitting
Transactions must be valued as a total transaction and not split into components or parts such as instalments or individual items. Regular or periodic orders for the same goods or service should be assessed as a minimum at the annual transaction value. The value of the order/agreement is either the total acquisition cost (if purchased) or the total lease cost (if leased).

6. Delegations of authority

Refer to parts 6.3, 6.4 and 6.5 of the Delegations of Authority Administrative Functions for a list of delegated officers with the authority to approve the acquisition of goods and/or services, up to the values specified within their accountability areas and funds availability.

6.1 Variations on approved amounts

Unforseen variations on total costs for approved goods or services up to 10% on the approved amount do not require additional approval by the delegated officer. This provides a contingency for unforeseen costs such as exchange rate variations and modifications to works projects. This contingency is not to be communicated to suppliers when requesting quotes or tenders and must not be treated as an automatic opportunity to spend 110% of the original purchase order amount.

Note: this variation does not apply to the Corporate Card transaction limit of $5,000 for the acquisition of goods or services (i.e., the transaction limit remains at $5,000), or to travel transactions.

Except for contracts for approved major capital works for building projects, acquisitions that were of tender value and were previously approved by the Tender Board will need a further approval if unforseen variations exceed 10% of the original approved amount (i.e. contract life, including any extension options). Refer to part 6.5 of the Delegations of Authority Administrative Functions for delegations in relation to contracts for approved major capital works for building projects.

Please contact Procurement Services for direction on obtaining Tender Board approval for variations.

6.2 Infrastructure goods and services

Campus Infrastructure and Services (CIS) must approve the acquisition of goods and/or services that relate to fixtures and fittings, buildings, grounds or facilities infrastructure. Refer to the Request for Assistance form for details.

Information and Communications Technology (ICT) approval must be acquired in accordance with the standards of the University. All Capital Expenditure involving information communications technology must be reviewed and approved by the Chief Information Officer, or an officer nominated by the Chief Information Officer. Leasing is the University's preferred method of acquiring technology assets.

The Preferred Supplier schedule includes specific goods and services that must be acquired through CIS and ICT. Please also refer to section 9.

7. Tendering

For supplier engagements $200,000 and above that use the Tender process, probity requirements must be taken into account to determine an appropriate methodology to achieve the best outcome.

University tenders should be open to the public so that the market is assessed for the goods or services required. There are two ways this may be done, either by fully Open Tender or a multi-stage tender which initially involves the calling of an Expression of Interest ("EOI"), followed by a Selective Tender. **The Procurement Services Department must approve all Open Tender proposals and the Chief Procurement Officer must approve all EOI proposals.**

Invited Tendering may be used instead of Open Tendering in certain circumstances. Invited Tendering occurs when specific suppliers are invited to tender for goods or services rather than the tender being open to any suppliers. **The Chief Procurement Officer must approve all Invited Tender proposals, with the exception of using approved pre-qualified supplier panels.**

Agreements arising from tenders will be prepared on Agreement templates provided by the Office of General Counsel, approved in accordance with the Delegations of Authority - Administrative Functions policy and signed by the Chief Procurement Officer or the Director of Campus Infrastructure and Services (for CIS tenders only).

For more information on the tendering process, please refer to the Procurement: Tendering Procedures.

8. Quotation and tender waivers

The need to obtain the required number of quotations or to run a tender, as outlined in section 5, may be waived in exceptional circumstances:-

(a) Where it can be shown and quantified that entire bodies of research would have to be duplicated at significant financial and time costs to the university if an alternative supplier is used.
(b) Where it can be shown that the provider of the equipment or service is a sole supplier.
(c) Where the specified attributes or advantages can be clearly documented and substantiate the value proposition from one supplier. These should be demonstrable and provide a compelling justification for the request.

For the purposes of this policy the following may be deemed as a sole supplier:-

(1) Sole supplier of a service being the only supplier of a unique service in the Asia Pacific region.
(2) Sole supplier for goods (sometimes combined with a service) being the only supplier (not manufacturer) of a good with unique specifications 'in the market' (which could be global). Brand is not sufficient for being a sole supplier, the specifications must be unique.

Note: Specific goods or services acquired through University preferred suppliers, approved Government suppliers and University Consortia's do not require quotations or tenders – see section 9.

The table below outlines the general approvals and requirements for Quotation and Tender Waivers:-

Value of Order/Agreement/Contract Life (including GST)	*Approval*	*Requirement*
Tender waiver above $1 million	• Tender Board or Chief Financial Officer	• Submission of Formal Tender waiver request by the Requisitioner through the relevant Department/Faculty Finance Director or Associate Director Finance to Procurement Services and the Tender Board
Tender waiver $200,000 to $1 million	• Chair of the Tender Board or Chief Procurement Officer	• Submission of Formal Tender waiver request by the Requisitioner through the relevant Department/Faculty Finance Director or Associate Director Finance to Procurement Services.
Quotation waiver $10,001 to $199,999	• Department/Faculty Finance Director • Associate Directors Finance • Chief Procurement Officer • Associate Director Procurement Services	• Submission of Formal Quotation Waiver request via the automated quote waiver tool.

Please consult with Procurement Services regarding the procedure for submitting formal Tender Waiver requests.

The Chief Procurement Officer will provide a quarterly report to the Tender Board for noting, listing the waivers and selective tendering approved.

9. Preferred and contracted suppliers

Procurement Services can establish Preferred and Contracted Suppliers for the acquisition of specific goods and services. The selection of these suppliers should follow a formal approval process, which may include, but is not limited to a Tender process. Refer to the Preferred Supplier schedule for

details of preferred suppliers by category of spend. These suppliers are to be used for the acquisition of the specific goods and services, wherever possible.

Specific goods or services acquired from an approved external supplier included on the Preferred Supplier schedule are not subject to quotation and tender requirements, including reporting to the Tender Board, though normal delegation approval and limits apply. The Preferred Supplier schedule also includes infrastructure goods and/or services which require Campus Infrastructure and Services or Information and Communications Technology approval (refer to section 6.2), as well as Government contracted suppliers and University consortia's.

The following shall also be considered Preferred Suppliers for the purposes of this Policy:-

- The University of Sydney and its affiliated bodies (including student associations)
- Suppliers of NSW Government and Federal-issued contracts where such contract is endorsed by Procurement Services
- University consortia (e.g. Council of Australian University Libraries (CAUL), Council of Australian University Directors of Information Technology (CAUDIT), Higher Ed Services (HES), Australia's Academic and Research Network (AARNet))

10. Environmental and Sustainability considerations

The University is committed to environmental best practice and ecological sustainability in the acquisition of all goods and services.

Procurement activities at the University shall support the vision and integrated approach of the Sustainable Campus Program. The University acknowledges that the way we consume products and services in our day to day operations, and who we purchase them from, will have a significant effect on our environmental footprint and our contribution to sustainable development.

In implementing sustainable procurement, we will be guided by the Australian and New Zealand Government Sustainable Procurement Framework, including its principles to:-

- Adopt strategies to avoid unnecessary consumption and manage demand.
- In the context of whole-of-life value for money, select products and services which have lower environmental impacts across their life cycle compared with competing products and services.
- Foster a viable Australian market for sustainable products and services by supporting business and industry groups that demonstrate innovation in sustainability.
- Support suppliers to government who are socially responsible and adopt ethical practices.

Refer to the University's Environmental Policy for details and contact the Manager, Campus Sustainability, CIS, for advice or clarification.

11. Non-allowable expenses

Items that are personal or private in nature must not be charged to the University. Refer to the Procurement: Non-Allowable Expenses Procedures for details.

12. Equipment purchases

Equipment and other items valued at $1,000 or above must be recorded in the PeopleSoft Asset Management system. Refer to Asset Acquisition, Transfer and Depreciation Procedures for details.

All equipment purchases must have the following information recorded in PeopleSoft:-

- Asset Tag Number
- Serial Number/Service Tag
- Location (where equipment is physically located)
- Custodian (surname/first name, eg, Smith, John)
- Manufacturer
- Model

13. Methods of purchasing

There are three methods of purchasing within the University:-

- University Purchase Order
- Corporate Card
- Library information resource order

13.1 University Purchase Order

University Purchase Orders are to be issued for all purchases above $10,000 (including GST), except those acquired using the University Corporate Card and Library information resource orders. In all instances where the University has entered into a contractual arrangement with a supplier, it is necessary to raise a University Purchase Order so that the commitment of expenditure is entered in the finance system.

It is essential that the purchase order is issued only if the quotation and tender requirements have been met and an officer with appropriate financial delegation has approved the acquisition. Refer to the Procurement: Purchase Order Procedures for details.

13.2 Corporate Card

University Corporate Cards are to be used to purchase goods and/or services up to a maximum value of $5,000 per transaction (inclusive of GST and other charges) and travel. Refer to the Corporate Card Procedures for details.

Note: where a contracted/preferred supplier exists or if a supplier has been eEnabled via the e-Procurement process, corporate cards are not to be used as a method of purchase.

13.3 Library information resource order

Library information resources (books, serials, etc) are ordered by the University Library using the Millennium Integrated Library Management System (ILMS). The ILMS is used to manage all aspects of collection acquisition, including orders management, accessioning (receiving), funds reporting and cataloguing (physical description). The system also provides the principal a means of stock control, including circulation and electronic access for all formats (print, audiovisual and electronic media).

14. Purchase Contract/Agreement

The Standard University Agreements (Procurement) must be used whenever the University is purchasing goods and/or services. The Standard University Agreements (Procurement) have been developed by the University's Office of General Counsel and represent a commercially reasonable position for both the University and suppliers. The Office of General Counsel must approve any non-standard agreement proposed to be used.

Refer to section 7 in the Procurement and Purchasing Guidelines for additional information.

15. Receipt of goods and service / Payment Approval

A person who is responsible as part of their duties, or as agreed with the delegated authority, to perform the function of taking delivery of the goods and/or service will certify (sign and date) the

invoice that all of the goods were received in good order and condition or all of the service was satisfactorily performed. Payment will be approved based on this advice if the payment is against a duly approved purchase order.

Where goods and/or services were found to be faulty, improperly performed or not as specified the supplier must be immediately contacted and details noted on the invoice or order.

If goods are returned to the supplier, details must be noted on the invoice and order and the supplier should not be paid for the returned goods.

INTERNAL CONTROLS

16. Segregation of duties

The purchasing function must be separated from the payment function throughout the University.

17. Tender Board

The Tender Board is responsible for ensuring that the University's Procurement Policy is observed during all tendering processes. Refer to Appendix A for details on the Terms of Reference, Membership, Meetings and Reporting.

RELATED INFORMATION

18. Resources and weblinks

References

- Asset Acquisition, Transfer and Depreciation Procedures
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/16&RendNum=0
- Code of Conduct Policy
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/65&RendNum=0
- Corporate Card Procedures
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/25&RendNum=0
- Corruption Prevention Strategy
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/69&RendNum=0
- Delegations of Authority – Administration Functions
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/72&RendNum=0
- Environmental Policy
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/154&RendNum=0
- Procurement: Non-Allowable Expenses Procedures
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/36&RendNum=0
- Preferred Suppliers
  sydney.edu.au/procurement_services/suppliers
- Procurement and Purchasing Guidelines
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/39&RendNum=0
- Procurement: Purchase Order Procedures
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/41&RendNum=0
- Procurement: Tendering Procedures
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/45&RendNum=0
- Reporting Wrongdoing Policy 2012
  sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2012/271&RendNum=0
- The NSW Government's procurement policies and code of practice
  www.nswprocurement.com.au/Government-Procurement-Frameworks

19. University policies superseded or replaced by this policy:

- Purchasing Policy: 14 February 2011

CONTACTS AND REVIEW

20. Contacts

- **Policy Interpretation and Application**
  Waivers, Invited Tendering and Processing of Tenders
  Chief Procurement Officer
  Phone: (02) 9114-0963 Fax: (02) 9036-5386
  Email: procurement.services@sydney.edu.au
- **Chair of the Tender Board**
  Deputy Chief Financial Officer
  Phone (02) 9351-2399 Fax: (02) 9351- 3680
  Email: matt.easdown@sydney.edu.au
- **Audit and Probity Matters**
  Director, Audit and Risk Management
  Phone: (02) 9351-2415 Fax: (02) 9351-3596
  Email: craig.prosser@sydney.edu.au

21. Review

The Finance and Accounting Manual will be reviewed annually and on an ad hoc basis if required.

The Chief Financial Officer will approve changes to financial procedures and guidelines and will co-ordinate changes to financial policy, with the Vice-Chancellor delegated to approve University financial and infrastructure policy.

Amendments to forms, schedules and weblinks will be processed by Financial Services.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the Financial Services website under:-

- FAM Amendments
- Amendments to Forms

Please forward suggestions and comments on the Finance and Accounting Manual via the Feedback Form.

APPENDIX A

PROCUREMENT POLICY: TENDER BOARD

TERMS OF REFERENCE

1. All acquisitions for goods and services, that use the tender process, must be approved by the Tender Board prior to the approval of the transaction by the delegate. The role of the Tender Board is to ensure that all relevant policy and procedures have been followed and that the recommendation documentation reflects the objectives of the University's Procurement Policy.

2. Normally, a recommendation to accept a tender that is submitted to the Tender Board will require the support of all Board Members. In the event that unanimous support is not forthcoming, the Chair of the Tender Board will make a recommendation to the delegate. The delegate, however, has the discretion to make the final approval decision.

3. To review and monitor the administration and operation of University Procurement Policy and process and make recommendations on appropriate changes when necessary.

MEMBERSHIP

4. The Tender Board shall consist of:-

   (a) Deputy Chief Financial Officer (Chair)

   (b) Chief Procurement Officer

   (c) Director, Remuneration and HR Shared Services

   (d) The delegate approving the acquisition.

MEETINGS

5. The Tender Board shall meet at least once per year and ad hoc to consider specific matters. The Chair of the Board shall determine the timing of any ad hoc meetings. The members of the Board normally will be consulted by "flying minute" for Tender Board requests.

REPORTING

6. The Tender Board shall minute the outcomes of all its deliberations whether its meetings are held in formal session or by flying minute.

7. The Tender Board shall report its activities to the Senate Finance and Audit Committee for consideration at its March meeting each year.

8. Audit and Risk Management will provide their review of the Tender Board annual report to the Finance and Audit Committee.