

# Procurement Procedures

## Section 1 - Overview

(1) The Procurement Procedures are aligned with the [Procurement Policy](#) and are intended to guide all procurement activities at UNE.

## Section 2 - Scope

(2) The strategic procurement activities covered by these procedures are represented in the procurement value chain diagram below.

[Click here for value chain diagram .](#)

(3) The remainder of this document addresses the various parts of the value chain.

## Section 3 - Procurement Procedures

### Confirm business purchasing/sourcing requirements

(4) Requirements:

- a. The businesses, schools and directorates should plan their procurement activities and planning for significant procurement should involve Strategic Procurement.
- b. The business units are accountable for confirming their requirements.
- c. The business should have an approved scope of purchase/scope of work before going to market for quotes or tenders.

### Purchase/source goods and services

(5) Requirements:

- a. Goods or services must only be sourced from suppliers where no internal resources are available that will provide a better value outcome.
- b. Budget must be approved prior to going to market to procure goods or services.
- c. A business case must be approved prior to going to market to procure goods or services for all capital spend. The Chief Financial Officer should approve exceptions to this.
- d. The UNE "HowTo Purchase" procedures (see intranet) must be followed by all who are involved in purchasing goods and services.

### Business approval

(6) Requirements:

- a. Business approval is required at various stages in the purchasing process and must be in line with:
  - i. UNE's Financial Delegations Policy
  - ii. UNE Sourcing Delegations, and
  - iii. Contract Variations procedures.
- b. The person approving the outcome of the procurement process should not be the same person who was involved in conducting the actual procurement process in order to maintain appropriate separation of duties. This requirement also applies to variations to contracts including extensions, and spending of contingency budgets.
- c. The business approver should satisfy themselves that the purchase is aligned with all functional policies and procedures e.g. those related to IT equipment acquisition. If the purchase does not comply or requires functional approval prior to purchase then functional approval must be received as part of the business approval process. Functional delegation examples are noted in the following table.

### Functional delegations

Type of good or service	Delegation to approve
Information technology	Technology and Digital Services
Staff recruitment or temp staff	People and Culture
Building works	Estate and Built Environment
Advertising	UNE Marketing
Library services eg: online subscriptions	Director Library Services and University Librarian

#### (7) Notes:

- a. All procurement must comply with policies and standards set by the functional areas and any deviation from the standard requires approval from the relevant functional area.
- b. Approvals must be received in writing from the delegate nominated by the Director of the functional area.
- c. Where UNE approved catalogues exist then specific approval is not required from functional areas e.g. for information technology equipment.

### Quotations Guidelines

#### (8) Requirements:

- a. Quotations for goods and services must be completed using the designated quotations software endorsed by Strategic Procurement. Vendor Panel is the preferred quotations software at present and should be used instead of email where appropriate panels have been defined in Vendor Panel.
- b. The rationale for final selection of the successful quote should be recorded in Vendor Panel or in TRIM if the quotes were received by email.
- c. Potential and/or actual conflicts of interest should be identified and dealt with whenever getting quotations as per the conflict of interest policy.
- d. Quotations and orders should not be split to reduce the total value so as to avoid the requirement for additional quotations or to avoid financial or procurement delegations.
- e. Quotation guidelines as per the [Procurement Policy](#) must be followed or an exemption must be obtained from Strategic Procurement. The business should ensure that poor business planning resulting in tight timeframes for procurement activities does not become the driver for requesting exemptions from getting quotations or from going to tender. Exemptions will be reported to VC Tender Committee on a regular basis. Exemptions must be

approved prior to committing to engage a supplier/signing any contract.

- f. Exemptions must be attached to purchase requisitions in Finance One where an exemption is required due to not getting the required number of quotes.

(9) For the number of quotations required — see the [Procurement Policy](#).

(10) For quotation exemptions and exemption delegations - see the [Procurement Policy](#).

### **Purchase Requisitions and Purchase Orders**

(11) Requirements:

- a. Purchase requisitions should have appropriate information and documents included.
- b. Purchase orders should not include project contingency amounts in the primary purchase order. A separate purchase order for contingency spend should be raised incrementally as needed. See the contingency spend checklist.
- c. Purchase requisitions should be approved by a person with appropriate financial delegation.
- d. Purchase orders should only be released to a supplier when the approver is satisfied that all procurement procedures have been complied with appropriately and that the Purchase Order is accurate and has all information required. Please see the purchase order approval checklist.

### **Panels**

(12) Requirements:

- a. UNE will leverage panels set up by the NSW Government or by the Australian University's Procurement Network or such organisations where deemed in the best interest of UNE.
- b. Panels will be set up via a competitive process unless otherwise approved by the Chief Financial Officer.
- c. Regional suppliers should be added to panels where they can meet UNE standards and adding them does not limit UNE benefits expected from that panel.

### **Contract Variations**

(13) Requirements:

- a. The dollar value of the contract variation should be added/subtracted from the existing contract value to determine new delegation limits for variation approvals.
- b. Approval of contract variations must be in accordance with [Procurement Procedures](#) for contract variations.
- c. Where a contract variation relies on using contingency spend, the approval to spend must be approved by the appropriate financial delegate separate from the person managing the project/contract. Certain low value/low risk approvals may be in retrospect.

### **Strategic Sourcing**

(14) Requirements:

- a. All high risk sourcing or sourcing expected to exceed \$250 000 in value must be managed by Strategic Procurement or their nominated delegate. Risk is a subjective assessment that includes items such as risk to the reputation of UNE, the likelihood of the tender process being challenged, very complicated business requirements, etc. A procurement risk checklist should be used when considering risk.
- b. It is expected that the go to market strategy for items exceeding \$250,000 will be a competitive tender unless there is a determination by Strategic Procurement that an alternative strategy will provide UNE with a better

value outcome. Alternative strategies may include selective tendering or direct negotiation. Alternative strategies must be documented explaining the rationale for selection of the strategy. A procurement plan or exemptions from quotation are acceptable documents.

## **Tender Guidelines**

(15) All tenders run by UNE need to comply with the following guidelines:

- a. Tenders should be led by Strategic Procurement or a person nominated by the Chief Financial Officer.
- b. Tenders must follow a "two envelope" process unless an exception is agreed by the Chief Financial Officer.
- c. A tender evaluation group or team should be set up and chaired by the nominated procurement lead as identified in item a) above.
- d. A probity advisor is only required for high risk or high value complex projects (for example, a \$5M information and communications technology project). The probity advisor should be an external advisor approved by Strategic Procurement. Where an external probity advisor is not required, a Strategic Procurement staff member should be nominated as a probity peer to act as a go to person for a second opinion for the person leading the tender.
- e. Approvals related to the tender process should be in line with UNE's Financial Delegations and with UNE's Sourcing Delegations.
- f. Consideration should be given to regional suppliers as confirmed in the regional suppliers section of these procedures.
- g. Consideration should be given to following a selective tendering process in order to reduce unnecessary costs and effort for UNE.

## **Sourcing delegations**

(16) Procurement delegations required during the sourcing process are documented in the [Procurement Policy](#).

## **Receive, validate & pay**

(17) Requirements:

- a. Purchase Orders should be released prior to suppliers delivering goods or providing services.
- b. The business is responsible for ensuring that all of the goods were received in good order and condition or all of the service was performed satisfactorily. No payments should be made without following validation procedures. Where goods and/or services were found to be faulty, improperly performing or not as specified, the supplier must be contacted to remedy the situation.
- c. Payments should only be made against approved budgets.
- d. Contingency budgets should not be accessed without formal approval from the financial delegate senior to the area accountable for the project or initiative.

## **Emergency procurement**

(18) Requirements:

- a. Emergency procurement procedures should only be used in those emergencies where the goods or services are required within a timeframe which will not allow for normal procurement procedures to be undertaken.
- b. Approval must be obtained from an employee with appropriate delegation should emergency procurement procedures need to be adopted.

## **Hazardous substances, dangerous goods and other high risk equipment or substances**

(19) The procurement processes for purchasing hazardous substances, dangerous goods and other high risk equipment or substances must comply with UNE [Workplace Health and Safety \(WHS\) Rule](#), WHS Acts, Regulations and codes including Australian Dangerous Goods Code.

## **Safe Design**

(20) Safe design needs to be a consideration when procuring goods and services as safe design will reduce the chance of human failure. This includes a focus on function not just aesthetics e.g. rubbish skips with side opening doors are preferable to skips loaded from the top.

## **Regional Suppliers**

(21) UNE's regional location provides an opportunity for government funding to be used to support a regional economy where this offers value for money to UNE. It is expected that regional suppliers that are in close proximity to UNE are to be given a full, fair and reasonable opportunity to supply UNE.

(22) Regional suppliers should compete on an equal basis, however where a regional supplier offers comparable value then they can be selected in preference to another supplier.

(23) For goods and services tenders for contracts over \$700,000 in value, UNE can elect to comply with The NSW Local Jobs First Plan where reasonable and deemed in the best interest of UNE. This includes considering and implementing industry development criteria in goods and services tenders. Key tender elements included in this Plan are:

- a. 20 per cent preference discount applied to the price of SME ANZ content;
- b. Up to five per cent additional discount to benefit regional NSW manufacturers;
- c. A six per cent minimum weighting for SME Participation Plans for contracts of \$4M and over.

## **Administer supply contracts AND manage supplier performance and relationships**

(24) Requirements:

- a. Managers are accountable to ensure that staff purchase from UNE's nominated contracts as guided by the "how to purchase" procedures and that all purchases and payments are made according to the terms of the contracts.
- b. All significant sourcing outcomes should ensure that contract management accountabilities are clear such that contracts are managed appropriately over the life of the contract.
- c. All suppliers need to be managed according to supplier management guidelines and procedures published by Strategic Procurement.
- d. Professional business relationships should be maintained and suppliers' performance should be reviewed and managed regularly.
- e. The UNE [Gifts and Benefits Policy](#) must be followed at all times.

## **Manage demand related to the acquisition of goods and services**

(25) All managers are accountable for ensuring appropriate demand management behaviours are adopted in their business areas in order to manage the volume and cost of UNE's external spend. Individual staff should ensure that only essential purchases are made. For example no "gold plated" purchases should be made where this is not required.

## **Leverage supplier supported innovation**

(26) Suppliers are a source of innovations that may be of great value to UNE or students at UNE. Appropriate behaviours should be adopted to identify and leverage innovation where possible. This may include:

- a. Adopting go to market sourcing strategies that help surface innovation ideas that are relevant for UNE
- b. Consider lease vs. buy options and other innovative supply strategies
- c. Periodically focusing supplier performance management meetings on considering innovation opportunities.

## **Procurement Planning and Category Management**

(27) All business areas should conduct annual procurement planning in line with procedures published by Strategic Procurement.

(28) Strategic Procurement should continually improve procurement practices across UNE through the adoption of good category management practices.

# **Section 4 - Definitions**

(29) Approve refers to the act of exercising delegations (financial or functional) to give approval.

(30) Business or businesses is used in this document to include UNE faculties, schools, directorates, or controlled entities.

(31) Contingency spend is spend over and above the initial predicted spend for a project/contract. Contingency spend is separate from and in addition to provisional sums (estimates) for project/contract items.

(32) Contract variations can be classified into two types namely:

- a. Administrative variations which do not change the financial details of a contract. Examples include changes to the billing address, personnel assigned to the contract, sequencing of work, delivery schedule, and arrangements permitted by specific contract provisions.
- b. Financial variations which alter the financial details of a contract. Examples include changes to the price/cost, quantity, nature of the deliverables, and term of the contract (which increases the value).

(33) Demand management is a proven mechanism to take costs out of an organisation without further reducing its capacity to execute. With demand management, UNE can address the underlying drivers of external spending, align purchases to business needs and eliminate unnecessary consumption. Examples include considering if the "gold plated" solution is really necessary or would a regular fit for purpose solution suffice. Another example is choosing black and white printing instead of more expensive colour printing.

(34) Emergency procurement procedures are designed for purchasing in emergency situations that require immediate action. In normal circumstances purchasing should be a planned process following standard processes. An emergency situation exists when an incident occurs, requiring immediate action to be taken in order to preserve life, health or property. Such conditions could occur for example in a natural disaster. A lack of appropriate planning does not constitute an emergency.

(35) Endorse refers to the act of providing endorsement of the proposed requirements/solution/way forward but does not constitute final approval. Final approval must be given by the appropriate delegate prior to progressing on.

(36) Preferred supplier is one where UNE has an approved contract in place.

- (37) Probity includes ensuring impartiality, achieving best value for money, ensuring consistency and fairness of process. It also includes ensuring confidential information is secured and protected, and the identification and resolution of real or perceived conflicts of interest. This requires clear accountability and transparency such that ethical behaviour is easy to identify before, during, and after the procurement activity.
- (38) Reasonable quote includes pricing that is not judged to be excessive based on the requester's experience and common sense, i.e. the price appears to reflect the supplier's costs plus a fair profit margin. If a quote appears excessive, a second quote should be obtained. Where possible the initial quote should be in writing.
- (39) Regional suppliers are those based near UNE in regional NSW. This includes but is not limited to suppliers headquartered in Armidale, Tamworth, and other regional towns in reasonable proximity to Armidale. Suppliers with operations based in and providing employment in regional towns near Armidale can also be included as a regional operator for the purposes of procurement.
- (40) Safe design includes consideration of design that will help reduce the chance of human failure. For example rubbish skips with side opening doors are preferable to skips loaded from the top. Or surfaces which meet the cohesion of friction standard (not mandatory) will prevent slips or falls by people or cattle.
- (41) Significant procurement is procurement over \$250,000 or high risk.
- (42) Sustainability involves development which meets the needs of present without compromising the ability of future generations to meet their own needs. This includes environmentally-friendly products, with reference to re-cycling, energy efficiency, scarce-resource efficiency, low-waste technology.
- (43) SMEs are defined as small and medium enterprises from NSW, other states and territories of Australia and New Zealand, with up to 200 full-time equivalent employees.
- (44) SME ANZ content refers to content of the tender produced by SMEs based in Australia and New Zealand.
- (45) Selective tendering is the process of selecting a tender panel and then only sending a request for tender to the panel rather than to the open market. This can reduce the number of tenders received while still providing a value for money outcome after following a process with appropriate probity.
- (46) Two envelope process is where the initial qualitative evaluation is done without access to the pricing information.
- (47) Written quotes are those submitted in writing electronically. They also include items such as conference brochures, newspaper advertisements, and screen prints of online quotes.

## Status and Details

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