Purchasing Policy

Section 1 - Summary

(1) The purpose of this policy is to establish a framework within which all purchases of goods and services will be made. Where existing contracts or arrangement do not meet purchasing needs of the business unit or college, the Purchasing department can assist with the appropriate sourcing and contracting activity.

(2) The policy:

a. Establishes sound and ethical buying practices by applying principles of life cycles costing and minimizing adverse environmental and social impact through selection of sustainable goods and services.
b. Promotes and encourages value for money purchasing by promoting unbiased and open competition through increased competition and fair opportunities for all suppliers.
c. Promotes the development of a high-performing and reliable supplier base, capable of delivering technically compliant and value for money products and services.
d. Reduces purchasing costs by leveraging VU power through consolidated buying leverage across the University.
e. Contributes to the achievement of the University's strategic objectives of quality improvement and alignment of management processes.
f. Ensure that purchases comply with all University OHS policies and provide a safe and healthy working environment in accordance with the Victorian Occupational Health and Safety Act 2004.
g. Ensure risk is mitigated through compliance with the University Risk Management Policy including a risk assessment and consultation where applicable.

Section 2 - Scope

(3) This policy applies to:

a. All VU goods purchasing activities other than those specifically excluded below. This includes computing and communication equipment, which must be purchased through approved central purchasing area.

(4) Exclusions:

a. Purchasing performed via a purchasing consortia (eg library stock acquisitions).
b. Staff reimbursement, Cash Advance and per diem entitlements are not covered by this policy.
c. Payroll transactions, payment of salary and related on-cost are not covered by this policy.

Section 3 - Definitions

(5) Selective RFx or Closed RFx — Tender/s by invitation only. Invited suppliers are selected based on previous experience and/or their reputation in the industry. A "Go No Go" criteria may be set to determine such suppliers.

(6) Sole Supplier Contracts — These are contracts approved where there is only one tenderer.

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(7) High Risk — Purchases that is deemed to be "High Risk" under the risk assessment.

(8) High value — Purchase in excess of $10M.

Section 4 - Policy Statement

(9) The Purchasing Policy provides governance on how University purchasing activities should be conducted. The Policy provides the University with:

a. A Structured Procurement Framework.
b. Promotion of social and environmental sustainability considerations that should form part of the purchase decision.
c. Increased supplier management, performance and engagement; strengthened knowledge management.
d. Streamlined processes and decision making, increased agility in decision making whilst applying appropriate control.
e. Mitigation of risk and identification of opportunities.
f. Promotion of Integrity, Respect and Transparency.
g. Achievement of Procurement Best Practice through appropriate market benchmark and review of best practice.

(10) All purchases made must represent value for money to the University.

(11) All purchases must be within the budget, or if not budgeted items, have appropriate financial approval.

(12) Required goods and services must be obtained through the following order of precedence:

a. Existing contracted suppliers;
b. Approved suppliers;
c. Other suppliers in accordance with this policy and the procedures which support it.

(13) The unit which is responsible for using the goods or services is responsible for determining the specifications of the required goods or services, and confirming that suppliers and / or products selected by the Procurement Department meet the specifications established.

(14) All purchases must be referred to and approved by the Procurement Department prior to the commencement of the commitment to purchase with supplier. Where the services being procured are legal services, these must be organised through the University's Office of the General Counsel, Governance and Risk area and cannot be approved without the endorsement of the Director, Portfolio of the Vice Chancellor.

(15) All purchasing activities that require a tender to be issued must be coordinated and issued by Procurement Department. (Please see Purchase Value table below for guidance).

(16) A Procurement Authorising Board (PAB) is established and will have the functions set out in this Policy and the Procurement Authorising Board Procedures.

(17) All purchases of $250,000 or greater per year per supplier, including Building & Construction Works related Expenditure, must be approved by the PAB.The following exceptions apply to this process:

a. Where less than two(2) suppliers of the goods or services required can be found.
b. Where the goods or services are procured through or by:
    i. Victorian University Procurement Forum(VUPF),

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ii. Australian University Procurement Network(AUPN),
iii. SPC (State Purchasing Contract),
iv. Council Australian University Librarian(CAUL),
v. Academic & Research Library Acquisition Consortium (ARLAC), or
vi. Australian University Senior Financial Officers Group (AUSFOG).

c. Where a contract variation is required or extension of a contract is required, where supplier's performance has met the scope of the initial contract, Procurement Authorising Board (PAB) may consider only one quotation from the initial supplier for one or more further contract/s providing that the further contract is on the same or similar condition as the initial contract.

(18) All purchases must be raised through an approved Finance System. An approved Purchase Order (PO) must be created prior to the acquisition of goods and/or services. Under no circumstances should the University receive goods or services without an approved Purchase Requisition and an approved Purchase Order (PO). NO PO NO PAY rule applies to all purchases.

(19) Only appropriately authorised officers can approve purchases.

(20) Key stakeholders will be engaged on needs and requirements and assisted in solution design through sourcing strategy and supplier engagement.

(21) Implementation and execution of preferred supplier agreements to manage expenditure and supply base is an ongoing priority of the purchasing management process.

(22) Finance will provide all operational support required to facilitate quality execution and supplier compliance.

(23) The quotations or tender requirements for any purchase will be based on the value of the purchase on an annual basis as set out in the Purchase Value Requirements table below:

Purchase Value / Year	Quotations / Tenders Required
Orders $0 to $499 (excl GST)	- All one off purchases under this value should be made through Purchasing Card (Credit Card).
Orders $500 to $9,999 (excl GST)	- At least one written quote. - Specifications and information provided to suppliers must be the same to ensure open and effective competition. - Quote must be attached to the purchase requisition in Finance System.
Orders $10,000 to $99,999 (excl GST)	- At least three written quotes. - If it is not possible for three quotes to be obtained reasons must be documented. - Specifications and information provided to suppliers must be the same to ensure open and effective competition. - All Request for Quotes must be conducted through Procurement or approved by Procurement. - Quote from successful supplier must be attached to the Purchase Requisition (PR) in Finance System.
Orders $100,000 to $250,000 (excl GST)	- At least three written quotes. - If it is not possible for three quotes to be obtained reasons must be documented. - Specifications and information provided to suppliers must be the same to ensure open and effective competition. - All Request for Quotes must be conducted through Procurement. - Quote from successful supplier must be attached to the Purchase Requisition (PR) in Finance System.

Orders over $250,000 (excl GST)	- At least three written tenders. - If it is not possible for three tenders to be obtained reasons must be documented. - Specifications and information provided to suppliers must be the same to ensure open and effective competition. - The purchase must be referred to the Procurement Authorising Board for approval. - All purchases of $500,000 and greater will require a risk assessment to be performed in accordance with the University's risk management policy and procedure. - Independent Probity Advisor must be appointed for tenders which are high risk and/or high value (over $8 million).

Note:

During the quote/tender evaluation process, aspects of any supplier's respond may be further clarifies or negotiated in order to determine the suppliers best meets the selection criteria. This may include multiple rounds of price and scope negotiation. This process is also referred to as "Best And Final Offer" or BAFO.

Compliance

(24) The purchaser is responsible for ensuring that purchases are supported by the appropriate documentations, and that this documentation is forwarded to Procurement.

(25) Purchase compliance testing and review will occur on a quarterly basis. Non-compliance with this policy will be notified to the manager or head of that area.

(26) For repeated or deliberate non-compliance with this policy the Director, Procurement & Business Operations may recommend to the VP Infrastructure & CIO that sanctions be invoked against the non-complying officer.

Section 5 - Procedures

(27) Purchasing Procedure

Status and Details

Status	Current
Effective Date	30th January 2015
Review Date	28th February 2027
Approval Authority	Vice-Chancellor
Approval Date	28th January 2015
Expiry Date	Not Applicable
Accountable Officer	Matthew Walsh Chief Financial Officer officeofCFO@vu.edu.au
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