

Purchasing Procedure

Section 1 - Purpose / Objectives

(1) The purpose of this procedure is to outline the processes by which the University's purchasing should be done and support the effectiveness and efficiency of the centralised purchasing function. This procedure should be read in conjunction with the [Purchasing Policy](#) .

Section 2 - Scope / Application

(2) This procedure applies to:

- a. All purchasing activity across the University and every employee involved in making a request to purchase. This includes purchase of property and building works and purchase of IT equipment, but excludes:
 - i. Staff reimbursement, Cash Advance and per diem entitlements.
 - ii. Payroll transactions, payment of salary and related on-costs.
 - iii. Purchasing performed as part of a consortia (eg library stock acquisitions).

Section 3 - Definitions

(3) Nil

Section 4 - Policy Statement

(4) See [Purchasing Policy](#).

Section 5 - Procedures

Part A - Roles/Responsibilities

Roles	Responsibility
Procurement Department	RFx process Negotiation and BAFO discussion with suppliers Ensure correct suppliers are used, all quotations and documentations are provided, Purchasing Policy compliance etc.
Purchaser/Originator	Raise Purchase Requisitions
Budget Manager/Approver	Approves PRs
Purchaser/Originator	Check and approve invoices
Account Payable	Process payment for approved invoices

The [Procurement Process Flow](#) defined the process flow and the roles and responsibility in more detail.

Part B - Procedure

(5) Purchasing at VU takes place via a controlled system which seeks to maximise efficiency and value for money in the University's spending, leverage large-scale buying power, and maintain a transparent, accountable approach to buying goods and services.

(6) Purchasers need to be aware of the following required steps. Each is explained in further detail below.

- a. Step 1: Appropriate pre-purchase strategy (e.g. solicitation of written quotes, Request for Quotation, Request for Tender).
- b. Step 2: Purchase Requisitions.
- c. Step 3: Purchase Orders (including, where relevant, Open Purchase Orders).
- d. Step 4: Purchase Approval Gate.

Purchase Requisition (PR)

(7) Purchase requisitions (PR) must be raised online for all goods and services, with the exception of:

- a. Utility Bills
- b. Variable photocopier costs ("Click" rates, staples, etc.)
- c. Student refunds and prizes
- d. Bank Drafts and Telegraphic Transfers required in foreign currency
- e. Memberships and subscriptions
- f. Library stock acquisitions

(8) Purchasers must raise a PR on Finance One (F1) or any alternative Procurement approved online portal. All requisitions must be approved by a person with the appropriate financial authority, as detailed in VU's Delegations Framework.

(9) Under no circumstances should the University receive goods or services without an approved PR and an approved Purchase Order (PO) unless specifically exempted under clause (7) above.

(10) NO PO NO PAY policy applies across the University.

(11) The person raising an online PR may not approve the requisition. Similarly, the person approving a new supplier addition may not also be responsible for setting up the financial and banking detail. Segregation of duty must be maintained at all time to ensure Integrity, Respect and Transparency.

Purchase Orders (PO)

(12) A PR becomes a PO when the appropriate approval is obtained through the workflow process. An approved PO must be generated prior to the acquisition and delivery of goods and/or services.

(13) POs that are not created in accordance with the requirements of the [Purchasing Policy](#) will not be approved and will be referred back to the originator.

(14) Suppliers are required to quote the relevant PO number on all tax invoices. Organisation units are responsible for validating the F1 PO order details against the PO number quoted on the tax invoice by the supplier.

(15) When POs are raised as part of the awarding of a contract, such POs must not be released until the contract or relevant written document has been completed and formally executed in accordance with the University Contract Policy.

Open or Blanket Purchase Orders

(16) An open purchase order, also known as a blanket order, is a master purchase order that permits tracking of multiple transactions related to a single vendor and/or agreement. A blanket order must be supported by quotation or contract agreement.

(17) Blanket purchase orders can be used when the organisational unit is required to make repeated purchases of specific items over an extended period, usually for periods of at least several months.

(18) It is the responsibility of the organisational unit to monitor the orders placed, prices and terms of their blanket purchase order.

(19) Blanket orders should only be renewed where there is an ongoing requirement for the goods in question. It is the responsibility of the organisational unit to cancel blanket orders when they expire or goods are no longer required. The organisational unit must review blanket orders for changes prior to renewal.

Contracts/Commitment to purchase

(20) When a PO is approved and generated, the funds are recorded in the Finance System as a commitment. Purchasers must review commitments to ensure they are accurate. If the commitments are no longer required they must be deleted from the Finance system.

(21) The Finance Department may terminate any blanket PO that has been inactive for more than 3 months.

(22) The Purchased Value requirements table in [Purchasing Policy](#) must be strictly complied with.

(23) Approved POs cannot be amended without going through appropriate approval process.

Purchase Approval Gate

(24) A Purchase Requisition (PR) becomes a Purchase Order (PO) when a University officer who has the appropriate financial authority approves the requisition. The Procurement Department then reviews the purchasing process to ensure that all required steps have been followed, and the PO can be created. An approved PO must be created prior to the acquisition and delivery of goods and/or services. A [workflow in F1](#) has been implemented to ensure compliance with the [Purchasing Policy](#).

Payment Terms

(25) The University imposes a standard 45 days payment terms. The payment terms of 45 days is set to provide University with better cash flow and working capital. This payment term is captured in the F1 system as a default payment terms for all suppliers. In the case where a specific agreement in the form of Contract Agreement, the payment terms agreed in the Contract Agreement will be fulfilled.

(26) The payment terms in the Purchasing Terms and Conditions, attached to each PO, supersede all payment terms specified unless prior approval is obtained from Procurement or a Contract Agreement following Contract Agreement Policy is signed with a different payment term.

Invoice approval and payment

(27) The following process flow is implemented for payment of approved invoices

- a. Suppliers email invoices in PDF format to Finance (apinvoices@vu.edu.au).
- b. Finance scan, validate and forward the invoice to the purchaser/requestor for approval.
- c. Requestor approves or reject invoice accordingly.

NB: By approving the invoice requestor acknowledges that goods or services have been supplied as per the purchase order, quantities and price are correct, and that the goods or services provided are of the quality and in the condition specified.

- a. The invoice is matched to the purchase order in the Finance system.
- b. The invoice is then forwarded to the Finance Department for payment.

Suppliers

(28) Suppliers may be classified as follows:

- a. Preferred Suppliers
 - i. A supplier awarded a contract following a competitive process through RFX managed by Procurement, conforming to the University's [Purchasing Policy](#). Preferred suppliers are suppliers that have a Contract Agreement signed with VU in accordance with VU [Contracts Policy](#).
- b. Approved Suppliers
 - i. A supplier who provides University-wide goods/services and has a contract/terms reviewed and agreed by Procurement, but not competitively tendered, conforming to the University's [Purchasing Policy](#). Approved suppliers are suppliers that have been approved by Procurement through a full supplier assessment criteria where the criteria includes, but is not limited to, an assurance of company certification, insurance, OHS compliance and other legal requirements.

(29) Purchasers must use suppliers in the following hierarchical sequence:

- a. Where a Preferred Supplier exists for a category of goods or services, the Preferred Supplier must be used;
- b. Where no Preferred Supplier exists and an Approved Supplier is available for a category of goods or services, the Approved Supplier must be used;
- c. Where no Preferred or Approved Supplier is available for a category of goods or services, engagement with Procurement is required to ensure requirements are met either through identification of capability from Preferred or Approved suppliers can be assessed. In the case where no capable supplier/s can be found, Procurement will assist in the supplier approval and addition to Approved supplier list process.

Where an order is placed with a non preferred/approved supplier for goods or services and a preferred/approved supplier is set up for such goods and services, Procurement may, at its discretion, reject such orders and request the originator to use the preferred/approved supplier.

Supplier Addition and Modification

(30) The University has a database of suppliers to suit most requirements for the acquisition of goods and services. In order to manage its supplier database, Procurement will actively monitor suppliers and periodically carry out reduction/consolidation activities.

- a. Where one or more suppliers are currently set up in University's existing active supplier database for the category of goods or services required by the Purchaser, Procurement will not authorise the creation of a new supplier.
- b. All requests to add new suppliers will be referred to Procurement via workflow for approval. Supplier requests that are not completed will not be approved and will be referred back to the originator.
- c. The purchaser is required to complete a "Request to Create a Supplier Form" after a new supplier addition is identified through engagement with Procurement. The officer authorising the creation of a supplier must hold a financial delegation or approval from Procurement will be required.

If you require amendments to be made to supplier contact details, there is no need to complete the Supplier Template. An email to apmaintenance@vu.edu.au will suffice.

Form of RFX

(31) The below format can be used as official form of tender to engage supplier/s.

Note: Please consult the [Purchasing Policy](#) spend threshold to determine the right RFX process.

- a. Request for Tender (RFT)
 - i. RFT is used when a specific scope of works can be determined and provided to the tenderers. RFT will be very prescriptive and required all the relevant Service Level Agreement (SLA) and Key Performance Indicators (KPI) to be specified in the RFT document before releasing this to the market. A detailed assessment criteria relating back to the SLA and KPI will have to be generated and included before releasing the RFT.
- b. Request for Proposal (RFP)
 - i. RFP can be used as an official document when a specific scope cannot be defined or when the University desires for proposals from the market leaders on technology or best practices. Detail scope can be generated through this process. Once a detail scope of works can be determined, a fixed and firm price can be requested through the same RFP process where the University Procurement team will perform the relevant data analysis from the fixed and firm pricing before shortlisting and negotiation for Best and Final Offer (BAFO).
- c. Request for Quotation (RFQ)
 - i. RFQ can be used when the purchase value falls within the threshold where a Tender is not required. Same data analysis and scope will be defined in this RFQ process. Fixed and firm pricing with BAFO negotiation will be required in this process.
- d. Expression of Interest (EOI)
 - i. Expression of Interest can be used when the University desire to seek suitable candidate/business partners to run the University Operations such as, but not limited to Onsite Caterers, Printing Services, Bookshops, Convention Centers, Childcare Centers etc.
 - ii. EOI can also be used to gage market interest and used as market benchmarking tools.
 - iii. Providing that relevant requirements and evaluation criteria have been specified in the request for EOI or the associated request documentation, Procurement may:
 - assess the extent to which a submission meets the technical and performance specifications of the purchase; and
 - Shortlisting based on its rating of submissions, provided that the largest number of potential suppliers is selected that is consistent with an efficient procurement process.
 - iv. Procurement may choose to shortlist suppliers through a "Go No Go Criteria" where all the mandatory requirements must be met before evaluating suppliers' proposal. Suppliers that do not meet the mandatory criteria will be eliminated and their proposal will not be reviewed for shortlisting process.

(32) The below format cannot be used as an official form of tender to engage supplier.

- a. Request for Information (RFI)
 - i. RFI is used when the University desires to request for market information. This RFI cannot be formalized into a contract negotiation without going through a formal RFT/RFP/RFQ process. RFI can be used to shortlist suppliers before issuing a formal RFX. The type of tender document will be determined following the RFI process.

Note: RFX Templates can be found in [Procurement Intranet](#).

Other form of Purchase

(33) For purchasing by lease or rental, or procurement that does not specify a total price, the basis for estimating the value of the property or services being procured is:

- a. for a fixed-term contract where the term is 12 months or less, the total estimated value for the contract's duration;
- b. for a fixed-term contract where the term exceeds 12 months, the total estimated value, including the estimated residual value which will be payable at the end of the contract; or
- c. for a contract for an indefinite period or where there is doubt as to whether the contract is to be fixed-term contract, estimated monthly instalment multiplied by 48.

(34) Where purchasing is to be conducted in multiple parts with contracts awarded either at the same time or over a period of time, with one or more suppliers, the estimated value of the property or services being procured must include the estimated total maximum value of all of the contracts.

(35) Where the total maximum value of a contract over its entire duration cannot be estimated and the purchasing does not fall within an exemption listed, the purchasing must be treated as being valued over the threshold.

(36) Purchasing must not be divided into separate parts for the purpose of avoiding a purchasing threshold. The Purchased Value/Threshold can be found in the [Purchasing Policy](#).

(37) For the purpose of this procedure:

- a. The value of all purchases is the per annum gross value of the purchase, excluding GST.
- b. When a trade-in is involved, the value of the purchase is the gross value of the new acquisition, excluding GST.
- c. When a contract is involved, the value of the purchase and the associated financial authority required is determined by the contractual commitment of University funds over the period during which the contracted goods or services will be supplied.
- d. For example, if a lease for a photocopier is being entered into over a five year period, with an annual lease payment of \$2,000, the value of that purchase for the purpose of this policy will be \$10,000 (\$2,000 x 5 years).
- e. The total costs of contractual arrangements are to include contingency costs for authorisation purposes.

Purchase Value requirements

(38) This will provide a step by step guide to identify which process is required based on each threshold spend.

- a. Orders value \$0 to \$499 (excl GST)
 - i. Steps:
 - If a "one off" purchase (non-repeated transaction/requirement) is identified.
Make transaction through credit card (please refer to Purchasing (Credit) Cards Policy).
- b. Orders value \$500 to \$9,999 (excl GST)
 - i. Steps:
 - Identified requirement for purchase.
 - Check with Procurement if there is a contracted supplier for the required item.
 - Obtain at least one written quote.
 - Raise requisition in Finance System and attached quote.
- c. Orders \$10,000 to \$99,999 (excl GST)
 - i. Steps:

- Identified requirement for purchase.
- Check with Procurement if there is a contracted supplier/s for the required item.
- Obtain at least three written quotes. All Request for Quotes must be conducted through Procurement or approved by Procurement.
- If it is not possible for three quotes to be obtained reasons must be documented.
- Raise requisition in Finance System.
- Quote from successful supplier must be attached to the Purchase Requisition (PR) in Finance System.

d. Orders \$100,000 to \$250,000 (excl GST)

i. Steps:

- Identified requirement for purchase.
- Check with Procurement if there is a contracted supplier/s for the required item.
- Obtain at least three written quotes. All Request for Quotes must be conducted through Procurement or approved by Procurement.
- If it is not possible for three quotes to be obtained reasons must be documented.
- Raise requisition in Finance System.
- Quote from successful supplier must be attached to the Purchase Requisition (PR) in Finance System.

e. Orders over \$250,000 (excl GST)

i. Steps:

- Identified requirement for purchase.
- Check with Procurement if there is a contracted supplier/s for the required item.
If there is no contracted supplier
 - Draft specification/requirement or
 - Draft Statement of Works with KPIs.
- Work with Procurement to run a tender. All tenders must be conducted through Procurement.
 - At least three written tenders
 - If it is not possible for three tenders reason must be documented.
 - All information provided to suppliers must be the same to ensure open and effective completion.
- 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.
- The purchase must be referred to the Procurement Authorising Board for approval.
- Independent Probity Advisor may be appointed for tenders which are high risk and/or high value.

Purchase Value of Multiple Items

(39) There will be cases where judgment is required in deciding whether or not a purchase falls within a particular financial limit, in particular, orders for the purchase of multiple items.

(40) The general criterion for deciding whether or not multiple items should be regarded as part of a single order, and therefore a single financial authorisation, is the value of the resultant commitment entered into on behalf of the University.

(41) In this context, relevant questions are:

- a. Is the volume of items or materials proposed to be purchased consistent with normal practice?

- b. Do the multiple items form a single operating unit such as a computer system?
- c. Are the items a natural set as for example a set of new terminals for a classroom or a group of classrooms?

(42) If the answer to any of these questions is yes, then the value of that purchase is to be considered as a total to be subject to this policy.

(43) Under no circumstances is purchase order splitting is permitted.

(44) 'Purchase order splitting' occurs when one purchase transaction is processed on multiple purchase orders in an attempt to make it appear that the various purchase orders are unrelated transactions, when in fact they relate to the same transaction or are a series of related transactions.

(45) Order splitting is non-compliance to the [Purchasing Policy](#).

Quotation Requirements

(46) Contracted Category/Supplier

- a. Contracted Suppliers are also called Preferred Suppliers. Where contracted agreements exist for the required goods or services, there is no requirement to obtain quotations as long as the value of the purchase is within the authorized value of the agreement.
- b. All purchased with the preferred suppliers can be performed through the Finance/Procurement approved online system where Procurement maintains the pricing for all contracted items. A purchase request through the approved online system still requires approval from officer with the appropriate level of financial delegation.

(47) Non Contracted Category

- a. Non contracted categories need to comply with the appropriate requirement as stipulated in the [Purchasing Policy](#).

Evaluating Quotations and Tenders

(48) Procurement will be performing the evaluation of quotations and tenders and provide the analysis to the requestor.

(49) When evaluating quotations and tenders the following assessment criteria may include but not limited to:

- a. Compliance to the purchasing specifications
- b. Price
- c. Quality
- d. Service delivery timelines
- e. Installation and maintenance support services
- f. Experience and reliability of the supplier
- g. Warranty or Guarantee
- h. Mitigation of risk to the University and compliance with requirements of the University Risk Management Policy including a risk assessment and consultation where applicable.
- i. Compliance with relevant Australian Standards (AS) where applicable or an acceptable international equivalent.
- j. Compliance with applicable University OHS policies.

An evaluation matrix will be generated for each category of purchase by Procurement through consultation with the purchaser to ensure all needs from the purchasers are captured in the evaluation of suitable suppliers. It should be noted that the mandatory criteria provided in the matrix must be evaluated as part of the evaluation process. The variable criteria may be tailored to suit the requirements of the individual tender.

Compliance

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

(51) Purchase compliance testing and review will occur periodically. Non-compliance with this policy will be notified to the manager or head of that area.

(52) For repeated or deliberate non-compliance with this procedure, the Director, Procurement & Business Operations may recommend to the VP Infrastructure & CIO that sanctions be invoked against the non-complying officer. Sanctions include, but not limited to, the withdrawal of the officer's financial delegation and/or withdrawal of access to the University's authorized Finance system.

Conflict of Interest Declaration

(53) Purchasers must not be involved in transactions with any suppliers where a conflict of interest, real or perceived, may exist. If, in the normal course of a staff member's duties, he/she is confronted with a purchasing decision where a conflict of interest may exist with a supplier, the member of staff is to advise his/her supervisor of the conflict and take no further part in the transaction.

(54) Supervisors are to allocate the purchasing decision to another member of staff in such circumstances. The staff member to whom the conflict relates to is to stand down from the purchasing decision and take no further part in the transaction.

(55) Examples of conflicts of interest include, but are not limited to:

- a. A transaction between a staff member and a member of his/her family or close friend or associate.
- b. A staff member being a director, officer, employee, agent, partner, associate, trustee or consultant to an entity which enters into a contract or transaction with the University.
- c. Accepting gifts, entertainment, discounts or other favours from any individual or entity that is seeking to do business with the University (please see the University's [Gifts, Benefits and Hospitality Policy](#) for further guidance).
- d. Purchasing decisions must be made in accordance with the VU [Appropriate Workplace Behaviour Policy](#).

Part C - Publication of Tender (RFx)

(56) All RFx must be completed through Procurement. Procurement will send RFx invitation to supplier through TenderLink where appropriate. All communications throughout the RFx process will be conducted in Tenderlink. The suppliers will be notified of all communications, clarifications or changes to the tender requirement via Tenderlink. All tender requirements will be specified in the RFx.

(57) Tenderlink is used to coordinate the following:

- a. Release the RFx document to all invited supplier for closed tenders or to public for open tenders.
- b. Notification of the release of RFx.
- c. Record responses from suppliers of their intention to respond to the RFX or otherwise.
- d. Recorded RFx documents downloads by suppliers intending to respond to the RFx.
- e. Management all clarifications, questions, responses or any additional documents provided ; all clarifications and responses will be published in TenderLink for all suppliers intending to respond to the RFx.
- f. If briefing sessions are held, TenderLink will be used for such communications.
- g. Closing of tender box electronically. No submission will be accepted after the tender box is closed.
- h. Responses to the RFx will only be released by TenderLink upon closing of the tender box.

- i. TenderLink records all activities relating to the RFX for full audit trail.

Risk Management

(58) All major purchases of \$500,000 and greater will require a risk assessment to be performed in accordance with the University's [Risk Management Policy](#) and [Risk Management Procedure](#) .

(59) Example of Purchasing risk profile:

Risk	Likelihood	Consequence	Risk Rating	Mitigating Actions
E.g. Cost increases due to the University's unclear product specifications when the order is original placed with the supplier	Unlikely	Moderate	Medium	Quality staff to develop and review specification requirements.

Probity

(60) In assessing the general principles of probity in relation to the tender process, the following points must be observed:

- a. Fairness and impartiality - suppliers are to be treated equally and must have the same opportunity to access information and advice.
- b. Use of a competitive process where required as detailed in this [Purchasing Policy](#) (unless an exemption is granted).
- c. Consistency and transparency of process - suppliers are to be evaluated in a systematic manner against set evaluation criteria.
- d. Security and confidentiality - the processes adopted for receiving and managing information must ensure the security and confidentiality of intellectual property and proprietary information.
- e. Probity is an important principle in all tender processes, but especially so in tenders which are high value and/or high risk. An independent Probity Advisor may be appointed for tenders which are high value and/or high risk to ensure that the University has met all of its probity requirements.
 - i. High Value — Any purchase in excess of \$10,000,000.
 - ii. High Risk — Any purchase which is deemed to be "High Risk" further to the risk assessment detailed above. Refer to the [Risk Management Policy](#) for details and guidelines.
- f. The Probity Advisor reports to the Director, Portfolio of the Vice Chancellor and must be independent to the tender process in question. Probity Advisor should be an internal resources, however if no suitable internal resources could be identified, an external supplier could be engaged. The principles of this [Purchasing Policy](#) must be used in any such appointment.

(61) The role of the Probity Advisor is to:

- a. Develop a Probity Plan.
- b. Provide advice and guidance in relation to the procurement planning and tendering phase of the acquisition process.
- c. Ensure that the principles of probity are applied to the tender phase of the project.
- d. Submit a final report to the relevant stakeholders commenting on the probity process and compliance to the measures put in place.

(62) The Probity Advisor is appointed by Office of the Director, Portfolio of the Vice Chancellor. The Probity Advisor provides report to the Officer of the Director of Procurement and Business Operations (PBO) and Procurement

Authorising Board (PAB). Office of the Director, Portfolio of the Vice Chancellor will provide the report to the Compliance Audit & Risk Committee.

(63) The involvement from the Probity Advisor is represented in the [diagram](#).

Section 6 - Guidelines

(64) Nil

Status and Details

Status	Current
Effective Date	30th January 2015
Review Date	30th August 2019
Approval Authority	Vice-Chancellor
Approval Date	28th January 2015
Expiry Date	Not Applicable
Accountable Officer	Lucy Franzmann Chief Financial Officer
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