

# Quotation Procedure

## Section 1 - Introduction

(1) This procedure supports the University's [Procurement Policy](#) and outlines the process for the procurement of all goods and services for the University of Newcastle valued up to \$150,000 for operational expenditure, up to the threshold value of \$250,000 (GST exclusive) for capital and research equipment expenditure. This includes:

- a. capital works for the construction and improvement of facilities;
- b. IT projects and infrastructure;
- c. professional services and independent contractors; and
- d. tangible assets (other than land or buildings) that are used in the operations of research. Examples include, but are not limited to devices, machines, tools and vehicles.

(2) This procedure should be read in conjunction with the [Procurement Policy](#) and the [Tender Procedure](#).

## Section 2 - Procedure

### Pre-approval of Expenditure

(3) Purchases should be pre-approved by a duly authorised delegate(s) in accordance with the [Delegation of Authority Policy](#).

(4) University staff members who make purchases or approve expenditure on behalf of the University must do so within an approved source of funds. Any staff member who incurs expenditure beyond or without an approved source of funds is accountable for that expenditure.

(5) For the engagement of professional consultants and independent contractors (regardless of value), a procurement strategy should be considered and developed in conjunction with Procure to Pay and approved by an authorised officer(s).

### Quotation Thresholds

(6) A competitive quotation process will be conducted for the procurement of all goods or services valued up to \$150,000 (GST exclusive) for operational expenditure, up to the threshold value of \$250,000 (GST exclusive) for construction and research equipment expenditure to ensure the University obtains best value for money consistent with the principles outlined in the [Procurement Policy](#).

(7) NB: Procurement of goods or services cannot be split into parts or instalments to fall below the quotation threshold values. For any goods or services, the specified number and format of quotations is provided as a minimum requirement only. Depending on the nature of the procurement, it may be appropriate to confirm verbal quotations in writing, obtain more than the minimum number of quotations or undertake a tender process.

### Operational Expenditure

(8) For goods or services valued less than \$5,000 (GST exclusive), No formal process (officer discretion) ensure value

for money.

(9) For goods or services valued from \$5,000 to less than \$50,000 (GST exclusive), at least two written quotations must be obtained.

(10) For goods or services valued from \$50,000 to less than \$150,000 (GST exclusive), at least three written quotations must be obtained by sending the University's standard RFQ documentation to potential suppliers using the formal University RFQ process.

### **Research Equipment Expenditure**

(11) For research equipment valued at less than \$10,000 (GST exclusive), No formal process (officer discretion) ensure value for money.

(12) For research equipment valued from \$10,000 to less than \$50,000 (GST exclusive), at least two written quotations must be obtained.

(13) For research equipment valued from \$50,000 to less than \$250,000 (GST exclusive), at least three written quotations must be obtained by sending the University's standard RFQ documentation to potential suppliers using the formal University RFQ process.

### **Construction Expenditure**

(14) For goods or services valued less than \$10,000 (GST exclusive), No formal process (officer discretion) ensure value for money.

(15) For goods or services valued from \$10,000 to less than \$50,000 (GST exclusive), at least two written quotations must be obtained.

(16) For goods or services valued from \$50,000 to less than \$250,000 (GST exclusive), at least three written quotations must be obtained by sending the University's standard RFQ documentation to potential suppliers using the formal University RFQ process.

### **Tender**

(17) Any goods or services valued at over \$150,000 (GST exclusive) for operational expenditure, up to the threshold value of \$250,000 (GST exclusive) for construction and research equipment expenditure, or any procurement which is assessed as presenting a significant risk to the University, must be procured under the [Tender Procedure](#).

## **Section 3 - Establishment of Supply Relationships**

(18) Procurement of some goods or services will be covered by the University's existing supply relationships that are established on a qualified basis. In such instances, quotations must be obtained from these suppliers unless an exemption is granted in accordance with Section 4 below.

(19) Procurement of some goods or services will be covered by an exclusive, University-wide supply agreement. In such instances, additional quotations are not required as the procurement must be obtained from this supplier unless an exemption is granted in accordance with Section 4 below.

## **Section 4 - Exemptions to Quotation**

(20) Certain circumstances may justify or necessitate an exemption to the University's quotation procedures such as:

- a. existing contractual arrangements for the same or similar goods or services;
- b. functional, technical, logistic and/or geographic requirements;
- c. alternative procurement methods offer better value for money and/or lower cost, risk and complexity; and/or
- d. there is a sole supplier in the market.

(21) An exemption to quotation may be approved by the Associate Director, Procure to Pay provided that there is adequate documentation to support the request.

(22) No retrospective exemptions will be approved.

## **Section 5 - Obtaining Quotations**

(23) A detailed specification must be prepared prior to obtaining quotations for goods or services valued at over \$50,000. This should be prepared using the University's approved RFQ template and may be issued via the University's electronic RFQ system or finance system.

(24) Information to potential suppliers usually includes:

- a. a description of the goods or services to be procured;
- b. detailed specifications as required;
- c. quantity (units or hours as applicable);
- d. contacts details for the relevant business area;
- e. delivery time or other requirements; and
- f. point of delivery or performance as required.

(25) Quotation documentation must be written such that it does not unduly limit the range of potential suppliers.

(26) In instances when an exemption to quotation has been approved, the functional specification criteria must still be sufficiently detailed to confirm that the quotation meets the University's requirements and offers best value for money.

(27) Quotations should reflect details of freight, installation and any discounts if relevant.

(28) Faxed, mailed, hand-delivered or emailed quotations will be accepted.

## **Section 6 - Communication During the Quotation Process**

(29) Communications during the quotation process will be handled with due regard for probity - all potential suppliers will receive the same information and time for a response, and no single supplier will be given a potentially unfair advantage. This includes clarifications on any aspect of the quotation unless there are reasons relating to confidentiality or intellectual property.

## **Section 7 - Negotiations During the Quotation Process**

(30) Negotiations will be undertaken to achieve an agreement that is fair, durable, meets the needs of both parties

and maintains or improves the relationship between the parties. The University will not attempt to lower the price by negotiating or trading between shortlisted or recommended suppliers. The University will not engage in the practice of bid shopping.

## **Section 8 - Approval of Recommended Supplier**

(31) The University reserves the right to accept a quotation other than the lowest submitted and in such cases the reasons will be clearly documented.

(32) In the event that two quotations are equal, the successful one will be selected by giving preference to a local contractor over a contractor from outside the region.

## **Section 9 - Record-keeping**

(33) For procurements up to \$50,000, details of the quotation process should be recorded against the purchase order in the finance system. All other documentation relating to the procurement should be retained by the relevant business unit for audit purposes.

(34) For procurements valued at over \$50,000 (GST exclusive), A Request for Quotation must be raised in the University's Finance System (TechnologyOne).

## **Section 10 - Advising Suppliers of the Outcome**

(35) Unsuccessful suppliers or contractors should be advised of the outcome of the quotation process. If requested, the name of the approved supplier may be released but not any details about the quotation.

## **Section 11 - Performance of Suppliers**

(36) Poor performance on the part of a supplier or contractor should be reported to Procure to Pay.

## **Section 12 - Complaints Resolution**

(37) Any complaints arising from the University's procurement activities will be handled in accordance with the University's [Complaint and Grievance Policy](#) and [Complaint and Grievance Resolution Procedure](#).

## **Section 13 - Audit, Compliance and Review**

(38) The implementation of and compliance with this procedure will be periodically audited as part of the University's internal audit cycle.

(39) Failure to comply with the provisions of this procedure and the relevant delegations will be taken very seriously. University staff found to be in breach of this procedure may be subject to disciplinary action.

(40) This procedure will be reviewed by the Chief Financial Officer at least once every three years with advice from the Associate Director, Procure to Pay.



## Status and Details

|                              |                                       |
|------------------------------|---------------------------------------|
| <b>Status</b>                | Historic                              |
| <b>Effective Date</b>        | 13th November 2018                    |
| <b>Review Date</b>           | 13th November 2021                    |
| <b>Approval Authority</b>    | Chief Financial Officer               |
| <b>Approval Date</b>         | 13th November 2018                    |
| <b>Expiry Date</b>           | 2nd March 2022                        |
| <b>Responsible Executive</b> | David Toll<br>Chief Operating Officer |
| <b>Enquiries Contact</b>     | Financial Services                    |

## Glossary Terms and Definitions

**"University"** - The University of Newcastle, a body corporate established under sections 4 and 5 of the University of Newcastle Act 1989.

**"Risk"** - Effect of uncertainty on objectives. Note: An effect is a deviation from the expected, whether it is positive and/or negative.

**"Bid shopping"** - The practice of playing one potential supplier or bidder against another to obtain a lower price, either before or after the submission of a quotation or tender.

**"Complaint"** - As defined in Australian/New Zealand Standard - Guidelines for complaint management in organisations.

**"Disciplinary action"** - When used in relation to staff of the University, this is as defined in the applicable and current Enterprise Bargaining Agreement, or the staff member's employment contract. When used in relation to students of the University, this is as defined in the Student Conduct Rule.

**"Exemption"** - When referring to a student's learning pathway, exemption means being excused from undertaking preparatory subjects, units, modules or competencies in a course or program, while still being required to undertake the same number of subjects, units, modules or competencies as would be completed if an exemption had not been granted. For all other uses of this term, the generic definition applies.

**"Intellectual property"** - Intellectual property (IP), as defined by the World Intellectual Property Organisation, refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. Intellectual property is divided into two categories: Industrial property includes patents for inventions, trademarks, industrial designs and geographical indications; and Copyright covers literary works (such as novels, poems and plays), films, music, artistic works (e.g. drawings, paintings, photographs and sculptures) and architectural design. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and broadcasters in their radio and television programs.

**"Officer"** - Has the meaning given in the Corporations Act 2001 (Cth), or any replacing legislation.

**"Procurement"** - The overarching activities, processes and systems undertaken to acquire goods and services for the University.

**"RFQ"** - Request for Quotation - the procurement method used by the University when detailed specifications of a good or service are known and competitive bids are to be evaluated mainly on price.

**"Staff"** - Means a person who was at the relevant time employed by the University and includes professional and academic staff of the University, by contract or ongoing, as well as conjoint staff but does not include visitors to the University.