

# Procurement Policy

## Section 1 - Introduction

(1) The University's Procurement Policy (Policy) has been shaped by the following legislative/strategic priorities:

- a. Public accountability  
The University is publicly accountable for the use of its funds.
- b. Strategic alignment  
One of the University's strategic values is sustainability. We are ethically minded and prioritise responsible management of our environment and financial resources.
- c. Reputation protection  
Supporting the fair and equitable treatment of all potential suppliers to the University, which enhances the University's reputation.

(2) This Policy must be read in conjunction with the [Tender Procedure](#), [Purchasing Card Policy](#) and [Quotation Procedure](#).

## Section 2 - Audience and Application

(3) This Policy applies to all the University staff and controlled entities for the procurement of all goods and services for the University, including capital expenditure, regardless of the source of funding.

## Section 3 - Policy Intent

(4) The intent of this Policy is to provide a framework of principles to guide the establishment, operation and monitoring of the University's procurement. The principles described in this document promote the fair and equitable treatment of all potential suppliers and meet the University's business requirements.

## Section 4 - Policy Principles

(5) Every arrangement that is an outcome of procurement must be authorised in accordance with the University's [Delegation of Authority Policy](#).

(6) The University's procurement is governed by the following key principles with due consideration for the University's legislative, occupational health and safety and other compliance requirements:-

- a. value for money;
- b. open and fair competition;
- c. transparency, probity, equity and ethical behaviour;
- d. risk management;
- e. responsible financial management;

- f. social and environmental impact;
- g. planning and strategy development;
- h. formation of supply relationships; and
- i. timely and accountable decision-making.

(7) Please refer to Schedule 1 of this Policy for interpretations of these principles.

## Section 5 - Roles and Responsibilities

Role	Responsibilities
University Vice-Chancellor	Approval of changes to this Policy
University CFO	Ownership of this Policy
Procure to Pay	<ul style="list-style-type: none"> <li>- Administration of this Policy</li> <li>- Administration of procurement</li> <li>- Provision of advice and support to Units, Divisions, Faculties and Committees in connection with procurement</li> <li>- Monitoring compliance with this Policy and notification of instances of non-compliance as described in section 6 below</li> </ul>
Units, Divisions, Faculties and Committees	<ul style="list-style-type: none"> <li>- Implementation of business processes within their respective areas to ensure compliance with this Policy</li> <li>- Management of all risks associated with procurement</li> <li>- Ensuring appropriate engagement with Procure to Pay and other stakeholders to ensure compliance with this Policy</li> </ul>
Governance and Assurance Services	Managing the University's external relationships in relation to regulatory requirements

## Section 6 - Compliance and Monitoring

(8) Procure to Pay is responsible for monitoring compliance with this Policy and managing the exemption process.

(9) The implementation of and compliance with this Policy and the supporting procedures will be audited as part of the University's internal audit cycle.

(10) Breaches of this Policy will be recorded by Procure to Pay in a register and will be subject to an appropriate escalation process, having regard to the severity of the breach.

(11) The Council will receive reports on relevant matters associated with the implementation of and compliance with this Policy and the supporting Procedures via its Committees e.g. Risk Committee (for audit and exception reporting) and Finance Committee (for monitoring budget and expenditure).

## Section 7 - Key Procurement Principles (Attachment 1)

In the context of this document, key procurement principles will be evaluated against the criteria listed below.

## Value for Money

(12) Potential suppliers will be evaluated against criteria that relate to:-

- a. strategic fit and consistency with the University's objectives;
- b. non-cost factors such as fitness for purpose, quality, timely delivery, ongoing service support, warranty and legal compliance;
- c. whole-of-life costs including transaction costs, installation, operation, maintenance and disposal.

(13) Where appropriate, the University will undertake a cost-benefit analysis to determine whether leasing is a more suitable option than outright ownership.

(14) In the case of professional services, the University will also give consideration to the relative merits of a consultancy as compared to an employment contract.

## Open and Fair Competition

(15) Open and fair competition between suppliers support the University's commitment to obtaining best value for money and ensuring transparency, probity, equity and ethical behaviour.

(16) The University will ensure that:

- a. the competitive strategy is appropriate for the specific procurement and approved by an authorised delegate;
- b. staff involved in the process have up-to-date knowledge of the market and the University's requirements;
- c. potential suppliers are:-
  - i. provided with consistent information and opportunity,
  - ii. are evaluated against defined criteria, and
  - iii. bear minimal cost for participating in the procurement process; and
- d. specifications and tender documentation will not be prepared to favour or disadvantage particular suppliers provided that the University's business requirements are met.

## Transparency, Probity, Equity and Ethical Behaviour

(17) The University conducts its procurement processes with the highest regard for transparency, probity, equity and ethical behaviour such that:-

- a. goods and services will be procured for authorised business purposes only and not private use, in accordance with external legislation and/or obligations as well as the University's policies and procedures;
- b. confidentiality will be maintained in all dealings;
- c. conflicts of interest (potential, perceived or actual) and personal/business relationships will be disclosed and dealt with in accordance with the University's [Conflict of Interest Policy](#);
- d. gifts, gratuities or any other benefits that may influence (or be perceived to influence) the procurement process will be declined; and
- e. accurate and sufficiently detailed records will be kept to document the process, justify the outcome and provide an audit trail for regular review.

(18) In the event of a perceived or actual conflict of interest, the relevant staff member may be excluded from aspects of the procurement process as appropriate in accordance with the University's [Conflict of Interest Policy](#).

## **Section 8 - Risk Management**

(19) Risk Management is a primary consideration and potential risks will be identified, analysed, evaluated, treated and monitored across the procurement process with reference to the University's interests and risk tolerance.

## **Section 9 - Responsible Financial Management**

(20) The University will exercise responsible financial management in all procurement processes such that:-

- a. University funds will be used appropriately and effort will be made to contain the costs of the procurement wherever possible;
- b. procurement activities will not be initiated without confirmation that funds are available within an approved University budget;
- c. staff will not authorise or approve expenditure of University funds in excess of their delegation limits; and
- d. the performance of ongoing contracts will be monitored and evaluated to ensure continuing value for money for the University.

## **Section 10 - Social and Environmental Impact**

(21) The University has a responsibility to ensure that its procurement activities consider relevant social, community and environmental issues. Provided goods and services are fit for purpose and offer best value for money according to the evaluation criteria, consideration will be given to:

- a. products containing materials that are produced or distributed in a sustainable manner;
- b. purchasing local products and services where possible;
- c. products that are more energy-efficient and minimise their adverse environmental impact;
- d. suppliers that minimise their energy consumption and adverse environmental impact;
- e. suppliers that offer product stewardship by assisting the University in responsible disposal of products and minimisation of waste;
- f. business practices that support the global fair trade movement aimed at tackling poverty and empowering producers through trade; and
- g. the overall track record and reputation of the supplier in terms of environmental issues.

## **Section 11 - Planning and Strategy Development**

(22) Planning and development of a procurement strategy will be undertaken for:-

- a. any engagement and/or project that is valued at over \$150,000 (GST exclusive) for operational goods and services and over \$250,000 (GST exclusive) for capital and research. When estimating the value of the engagement / project, the total value of all elements relating to the engagement/project must be included; and/or
- b. any procurement for the engagement of professional consultants and independent contractors, to ensure that the University acts in accordance with the key principles in this Policy.

(23) The development of the procurement strategy will be coordinated by Procure to Pay with input from a range of internal stakeholders:

- a. the relevant business area in terms of scope of work and timeline;
- b. Financial Services in terms of funding availability and/or appropriate financing strategies;
- c. Legal Services in terms of the type of legal contract and ongoing contract management;
- d. Risk and Governance and Assurance Services in terms of the risk assessment and mitigation; and
- e. Procure to Pay in terms of the procurement methodology, timeline, evaluation criteria, commercial terms and ongoing contract management.

(24) For large capital expenditure projects, the procurement strategy should consider specific engagements in the context of delivery of the overall project to achieve the best outcomes for the University and potential suppliers.

(25) The procurement strategy must be approved by an authorised officer or Committee in accordance with the University's [Delegation of Authority Policy](#) and supporting procedures.

## **Section 12 - Formation of Supply Relationships**

(26) Wherever possible, the University will seek to develop ongoing relationships with suppliers, especially for commonly purchased goods and services.

(27) With reference to the principles outlined in this Policy, the University may establish schemes and/or processes to approve supply relationships on the basis of a qualified or exclusive basis.

(28) In exceptional circumstances, an exemption to using a contracted University supplier may be approved by the Chief Financial Officer or Associate Director, Procure to Pay.

(29) The University will monitor the performance of its suppliers to ensure that it continues to obtain best value for money in procurement activities.

## **Section 13 - Timely and Accountable Decision-making**

(30) This Policy is underpinned by the [Tender Procedure](#), [Quotation Procedure](#) and [Purchasing Card Policy](#) that support timely decision-making across the University.

(31) These Procedures include specific delegations of authority to University officers and Committees in accordance with the University's [Delegation of Authority Policy](#) and supporting [Delegation Procedures](#).

## Status and Details

<b>Status</b>	Historic
<b>Effective Date</b>	7th April 2017
<b>Review Date</b>	31st December 2019
<b>Approval Authority</b>	Vice-Chancellor
<b>Approval Date</b>	26th April 2016
<b>Expiry Date</b>	2nd March 2022
<b>Responsible Executive</b>	David Toll Chief Operating Officer
<b>Enquiries Contact</b>	Procure to Pay

## Glossary Terms and Definitions

**"Council"** - The governing authority of the University established under section 8A of the University of Newcastle Act 1989.

**"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.

**"Risk management"** - The co-ordination of activities to optimise the management of potential opportunities and reduce the consequence or impact of adverse effects or events.

**"Risk assessment"** - The overall process of risk identification, risk analysis, and risk evaluation.

**"Capital expenditure"** - Expenditure relating to the purchase, creation or subsequent improvement of an asset controlled or owned by the University. Capital expenditure may relate to tangible assets (such as land, buildings, or equipment) or intangible assets (such as intellectual property or long term software licences) that have a useful life beyond 12 months. Expenditure that simply maintains an asset in its current state is an operating expense (repairs and maintenance) and is not capital expenditure.

**"Establishment"** - When referring to an Award offered by the University, establishment means the process of approving an award that the University has decided to offer. For all other uses of this term, the generic definition applies.

**"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.

**"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.

**"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.

**"Term"** - When referring to an academic period, term means a period of time aligned to an academic year for the delivery of a course in which students enrol and for which they are usually charged fees for example semesters, trimesters, summer, winter or full-year term. The academic year for a term is determined by the academic year in which the course commences, not concludes. For all other uses of this term, the generic definition applies.