

PURCHASING PROCEDURES

OVERVIEW

DEFINITIONS

1. Application of these Purchasing Procedures
 - 1.1. Goods and services
 - 1.2. Payments that are not for goods and services
 - 1.3. Independent Contractors
 2. Determining nature of purchase
 - 2.1. Purpose
 - 2.2. Purchase specifications
 3. Choosing and evaluating suppliers
 - 3.1. Preferred suppliers
 - 3.2. Purchases less than \$20,000 – simple process
 - 3.3. Purchases between \$20,000 and less than \$200,000 – eTendering process
 - 3.4. Purchases of \$200,000 or more – strategic procurement process
 - 3.5. Exemptions from Procedures 3.1 to 3.4
 - 3.6. Splitting requisitions
 - 3.7. Negotiating with suppliers
 - 3.8. Evaluating suppliers
 - 3.9. Behaving in an ethical and honest manner
 4. Initiating a purchase through eProcurement
 5. Receipting goods/services ordered via eProcurement
 - 5.1. At point of delivery of goods or completion of services
 - 5.2. Disputing goods/services supplied or not received
 6. Receiving goods ordered via University corporate credit card
 7. Paying vendor invoices for goods/services
 8. Disposal
- Appendix A: Strategic procurement process for purchases of \$200,000 or more
Appendix B: Tax Invoices and Payment Terms
1. Valid Tax Invoices
 2. Standard Payment Terms

OVERVIEW

University faculties and divisions require the procurement of goods and services to support their activities. These procedures have been designed to ensure that goods and services:

- i. are obtained expeditiously and economically
- ii. represent good value for the University
- iii. are able to be funded by the responsible faculty or division
- iv. are obtained by a process that treats suppliers equitably and fairly and provides a clear audit trail.

All procurement decisions and consequential processes must be made in accordance with the University's [Financial Management Policy](#), the [Credit Card Procedures](#) and these Procedures.

DEFINITIONS

eProcurement: the University's eProcurement online ordering system for purchasing goods and services

Strategic Procurement Team: category managers working within Procurement Services primarily responsible for supplier management and assisting staff & students with tendering.

Purchasing Team: purchasing staff working within Procurement Services responsible for processing requisitions and purchase orders on behalf of the University.

Requestor: an officer authorised to create requisitions on eProcurement.

Cardholder: a staff member who holds a University Corporate Credit Card.

Delegated Authority: a staff member defined as a [Corporate Manager or Branch Head](#) from the Faculty or Division initiating the tender process

Expenditure Delegation Authority – a staff member with the appropriate delegated [expenditure limit](#) in that Faculty or Division

1. Application of these Purchasing Procedures

1.1. Goods and services

These procedures apply to the procurement of *all* goods and services using University funds, whether the revenue source be operating grants, research grants, consulting funds or any other source.

Procurement of goods and services should be through a Purchase Order (via a Requisition in eProcurement) or on a University Corporate Credit Card, where applicable.

The only exceptions are as listed in the following table:

Nature of work	Responsibility	Process
Acquisition of land & buildings and leases	Executive Director, Infrastructure	As specified in Infrastructure Branch business processes
Motor vehicles and motor fuel	Strategic Procurement	As specified in Motor Vehicle Procedures
Goods which are more efficiently acquired through petty cash (maximum value of \$100 excluding GST)	Appropriate delegated authorities in faculties and divisions	As per Petty Cash Procedures
Goods or services which are initially purchased at staff member's own expense, and for which reimbursement is sought	Appropriate line manager or budget owner in faculties or divisions	As per Reimbursement Procedures
Utilities (energy and water)	Executive Director, Infrastructure	As specified in Infrastructure Branch business processes
Insurance Premiums	General Counsel and Executive Director	As specified by General Counsel and Insurance Office
Internal 'trading', i.e. where goods and services are acquired from within the University and payments are transferred between one area of the University and another	Appropriate delegated authorities in faculties and divisions	As per General Ledger Journal Procedures

Examples of items that *are* goods and services include:

- the supply of a specified quantity of tangible materials (e.g. gases, chemicals, stationery, consumables) at a set time or at periodic intervals
- the supply of a less tangible commodity or service, such as advertising placement
- the maintenance of property and equipment
- the leasing of equipment

Goods which are defined as assets in the [Asset Management Procedures](#) are also subject to those procedures.

1.2. Payments that are not for goods and services

These procedures also apply to payments that are not, strictly, for goods and services provided by third parties, for example:

- a cost contribution by the University to a partner organisation in respect of a shared endeavour
- a donation by the University to a third party.

The University requires an invoice in order to generate a payment to them for system, regulatory and audit reasons.

1.3. Independent Contractors

Payments to contractors and consultants can only be made if they are a bona fide contractor and no Superannuation or Payroll Tax obligations would arise as a result of the payment. Refer to the Human Resources Website for [information](#) to assist in understanding the difference between an Independent Contractor and an Employee.

2. Determining nature of purchase

2.1. Purpose

Goods and services must only be purchased to support a University activity, and not for the benefit of individual staff members or external entities.

Staff member benefit: In exceptional circumstances, approved by the Director, Human Resources, or in accordance with Human Resources policies and procedures, goods or services may be purchased for a staff member in their private capacity: for example, re-location expenses. Note that these may have fringe benefits tax (FBT) implications.

Third party benefit: In exceptional circumstances, approved by the Chief Financial Officer, goods or services may be purchased on behalf of a third party (not University or staff): for example, a purchase to benefit a University-related entity.

2.2. Purchase specifications

Responsibility: Primarily the Requestor / Cardholder, but also all staff involved in the purchase decision at faculty or division level

Clarify:

- the uses and outcomes required of the goods and services and whether they are in keeping with University purposes
- the characteristics required to meet those outcomes
- whether there are any regulatory or other compliance obligations applying to the goods or services (e.g., Health, Safety and Wellbeing requirements, prohibited substances) and whether they can be met
- whether there are any international compliance requirements (see Procedure 2.2.1), and
- where the goods or services are to be delivered.

For assets (see [Asset Management Procedure](#)), also clarify:

- whether any alternative University asset could be upgraded or adapted to meet the outcomes required
- whether there are related maintenance requirements and how these will be met
- whether there is appropriate space and other facilities required to accommodate the purchase, and
- whether the proposed purchase is compatible with existing equipment and facilities.

Note that quotes are required from all suppliers except University preferred suppliers, as specified in Procedure 3, and that a Tender Evaluation Panel is required for purchases of \$200,000 or more.

2.2.1. International compliance requirements:

For the purchase of international goods (imports from outside Australia), additional Australian and international regulatory and compliance requirements may apply.

- **Biosecurity:** Are the proposed import materials likely to be permitted, be subject to import conditions, require treatment, or need an import permit? Check with the Department of Agriculture and Water Resources' [Import webpage](#). Where documentation is required, ensure it is completed and consult with the Purchasing Team about lodging it with the purchase order.
- **Customs clearance:** Is any customs duty likely to be payable on the purchase? Has this been factored into the overall cost? Consult the Purchasing Team for more information.
- **Country of origin requirements:** Do any laws of the country from which the purchase is being arranged apply? For example, the export of antiquities or significant cultural objects is prohibited from many countries. Ensure documented advice on compliance is obtained from the supplier or appropriate reputable agency.

Note: The [Foreign Exchange Risk Management Policy](#) requires that all purchases in foreign currency equivalent to \$AUD200,000 or more must be hedged. The Strategic Procurement Team will coordinate this with the Treasury Manager, Finance and Procurement Services.

3. Choosing and evaluating suppliers

3.1. Preferred suppliers

Responsibility: Requestor / Cardholder and others involved in purchase decision

- a. Where the University has a preferred supplier or suppliers for the category of goods and services to be purchased, you must use the preferred supplier unless an exemption is approved (see Procedure 3.5).

[Preferred suppliers are selected by the Chief Financial Officer, in accordance with Finance and Procurement Services procedures, to provide the best value for money across the University as a whole. Value for money includes factors such as price, reliability, transaction cost and risk. The [Procurement Services](#) website has information on the categories and preferred suppliers for goods and services.]
- b. Where there is more than one preferred supplier for the category, you may choose one at your own discretion.

3.2. Purchases less than \$20,000 – simple process

For purchasing transactions with a total value of less than \$20,000 (AUD) over the contractual term or a three-year period, whichever is the shorter.

Responsibility: Requestor / Cardholder

- i. Identify a University preferred supplier using eProcurement. If there is a sound reason for not using the preferred supplier, seek an exemption (see Procedure 3.5) and approval to use another appropriate supplier.
- ii. If there is no preferred supplier for the required transaction, then choose another appropriate supplier(s), applying Procedures 3.8 and 3.9.
- iii. Obtain a single documented price for the goods or service required (a written quote or copy of catalogue/web price). This may require the issue of a description of the goods and services required, when appropriate (see Procedure 2.2).
- iv. Determine whether the purchase will be effected through eProcurement or with a University corporate credit card.
 - If **eProcurement**, apply Procedure 4 to initiate the purchase.
 - If **credit card**, make the purchase with the credit card, noting the requirement to retain tax invoices and complete acquittals, as set out in the [Credit Card Procedures](#).

University corporate credit cards may be used as follows:

- for **travel and entertainment** purchases in accordance with the [Travel & Entertainment Policy and Procedures](#)
- for general **online** purchases
- for general purchases **under \$5,000**

3.3. Purchases between \$20,000 and less than \$200,000 – eTendering process

For purchasing transactions with a total value between \$20,000 and less than \$200,000 (AUD) over the contractual term or a three-year period, whichever is the shorter, the eTendering process must be used.

Responsibility: Requestor

- a. If there is a University preferred supplier, proceed in accordance with Procedure 3.2, noting that all purchases must be through eProcurement.
- b. If there is no University preferred supplier:
 - i. Email Strategic Procurement procurement@adelaide.edu.au to request a Category Manager to undertake the quoting process. (The Category Manager will present options back to the Requestor once the quoting process is complete.)
 - ii. Evaluate the quotes in accordance with Procedures 3.8 and 3.9.
 - iii. Involve Legal & Risk if the resulting transaction arrangements deviate from standard University contracts/agreements.

- iv. Apply Procedure 4 to initiate the purchase.

3.4. Purchases of \$200,000 or more – strategic procurement process

For **transactions** with a total value of \$200,000 (AUD) or more over the contractual term or a three-year period, whichever is the shorter.

This process requires a formal Request for Tender, Expression of Interest or Request for Proposal to be sought, with evaluation by a Tender Evaluation Panel. See Appendix A for details and responsibilities of the strategic procurement process. *Responsibility:* Requestor

To initiate the process, email Strategic Procurement procurement@adelaide.edu.au to request a Category Manager to undertake the quoting process.

This process also applies for any proposed **extensions** to a contract if the initial contract was for a total value of \$200,000 (AUD) or more over the contractual term or a three-year period, whichever is shorter. Appropriate key performance indicators and extension triggers will be reviewed and recommendations made by the Tender Evaluation Panel in a Procurement Report.

3.5. Exemptions from Procedures 3.1 to 3.4

- a. Exemptions from applying Procedures 3.1 to 3.4 may be approved by the Director, Procurement Services, or delegate, following application on the [Procurement Exemption Form](#).
- b. Exemptions will only be granted in exceptional circumstances based on business necessity and merit, and cannot be used for the purpose of avoiding competition.

3.6. Splitting requisitions

Under no circumstances is it permitted to avoid an expenditure threshold by creating two or more requisitions for what would normally be a single transaction.

3.7. Negotiating with suppliers

- a. Nothing in these procedures prevents staff from negotiating with suppliers to obtain a more favourable price than is received in a quote.
- b. When negotiating with suppliers:
 - note that the University has Standard Payment Terms of 30 days EOM (payment at the end of the month following the month that the invoice is dated) which cannot be varied without the approval of the Manager, Procure-to-Pay (refer to Appendix B);
 - note that suppliers must provide tax invoices that are valid and in line with ATO requirements (refer to Appendix B); and
 - avoid requirements for payment of a deposit, and the issue of other types of pro-forma (preliminary) invoices, either by negotiating terms or using an alternative vendor. If payment of a deposit is unavoidable, make payment with a University corporate credit card, subject to the [Credit Card Procedures](#).

3.8. Evaluating suppliers

3.8.1. General principles

Responsibility: Requestor, together with others involved in purchase decision

If there is no preferred supplier, evaluate potential suppliers and the quotations received, in accordance with the following principles:

- *Value for money:* This goes to fitness for purpose, price and quality; and includes whole-of-life costs such as installation, operation, maintenance and disposal.
- *Supplier reputation and reliability:* This is important for managing risk, and may be important for matters such as quality, delivery, and fixing faulty products. Suppliers must be able to supply the goods/services within the required timelines and satisfy the minimum terms and conditions specified by the University from time to time, including insurances, payment terms (the University's standard terms are 30 days net), certifications or professional registrations.

- *Warranties*: What type of warranties are offered? Does the warranty extend for a reasonable period beyond the delivery time? For international purchases, what country's legal system will apply in the event of a dispute?
- *Support and maintenance*: What type of ongoing support and/or maintenance is offered, at what cost, and over what period of time?
- *Sustainability*: Does the purchase fit with the University's five sustainability goals, as outlined in the [Sustainability Policy](#)?

3.8.2. IT acquisitions

[IT acquisitions](#) must align with the University's current IT strategy, integrate effectively with existing systems, fully meet business requirements, be cost effective, not duplicate existing capabilities, comply with University policies and legal obligations (including the [Brand Policy](#)), not jeopardise the security of University data, and otherwise align with the University's [ICT Principles](#).

Responsibility: Requestor, together with others involved in the proposed purchase

- i. Email Strategic Procurement procurement@adelaide.edu.au to request the IT Category Manager to undertake the applicable processes to meet requirements.

3.9. Behaving in an ethical and honest manner

Responsibility: Requestor, together with others involved in purchase decision

- i. Ensure purchasing transactions are made in an ethical, honest and diligent manner. This includes declining any gifts or inducements offered by suppliers to obtain favoured treatment.
- ii. Avoid or declare any conflict of interest linked to the selection of a supplier and payment of a purchasing transaction, in accordance with the University's [Behaviour and Conduct Policy](#). In particular, a staff member who has an influential or beneficial interest in a supplier entity (this would not include an investment shareholding in a publicly listed company) must notify the Director, Procurement Services, in writing of the nature of their interest, and take no part in the selection of the supplier.

4. Initiating a purchase through eProcurement

- a. Purchases can only be initiated by a Requestor. Access is obtained following application on the [Finance System Access eForm](#) and approval by Faculty Finance & Planning Manager / Manager, Division Finance.
- b. If you do not have access to eProcurement or a Requestor to create a requisition, speak to your line manager.

Responsibility: Requestor

- i. Complete requisition via eProcurement addressing the matters in Procedures 2 & 3.
 - ii. Attach relevant quotes and information relating to the purchase, as per Procedure 3.
- c. In creating a requisition, the Requestor is declaring that:
 - there are sufficient funds available within the relevant cost centre to cover the purchase cost; and
 - the purchase is required for University purposes.
 - d. The Purchasing Team will create a purchase order in accordance with Finance & Procurement Services processes. For purchases of \$10,000 or more, the purchase will require additional authorisation by the designated expenditure approval authority.

Responsibility: Expenditure approval authority (for purchases of \$10,000 or more)

- I. Ensure that purchase is appropriate and for University purposes by reviewing purchase order.
- II. Confirm that sufficient funding is available for purchase and that the total cost is within your delegation limit.
- III. If satisfied of i and ii, authorise expenditure as per delegated authority, to finalise the purchase order.

- e. Note that:
- All approved purchase orders are systematically emailed to the vendor.
 - Vendor accounts can only be amended by the Purchasing Team. All requests for change (e.g., change of vendor name, address or bank details) must be forwarded to the Purchasing Team with all relevant documentation.
 - Purchase orders cannot be amended, but can be cancelled by contacting the Purchasing Team.
 - Requests for credit applications (i.e., for the University to have credit with a vendor) can only be granted by the Compliance Officer, Accounts Payable.

To contact the Purchasing Team, email purchasing@adelaide.edu.au.

5. Receipting goods/services ordered via eProcurement

5.1. At point of delivery of goods or completion of services

Responsibility: Requestor

On notification that goods/services have been delivered/completed:

- i. In the case of goods, review them at point of delivery, and confirm quantity, condition and compliance with order specification.
- ii. Receipt goods/services against requisition in eProcurement by following the procedure outlined in [Receiving goods and services](#). This is essential to ensure the supplier is paid.

Note for Faculty of Sciences: Goods delivered at receiving stores for the Faculty of Sciences on North Terrace or Waite Campuses will be receipted by stores staff. Goods received directly will need to be receipted on eProcurement by the Requestor.

5.2. Disputing goods/services supplied or not received

Responsibility: Requestor and/or Purchasing Team

- i. Follow up with vendors regarding undelivered or partially delivered goods and services.
- ii. When notified that goods or services received are not in good order or not compliant with order specification, advise Accounts Payable that payment is to be withheld, and follow up with vendor in timely fashion, as other University purchase orders with that vendor may be affected.
- iii. When goods are returned because they are not in good order or not compliant with order specification, ensure there is a receipt or other evidence that the goods have been returned.
- iv. When goods are returned or services disputed after the vendor's invoice has been paid, seek a credit or refund from the vendor.
- v. Keep record of reasons for returning/disputing goods or services, and of any discussions with vendor.

To contact Accounts Payable, email accountspayable@adelaide.edu.au

6. Receiving goods ordered via University corporate credit card

Responsibility: Cardholder

- i. In the case of goods, review them at point of delivery, and confirm quantity, condition and compliance with order specification.
- ii. Follow up with vendors regarding undelivered or partially delivered goods and services.

7. Paying vendor invoices for goods/services

- a. All invoices are paid through Accounts Payable in Finance & Procurement Services, in accordance with the University's Standard Payment Terms (refer to Appendix B).
- b. All invoices for goods or services purchased within Australia must be valid tax invoices. For information on what constitutes a valid tax invoice (refer to Appendix B).
- c. The bank account provided for payment must be in the same name as the vendor i.e. the University is unable to pay third parties for goods and services.

March 2019

Responsibility: Receiver of any invoice

- i. Where practical, ensure that Procedure 5 has been applied.
- ii. Forward invoice received to Accounts Payable for payment.

If there is no purchase order corresponding to the invoice, the Accounts Payable staff will contact the person/area referenced on the invoice to confirm receipt of goods or services, record the coding and obtain a declaration that the purchase is compliant with University Policy.

8. Disposal

Responsibility: All staff

To dispose of University property after it is purchased, refer to the University [Asset Management Procedures](#).

Appendix A: Strategic procurement process for purchases of \$200,000 or more

This process must be applied for all proposed transactions with a total value of \$200,000 (AUD) or more over the contractual term or a three-year period, whichever is the shorter.

Responsibility: members of the Strategic Procurement team and/or relevant members of the Purchasing team, in consultation with the Requestor. Strategic Procurement is able to provide support for all tender processes.

- i. Compile a [Procurement Plan](#) including background, timelines, engagement strategy, probity requirements, evaluation criteria, high level implementation and procurement panel members.
- ii. Obtain approval of the Procurement Plan from the delegated authority in that faculty or division before the next steps occur.
- iii. Establish a Tender Evaluation Panel (TEP) and appoint a Probity Adviser.
- iv. Ensure TEP members complete declarations covering Conflict of Interest and Confidentiality.
- v. In consultation with TEP, detail Request for Tender (RFT) or Request for Proposal (RFP) or Expression of Interest (EOI) documentation. (An RFT contains detailed specifications and requires a detailed response with full pricing; an RFP is less prescriptive and requires a less detailed response than an RFT but still requires the supplier to provide pricing details; an EOI does not necessarily bind the supplier to provide pricing details and is often issued to seek preliminary information from potential suppliers before being followed by an RFT or RFP.)
- vi. Set tender closing date at a minimum of 14 days after issue of tender documentation (unless otherwise approved by the Director, Procurement Services).
- vii. Arrange for tenders to be securely received.
- viii. After closing date, open tenders and forward to TEP, including any late responses clearly identified.
- ix. Ensure all documents are properly recorded and managed.

Responsibility: Tender Evaluation Panel

- i. Determine if there are extenuating circumstances permitting consideration of late responses, such as that the lateness was the University's fault. If there are no extenuating circumstances, mark the late response as "Not Compliant – Late Response" and do not consider it. Keep the late response on record.
- ii. Communicate with tenderers to acknowledge receipt, including advising late tenderers whether tender accepted.
- iii. Evaluate the responses against pre-determined evaluation criteria, and in accordance with Procedure 3.5.
- iv. Reject any non-complying submissions.
- v. Consider alternative proposals, if appropriate.
- vi. Agree on recommendations by consensus where possible.
- vii. Involve the Legal & Risk Office if the proposed transaction arrangements deviate from standard University contracts/agreements.
- viii. Negotiate formal agreement arrangements with the preferred tenderer, if required.

Responsibility: TEP Chairperson

- i. Following evaluation, complete a [Procurement Report](#) with recommendation for successful tenderer, for approval by the [expenditure delegation authority](#) in that faculty or division.

Appendix B: Tax Invoices and Payment Terms

1. Valid Tax Invoices

The University of Adelaide will only make payment for invoices which meet Australian Taxation Office requirements.

Tax Invoices for taxable **sales of less than \$1,000** must include enough information to clearly determine the following details:

1. that the document is intended to be a tax invoice
2. the seller's identity
3. the seller's Australian business number (ABN)
4. the date the invoice was issued
5. a brief description of the items sold, including the quantity (if applicable) and the price
6. the GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement such as 'Total price includes GST'
7. the extent to which each sale on the invoice is a taxable sale (that is, the extent to which each sale includes GST)

In addition, tax invoices for **sales of \$1,000 or more** need to show:

8. the buyer's identity i.e. addressed to The University of Adelaide

All invoices for **international** goods or services must be compliant with the laws of the country in which the invoice was produced.

Note: there are specific requirements for payments made in Chinese Renminbi (CNH/RMB) and Indonesian Rupee (IDR), contact the Treasury Manager, Finance and Procurement Services for further details.

All invoices are paid by Accounts Payable and should be sent directly to:
invoices@adelaide.edu.au or

Accounts Payable
The University of Adelaide
Adelaide SA 5005.

2. Standard Payment Terms

Unless other arrangements are negotiated in advance with a supplier and approved by the Manager, Strategic Procurement, or Manager, Procure-to-Pay, the University's Standard Payment Terms, implemented by Accounts Payable staff, are to:

- i. apply standard payment terms of 30 days EOM, i.e. make payments at the end of the month following the month that the invoice is dated (and after the invoice has been processed);
- ii. make domestic payments, i.e. payments to vendors within Australia, in Australian dollars by Electronic Funds Transfer (EFT); cheques will only be issued in exceptional circumstances;
- iii. make international payments, i.e. foreign currency payments or payments made to a destination outside Australia, by International Money Transfer (IMT); bank drafts will only be issued in exceptional circumstances;
- iv. process domestic payments (i.e., to vendors in Australia) once a week and international payments (i.e., to vendors outside Australia) fortnightly on a Thursday or, where this is not a business day, the preceding business day (fully authorised and documented invoices need to be received by Accounts Payable the Friday before, for payment);
- v. send a remittance advice by email to the vendor in respect of the payment.

The University will *not* make payments by direct debit, on a single or recurring basis, or by BPAY.

Exceptions to the above may only be applied at the discretion of, and with the approval of, the Manager, Procure-to-Pay.