# Procurement Procedures

## OVERVIEW AND SCOPE

These procedures, which form part of the Financial Management Policy & Procedures, set out the principles and processes for the procurement of goods and services on behalf of the University of Adelaide, and apply to staff, students or titleholders and the procurement of all goods and services using University funds, regardless of revenue source. Goods, services, and intellectual property purchased using University funds remain the property of the University.

Staff, students or titleholders engaging in procurement activities should also refer to the Supplier & Payment Procedure.

## ROLES AND RESPONSIBILITIES

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| Strategic Procurement Team | Provides strategic sourcing advice and support to the University as well as coordinating, facilitating and managing procurement activities and establishing contracts with Preferred Suppliers. |
| Purchasing Team | Processes eProcurement Requisitions and Purchase Orders on behalf of the University, including supplier administration and compliance. |
| Requestor | A staff member (and by exception student or titleholder) authorised to raise and submit Requisitions in ePro – the University's online procurement system. |
| Cardholder | A staff member authorised to hold a University corporate credit card. |
| Expenditure Delegation Authority | A staff member authorised with the appropriate delegated expenditure limit to cover the cost of the purchase. |
| Tender Evaluation Panel (TEP) | A select group of people who assess tenders and provide recommendations on award of contract. |

**PROCUREMENT PRINCIPLES**

Goods and services must only be purchased to support a University activity, and not for the benefit of individual staff members or external entities, and follow the University's procurement principles:

- *Value for money* – based on fit for purpose, price and quality; and includes whole-of-life costs such as installation, operation, maintenance and disposal.

- *Probity and equity* – procurement decisions are made with integrity, in a fair and ethical manner with transparent purchasing processes.

- *Responsible procurement* - purchasing activities are undertaken in a manner that considers the University's commitment to ethical sourcing and sustainable procurement practices.

- *Risk & hazard management* - procurement activities are appropriately assessed to mitigate risks in regard to health & safety, commercial outcomes and comply with the University's HSW Procedures, and Risk Management Policy.

**PROCEDURES**

**1. Procurement methods**

The procurement of goods and services must be through a Purchase Order (via a Requisition in ePro), unless an exception has been approved, or on a University corporate credit card where applicable. It is the responsibility of the Requestor / Cardholder to ensure that each procurement activity, regardless of value or purchasing method, is assessed against the Procurement Principles set out in these procedures, the budget owner is in agreement and sufficient funds are available. The PO Exception list is owned and maintained by Procurement Services. The list is reviewed quarterly by Director, Procurement Services for any additions to and/or deductions from the list. The areas impacted by the outcome of the review will be notified to ensure future procurement methods compliance.

**2. Use of Preferred Suppliers**

Preferred Suppliers are selected by the University to provide the best value for money and include factors such as overall price, reliability, transaction cost and risk. Where a Preferred Supplier/s exist for the required product or service they must be used unless an exemption is granted (refer point 3). Online catalogue orders for Preferred Suppliers under $4,000 are auto approved by the system, and subsequently reviewed and approved by the Director, Procurement Services. Further information may be requested from the Requisitioner as part of this process.

**3. Exemption principles**

If there is a legitimate reason why the standard procurement threshold requirements (refer point 4) are not appropriate, an exemption request must be submitted. Exemptions will only be granted in exceptional circumstances based on business necessity and merit and cannot be used for the purpose of avoiding a competitive process. Failure to allocate insufficient time required to conduct a procurement process will not justify the approval of an exemption request.

When applying for an exemption, staff must be able to provide tangible, objective and factual documented evidence of the reasons for the exemption and demonstrate how the request meets the University's Procurement Principles.
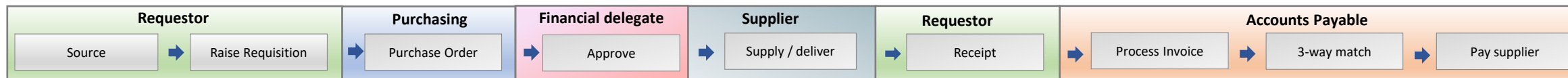
Where an exemption seeks to undertake a Direct Negotiation (i.e. a negotiation with a single supplier), this involves significant risk and it is essential that proper process is followed so that the supplier is not unfairly or improperly advantaged, and the University's best interests are served – refer to guidelines.

Assessment of the exemption request includes, but is not limited to the following principles;
- Compliance with the University's Procurement Principles
- As an additional element required for an existing asset or service
- Contractual obligations (e.g., research grant contract stipulation)
- Documented evidence that equipment or service is unique and there are no viable alternative suppliers
- Purchasing from a supplier which is a social enterprise or an Aboriginal and Torres Strait Islander owned business
- Insufficient stock levels held by existing Preferred Suppliers (<$50k)
- Unable to be provided by existing Preferred Suppliers (<$50k)
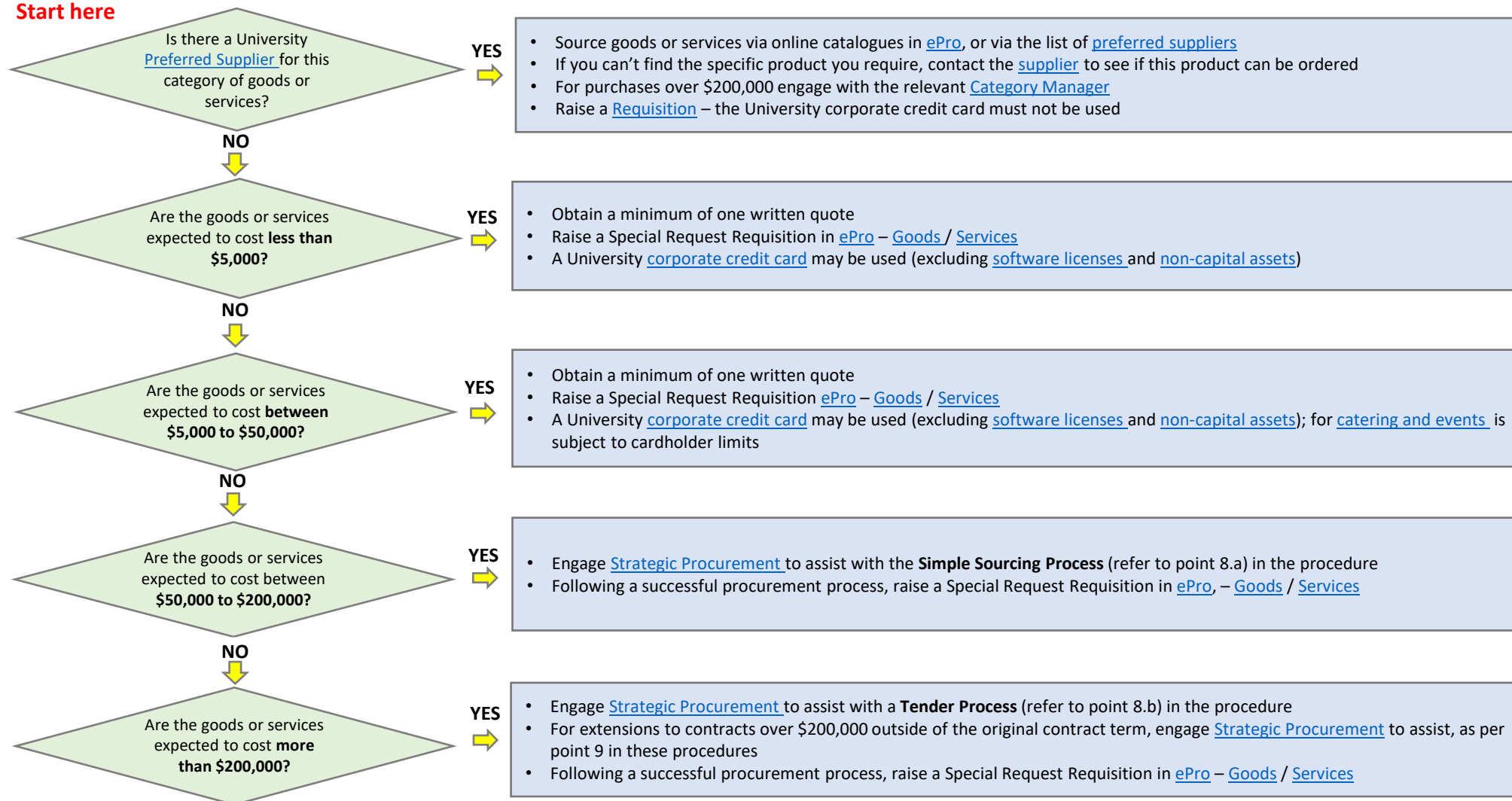
# 4. Procurement Thresholds and Processes

It is the responsibility of the Requestor / Cardholder to ensure that each procurement activity, regardless of value or purchasing method, is assessed against the principals set out in these procedures the budget owner is in agreement and sufficient funding is available, and approved, in accordance with University Expenditure Delegations. For an interactive purchasing process guide visit www.adelaide.edu.au/finance/purchasing/how-to-buy#purchasing-process

| Requestor | | Purchasing | Financial delegate | Supplier | Requestor | Accounts Payable | | |
|---|---|---|---|---|---|---|---|---|
| Source | Raise Requisition | Purchase Order | Approve | Supply / deliver | Receipt | Process Invoice | 3-way match | Pay supplier |

**\*PO Exception -** there are some exceptions to the requirement to issue a Purchase Order e.g. where a supplier provides a consolidated invoice or government charges – refer to list for categories.

**\*Contractor Management -** prior to engaging a contractor or consultant, refer to the HR Contractor Management process to determine if it's appropriate to engage them as a contractor.

**Start here**

**Is there a University Preferred Supplier for this category of goods or services?** — **YES**
- Source goods or services via online catalogues in ePro, or via the list of preferred suppliers
- If you can't find the specific product you require, contact the supplier to see if this product can be ordered
- For purchases over $200,000 engage with the relevant Category Manager
- Raise a Requisition – the University corporate credit card must not be used

**NO**

**Are the goods or services expected to cost less than $5,000?** — **YES**
- Obtain a minimum of one written quote
- Raise a Special Request Requisition in ePro – Goods / Services
- A University corporate credit card may be used (excluding software licenses and non-capital assets)

**NO**

**Are the goods or services expected to cost between $5,000 to $50,000?** — **YES**
- Obtain a minimum of one written quote
- Raise a Special Request Requisition ePro – Goods / Services
- A University corporate credit card may be used (excluding software licenses and non-capital assets); for catering and events is subject to cardholder limits

**NO**

**Are the goods or services expected to cost between $50,000 to $200,000?** — **YES**
- Engage Strategic Procurement to assist with the **Simple Sourcing Process** (refer to point 8.a) in the procedure
- Following a successful procurement process, raise a Special Request Requisition in ePro, – Goods / Services

**NO**

**Are the goods or services expected to cost more than $200,000?** — **YES**
- Engage Strategic Procurement to assist with a **Tender Process** (refer to point 8.b) in the procedure
- For extensions to contracts over $200,000 outside of the original contract term, engage Strategic Procurement to assist, as per point 9 in these procedures
- Following a successful procurement process, raise a Special Request Requisition in ePro – Goods / Services

**Things to note**
- If you have a legitimate reason for not purchasing from a Preferred Supplier, submit an Exemption Form
- The value figures are in AUD and exclude GST.
- Splitting a purchase to avoid an expenditure threshold is not permitted.
- A University contract may be required at any spend level depending on the nature of the goods / services.
- The figures represent total purchase value over the whole life of the contract or commitment at the time the commitment is made.

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## 5.    Special requirements for IT Acquisitions

IT acquisitions including Software and Hardware (refer to Definitions) third party hosted "cloud" services, or the development and implementation of IT application solutions or services, including any networked devices, must align with the University's Technology Strategy, comply with ITDS Policy & Procedures and be purchased through the University's Preferred Supplier/s, unless an exemption is approved.

Requests for new Software not offered by ITDS must be submitted via the Software Assessment Form.  Once completed, this must be attached to a Special Request Requisition in ePro.

Software purchases on a corporate credit card are not permitted.

## 6.    Behaviour and Conduct

All staff who are involved in procurement activities (e.g. negotiating with potential suppliers or on a tender panel), must conduct themselves in a responsible manner and should not participate in any procurement activity where an actual, perceived or potential conflict of interest exists. Conflicts of interest should be disclosed and/or managed under the Conflict of Interest Procedure.

All procurement must be conducted in accordance with this procedure and the Code of Conduct.  Failure to comply with University Policies may constitute misconduct. The University may take disciplinary action under the University of Adelaide Enterprise Agreement, up to and including termination of employment.

## 7.    Staff negotiating directly with suppliers – less than $50,000

Where a Preferred Supplier/s exists for the required product or service they must be used unless an exemption is granted. Where there is no Preferred Supplier for the goods or service, any supplier can be selected providing the following requirements are met:

- A minimum of one written quote must be obtained
- Suppliers must provide valid tax invoices within the University's standard payment terms
- Strategic Procurement are available to offer expert advice and should be brought into negotiations at an appropriate time if required
- If negotiating with a private seller or online marketplace for either new or used goods, seek advice from Strategic Procurement regarding the associated risks and obtain approval prior to making any commitment

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 supplier. If payment of a deposit is unavoidable, make payment with the University's preferred methods.

## 8.    Procurement Process – over $50,000

To ensure transparency and probity, the University uses an eTendering portal to publish RFx and other market activities requiring responses from suppliers.  The portal also allows the University to reach a large number of potential suppliers and run tenders in an efficient, and cost-effective way.  Strategic Procurement manages the eTendering process in consultation with the Requestor.

### a)    Simple Sourcing Process - between $50,000 - $200,000

Where a University Preferred Supplier does not exist, a Simple Sourcing Process will be applied for all proposed transactions with a total purchase value between $50,000 and $200,000 (AUD) over the contractual term, including extension options.

- Requestor to initiate a Simple Sourcing Process, contact Strategic Procurement.
- Strategic procurement will request a minimum of three (3) quotes

### b)    Tender Process - over $200,000

The following process will be applied for all proposed transactions with a total purchase value of $200,000 (AUD) or more over the contractual term, including contract extensions. It may also be applied for lower value transactions, at the discretion of Strategic Procurement.

*Responsibility*: Strategic Procurement

- In collaboration with the Requestor, compile a Procurement Plan including background, timelines, engagement strategy, probity requirements, evaluation criteria, high level implementation and Tender Evaluation Panel (TEP) members. The Requestor must ensure that the TEP has adequate technical or operational knowledge of the goods or service and is representative of all stakeholders in order to enable probity and meaningful input into the tender evaluation process
- RFx are open (available to all suppliers) except where there are reasons not to. Closed tenders (limited to selected suppliers) must be approved by the Director, Procurement Services. This will be based on an

assessment of complexity, scope, opportunities, risks and confidentiality or sensitivity issues associated with the procurement objectives, as well as the level of competition in the supply market

- In consultation with the Requestor, develop the appropriate RFx
- Set tender closing date at a minimum of 14 days after issue of tender documentation (unless otherwise approved by the Manager, Strategic Procurement)
- After closing date, open tender responses and forward to TEP, including any late responses clearly identified
- Ensure all documents are properly recorded and managed
- Involve Legal Services if the proposed transaction arrangements deviate from standard University contracts/templates
- Negotiate formal agreement arrangements with the preferred tenderer, if required

*Responsibility*: Tender Evaluation Panel

- Declare any conflicts of interest to the TEP Chairperson
- Have completed the ICAC Conflict of Interest Course and provided a copy of their completion certificate to Strategic Procurement
- Must not accept any gifts or benefits (meals, invitation to events etc.) associated in any way with the tender process
- Administer the tender process in accordance with the applicable tender conditions
- Evaluate the responses against pre-determined evaluation criteria, and in accordance with these procedures

*Responsibility*: TEP Chairperson and Strategic Procurement

- Following evaluation, complete a Memorandum with recommendation for the successful tenderer, for approval by the delegated expenditure authority in that faculty or division.  Where necessary a Procurement Report will be drafted by Strategic Procurement and added to the Memorandum.

## 9.  Contract management and contract extensions

Where required it is recommended that the standard University contract be used. Staff, students or titleholders intending to extend an existing contract outside of the original contract terms with a supplier for the purchase of goods or services in excess of $200,000 should engage with Strategic Procurement who can provide advice. Detailed guidance on how to negotiate and manage contracts or agreements is contained in the Contract Management Handbook.

## 10.  Record keeping

As a publicly funded institution in accordance with the State Records Act 1977 (SA), the University must produce evidence of its activities and decision-making.  Documentation pertaining to procurement activities and tender processes must be recorded in accordance with the University's Information Management Policy.

## DEFINITIONS

| eProcurement (ePro) | The University's online procurement system for ordering goods and services. |
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| Direct Negotiation | Negotiating with a single supplier without first undergoing a procurement process. |
| Preferred Supplier | A supplier who has been evaluated through an approved procurement process by Strategic Procurement and with whom the University has entered into a formal contract for the provision of specified goods or services. |
| Requisition | A Requisition is a request raised in ePro for items or services needing to be purchased.  The Requisition would include details such as quantity, supplier, price, delivery location etc. |
| Purchase Order (PO) | A formal commitment from the University to the supplier raised in ePro to order and pay for the goods or services requested.  A PO requires financial approval by a staff member with the appropriate expenditure delegation authority. |
| Request for Quote (RFQ) | A RFQ is a standard business process whose purpose is to invite suppliers to bid on specific products or services |
| Request for Tender (RFT) | A RFT is a document which contains detailed specifications or scopes of work and requires a detailed response with full pricing. |
| Request for Proposal (RFP) | A RFP is a document used to canvass potential solutions from suppliers when the specifications or requirements are unclear or less prescriptive. It requires suppliers to propose solutions as to how the scope will be met, as well as complete pricing details. |

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| Expressions of interest (EOI) | 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. |
| RFx | A term that encompasses the entire eTendering process and can include any of the following: RFQ, RFT, RFP, and EOI. |
| Software | <ul><li>System software – type of program that runs on a computer operating system (e.g., Windows, Linux, MacOS etc.)</li><li>Application software – off the shelf programs (e.g., Microsoft 365, Adobe products, etc.)</li><li>Programming language software – use to create programs (e.g., Java, c #, python)</li><li>Plugin application – adds functionality to an existing program or application (e.g., zoom plugin to outlook)</li><li>Software as a service (SaaS) – applications that are centrally hosted, or cloud based that provided software on a subscription basis (e.g., Salesforce, ServiceNow, Smartsheet, etc.)</li></ul> |
| Hardware | <ul><li>The physical components of a computer or other item of equipment including the microprocessor, hard discs, RAM, motherboard and peripheral devices</li></ul> |