

## Monash University Procedure

<b>Procedure Title</b>	<b><u>Strategic Procurement Procedures (Australia and South Africa only)</u></b>
<b>Parent Policy</b>	<a href="#">Procurement Policy</a>
<b>Date Effective</b>	15-February-2011
<b>Review Date</b>	15-February-2014
<b>Procedure Owner</b>	Executive Director, Finance Services
<b>Category</b>	Operational Procedure
<b>Version Number</b>	1.0
<b>Content Enquiries</b>	<a href="#">Finance Policy</a>
<b>Scope</b>	<p>All Monash University expenditure regardless of funding source, including the following types of commitments:</p> <ul style="list-style-type: none"> <li>• Letters of intent</li> <li>• Heads of agreement</li> <li>• Memorandum of understanding</li> <li>• Purchase orders</li> <li>• Oral commitments</li> <li>• Formal contracts</li> </ul> <p>All campuses except Malaysia All staff</p>
<b>Purpose</b>	To ensure that the procurement of all goods and services is conducted in an honest, competitive, fair and transparent manner that delivers the best value for money outcome whilst at the same time protecting the reputation of the University, taking into account the required specification, quality, service, delivery, reliability, environmental and social issues and the total cost of ownership.
<b>PROCEDURE STATEMENT</b>	

This document covers the Strategic Procurement Procedures to deliver the University Procurement Policy outcomes highlighted as:

...“the procurement of all goods and services is conducted in an honest, competitive, fair and transparent manner that delivers the best value for money outcome whilst at the same time protecting the reputation of the University, taking into account the required specification, quality, service, delivery, reliability, environmental and social issues and the total cost of ownership.”

The Strategic Procurement Procedures are the minimum requirements to be applied. Further detailed guidance, forms and templates for all processes can be found in the [Strategic Procurement Framework](#).

Probity in procurement is to be upheld at all times. Disclosure of any actual, perceived or potential conflicts of interest must be declared. A Confidentiality and Conflict of Interest Declaration Form is provided for this purpose.

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### Purchasing and Procurement roles

There are a number of procurement and purchasing areas and roles across the University.

**Strategic Procurement** are responsible for coordinating all Procurement activity across the University, setting procurement policy and procedures and providing category management for general categories and expert support, training and tools to all procurement practitioners.

**Category Managers** located in business units for specialist categories (eg ITS, Facilities and Services etc) are responsible for the procurement and category management of specified categories.

**Purchasing Hubs** are responsible for providing day-to-day support in managing the procurement process and conducting purchasing transactions on behalf of Stakeholders (for purchases less than \$200k).

#### Responsibility

Manager and staff, Strategic Procurement  
Staff involved in procurement

### Purchases less than \$20,000 (Aust.) – Simple Process

This procedure documents the requirements to be followed in determining the procurement approach for purchasing transactions with a total value less than \$20,000 over the contractual term or a three year period, whichever is the shorter period.

- Identify and use any Approved Suppliers from the University *'How to Buy Guide'* (which is maintained on the intranet by Strategic Procurement) or use any relevant *'Pre-qualified Suppliers Panel'* to obtain quotes. If neither of these options apply, then use any other relevant supplier(s).
- Obtain a single documented price for the works (a written quote or copy of catalogue/web price). This may require the issue of a *Specification* when appropriate
- Quotes must be requested from appropriate suppliers who can supply the goods/services within the required timelines and satisfy minimum terms & conditions required by the university from time to time covering matters such as insurances, payment terms, certifications or professional registrations.

#### Responsibility

Manager and staff, Strategic Procurement  
Staff involved in procurement

### Purchases \$20,000 (Aust.) – \$199,999 Three Quote Process

This procedure documents the requirements to be followed in determining the procurement approach for purchasing transactions with a total value greater than \$20,000 but not exceeding \$200,000 over the contractual term or a three year period, whichever is the shorter period.

1. Identify and use any Approved Suppliers from University *'How to Buy Guide'* (which is maintained on the intranet by Strategic Procurement) or use any relevant *'Pre-qualified Suppliers Panel'* to obtain quotes. If neither of these options apply, then use any other relevant supplier(s).
2. Detail a *Specification* for issue to selected suppliers as applicable.
3. Issue Specification and Request for Quote (*RFQ*) to selected suppliers via email if appropriate and/or copy catalogue document with pricing. Obtain a total of 3 documented quotes. These process steps are to be completed by members of the Purchasing Hubs, liaising closely with internal stakeholders.

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4. Quotes must be requested from appropriate suppliers who can supply the goods/services within the required timelines and satisfy minimum terms and conditions required by the university from time to time covering matters such as insurances, payment terms, certifications or professional registrations.

The University Solicitor's Office is to be involved if deviation from standard University contract/agreements is to apply.

- Raise requisition (with documented 3 quotes attached from which a recommendation is made).

### Responsibility

Manager and staff, Strategic Procurement

Staff involved in procurement

## Purchases \$200,000 (Aust.) – \$1,000,000 – Strategic Procurement Process

This procedure documents the requirements to be followed in determining the procurement approach for purchasing transactions with a total value greater than \$200,000 but not exceeding \$1,000,000 over the contractual term or a three year period, whichever is the shorter period.

- An Open Tender is required above \$200K.
- The process steps are to be completed by or assisted by members of the Strategic Procurement team or Purchasing Hubs (if they have been accredited by the Strategic Procurement to manage tender processes).
- Detail a *Specification*.
- Compile a Procurement Plan, including background, baseline, timelines, engagement strategy, probity, evaluation criteria, high level implementation and procurement panel members.
- Tender Evaluation Panel (TEP) formed.
- The Procurement Plan must be issued to Manager Strategic Procurement for approval.
- Evaluation panel members complete declaration covering Conflict of Interest and Confidentiality.
- Detail Request For Tender (*RFT*) or Expression of Interest (*EOI*) or Request for Proposal (*RFP*) documentation.
- Issue documents via eTender Tool maintained by Strategic Procurement and which is accessed via the intranet with further guidelines found within the Strategic Procurement Framework.
- Suppliers are to be given a minimum of 14 days to respond to a Tender (Unless otherwise approved by Manager, Strategic Procurement).
- Ensure any Forums are scheduled in advance and addendums are issued within tender period.
- Obtain Tenders following closing date.
- A Late Response can be forwarded to the Tender Panel. Unless there are extenuating circumstances acceptable to the Tender Evaluation Panel or it can be proved that the lateness of the submission was the fault of Monash University, then this Response should be marked as "Not Compliant - Late Response" and not considered. A Late Response should be kept on record.
- TEP to formally evaluate responses against pre determined evaluation criteria.
- Reject any non complying submissions.
- Alternative proposals to be considered, if required.
- Panel to agree recommendations by consensus where possible.

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- The University Solicitor's Office is to be involved if deviation from standard University contract/agreements is to apply.
- Negotiate formal agreement arrangements with the preferred tenderer, if required.
- Following evaluation, the Chairperson of the Tender Evaluation Panel must complete the Procurement Report document which is then approved by the Manager, Strategic Procurement (for contract values \$200k-1m) or the Procurement Board (if deemed necessary).
- Document Management requirements are to be adhered to. Please also see definition "Contract Management in Procurement".

Note: For the Facilities and Services Division the Divisional Director has authority to approve Procurement Plans and Procurement Reports covering both Maintenance and Minor Works and Gippsland Facilities and Services \$200K-\$500K and Pre- Qualified Suppliers Panels and Capital Works \$500K-\$1M (with the use of standard RFT Templates; Australian Standards Minor Works Contract Conditions; Consultancy Agreements for Building or Infrastructure Related Services and Part C conditions of Contract).

### **Responsibility**

Manager and staff, Strategic Procurement  
Chair and members of Tender Evaluation Panels  
Procurement Board  
Divisional Director, Facilities and Services Division  
Staff involved in procurement

## Purchases above \$1,000,000 – Contact Strategic Procurement

Purchases above \$1,000,000 require referral to Strategic Procurement in the first instance to establish a timely referral and approval processes by the Procurement Board.

### **Responsibility**

Manager and staff, Strategic Procurement  
Procurement Board  
Staff involved in procurement

## Exemptions

Exemptions to Procurement Policy and Procedures must only be considered in exceptional circumstances based on business necessity and merit and cannot be used for the purpose of avoiding competition.

Exemptions may only be from:

- a) Processes and Thresholds detailed above and/or
- b) the Approved Supplier arrangements.

All exemptions can only be approved by the Manager, Strategic Procurement. A Procurement Exemption Form is provided for this purpose in the Procurement Framework.

Purchasing Hubs can assist Stakeholders with the exemption process.

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Note: Capital Expenditure has specific delegations by Council via the Resources and Finance Committee (Standing Committee of Council) which must be followed. In terms of Procurement Policy and Procedures, these will otherwise be followed for Capital Expenditure).

### **Responsibility**

Manager and Staff, Strategic Procurement  
Staff involved in procurement

## Role of Tender Evaluation Panel

The Tender Evaluation Panel has the important role of determining which supplier is able to meet the selection criteria and provides the best value for money outcome for the University.

### **Establishing a Tender Evaluation Panel**

The Tender Evaluation Panel members must have adequate technical and operational knowledge and background about the goods / services required such that they are capable of providing meaningful input to the Tender process.

### **The Role of a Tender Evaluation Panel**

The Tender Evaluation Panel will:

1. Provide input to the Tender documentation, prior to release to prospective Suppliers if required.
2. Prior to release of Tender documentation to Suppliers, and if required, provide input to establish the Evaluation Criteria that will be used to assess Responses from Suppliers.
3. Assist in addressing supplier tender queries for response on eTender tool if required.
4. Following the receipt of all compliant Responses, meet as a group to provide input to the evaluation of all Responses using the pre-determined evaluation criteria. The assessment may be developed by one member of the Panel and presented to all members for critique and approval or the evaluation panel may decide that the initial scoring exercise is carried out individually, prior to getting together as a team for a panel discussion.
5. Reach a consensus or majority decision on a recommendation.

### **Responsibility**

Chair and members of Tender Evaluation Panels  
Staff involved in procurement

### **Duties of Tender Evaluation Panel Members**

Members of a Tender Evaluation Panel:

1. Must sign conflict of interest and confidentiality agreement.
2. Must not accept any inducement, gift or hospitality from a potential Supplier that might compromise the integrity of the selection process.
3. Must act objectively and fairly throughout the Tender process to ensure that all Suppliers are given an equal chance to succeed with their Response and that the integrity of the process is upheld.
4. Must hold information received as part of a Supplier's Response in the strictest confidence and not release this information outside of the Tender Evaluation Panel.

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5. Must not divulge information on the deliberations and decisions of the Tender Evaluation Panel until a formal recommendation has been approved by the appropriate officer or body (e.g. Head of Department, Dean, Divisional Director, Vice-President or Procurement Board, as appropriate) and all Suppliers have been formally notified.

### Selection of the Chair of the Tender Evaluation Panel

1. The Chair of a Tender Evaluation Panel should be appointed by the Head of Department, Dean, Divisional Director, or Manager, Strategic Procurement, as appropriate for the goods / services required.

### Duties of the Chair of the Tender Evaluation Panel

1. Assist with the selection other members of the Tender Evaluation Panel (if required)
2. Request the Manager Strategic Procurement to Appoint a Probity Auditor/Advisor, when required.
3. Assist the relevant manager prepare and submit the Procurement Plan document for approval(if required), having attached approved supporting documentation including tender documents
4. Ensure that all selected members have adequate technical, environmental and operational knowledge and background about the goods / services required to be able to provide meaningful input to the Tender process.
5. Ensure that all members of the Panel declare any conflicts prior to the commencement of the evaluation process highlighting Tender Evaluation Panel members must disclose any actual, perceived or potential conflicts of interest through the completion of a Confidentiality and Conflict of Interest Declaration Form.
6. Develop and forward the recommendations of the Tender Evaluation Panel into the Procurement Report and issue for approval.
7. Ensure an accurate record is kept of the Tender Evaluation Panel's deliberations for audit purposes.
8. Once approval has been provided, inform all Suppliers of the outcome of the Tender process.
9. The Chairperson of the Tender Evaluation Panel is to seek consensus on recommendations where possible. In the event that consensus cannot be reached, a majority decision can be accepted and further advice can be sought from the Manager, Strategic Procurement if needed.
10. Sign-off on the selection of the Supplier that has provided the Response that delivers the best value for money outcome to the University.

### Responsibility

Chair and members of Tender Evaluation Panels

## Tender and/or Quote Evaluation

The evaluation of Tender responses is to be carried out in an objective manner that is fair to all parties and uses a methodology that is rigorous and transparent.

### Setting Evaluation Criteria

Monash University use a two stage process for evaluating Tender Responses, which firstly assesses mandatory criteria and then (if the supplier passes the first stage) assesses comparative criteria.

#### a) Mandatory criteria

Mandatory factors are the 'pass / fail' criteria which the respondents either have or do not have. The threshold for passing needs to be defined in a transparent and definitive way, and the normal issues that would warrant inclusion as mandatory criteria are:

- Capacity or availability

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- Insurance cover e.g. professional indemnity or public liability
- Certifications or professional registration

### b) **Comparative criteria**

Comparative criteria are those factors that are scored as part of the evaluation process. The evaluation criteria should be derived from the business case or the rationale behind the project.

### c) **Weight comparative criteria**

Weightings should be set for each of the specified comparative criteria. Weightings should reflect the relative importance of the factors to the project.

- Where possible, a 30% weighting target should be given to environmental factors.
- The sum of all weightings for all criteria must add to 100%.

As defined in the document template, the criteria and weightings for tenders must be summarised in the Procurement Plan, together with other important project information.

### **Responsibility**

Manager and staff, Strategic Procurement  
Chair and members of Tender Evaluation Panels  
Staff involved in procurement

## eTendering

Monash University has implemented the use of an eTendering Tool and portal that supports the distribution of Tender documents to potential Suppliers and enables the lodgement of Supplier responses via the portal. The Strategic Procurement team maintain and provide assistance in the use of the eTendering Tool with current detailed guidance available in the Strategic Procurement Framework.

### **Responsibility**

Manager and staff, Strategic Procurement  
Staff involved in procurement

## Probity

Probity is the evidence of ethical behaviour in a particular process. Probity is defined as complete and confirmed integrity, uprightness and honesty. It contributes to sound procurement processes that accord equal opportunities for all participants. A good outcome is achieved when probity is applied with common sense. Probity should be integrated into all procurement planning, and should not be a separate consideration. Risk management of "probity in the procurement process" requires a higher level of control (mitigation) over the procurement process where there is a higher likelihood of exposure to claims about the process.

In summary, procurement decisions are to be made in a transparent manner, which allows them to be understood and justified subsequently.

There are five essential probity principles to achieve procedural fairness. All university procurement must be based upon these principles throughout all stages of the procurement process:

1. open competitive process;
2. fairness, consistency and transparency of process;
3. identification and resolution of conflicts of interest;
4. accountability in relation to decision making; and

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5. monitoring and evaluating performance.

### **Objectives of the probity process are to:**

- ensure conformity to processes designed to achieve value for money;
- provide accountability;
- ensure that all bids will be assessed against the same criteria;
- preserve public and participant confidence in Monash University processes; and
- improve defensibility of decisions to potential legal challenge or other external scrutiny

### **Mitigation outcomes that result from procedural integrity include:**

- avoidance of conflicts/problems
- avoidance of corrupt practices
- better outcomes against stated objectives
- improvements in organisational and attitudinal change
- reassurance to the community and those wishing to do business with the university that the process and outcome can be trusted
- provision of an objective and independent view on the probity of the process
- minimisation of potential for litigation

If after reading the above procedural details you are unclear on any aspect of probity in procurement, expert advice may be obtained from Strategic Procurement.

### **Responsibility**

Manager and staff, Strategic Procurement

Staff involved in procurement

## **Document Management**

There are a number of key documents throughout the procurement process. These include Tender documents such as: RFQ/RFT/Quotes, and Procurement Plans and Procurement Reports, Evaluation analysis and Minutes of Meetings. These need to be stored and archived locally for potential audit with a retention period of 7 years.

Contracts are to be retained for 7 years. Further contract management guidance can be found in the Strategic Procurement Framework.

Note: Procurement 'contract management' for the university requires that once an agreement has been executed, a copy of the signed formal contract must be recorded and filed for contract management purposes in the specified repository and/or approved contract management tool to ensure the best value for money outcome is actually delivered through the contract manager and/or improvement actions are identified and processed.

See also definition "Contract Management in Procurement".

### **Responsibility**

Manager and staff, Strategic Procurement

Staff involved in procurement



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### Gifts and Entertainment

Individuals actively involved in a tender process are not to accept any hospitality, meals, participation at events (whether paid for or not), or gifts, including items of a trivial or seasonal nature (e.g. promotional calendars, diaries, pens etc.) Solicitation or acceptance of gifts, gratuities and hospitality during a tender process creates conflict of interest and a perception of unfair treatment.

Further details regarding gifts and hospitality can be found in the [Conduct and Compliance Procedures - Acceptance of Gifts, Benefits and Hospitality](#)

#### Responsibility

Manager and staff, Strategic Procurement  
Staff involved in procurement

<b>Responsibility for implementation</b>	Senior Vice-President and Chief Financial Officer Executive Director, Finance Services
<b>Status</b>	Revised
<b>Approval Body</b>	<b>Name:</b> Senior Vice-President and Chief Financial Officer <b>Date:</b> 15-January-2011 <b>Author:</b> Executive Director, Finance Services
<b>Definitions</b>	<p><b>Authorising Officer:</b> A University Officer who has access rights to the University's ERP System (SAP) with a set level of financial delegation and the authority to approve Purchase Orders. The authority to approve a Purchase Order may be for a specific Cost Centre or a range of Cost Centres, as appropriate.</p> <p><b>Contract Management in Procurement:</b> a life cycle which includes analysis for the purpose of driving and maximizing financial and operational performance and minimizing risk in the procurement process, usually commencing with a tender and selection of a supplier, pricing and negotiating the terms and conditions, ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing contract creation, execution, and performance as part of the procurement life cycle. Outcomes from contract management can inform a review process prior to a further tender or other procurement activity. Procurement 'contract management' for the university requires that once an agreement has been executed, a copy of the signed formal contract must be recorded and filed for contract management purposes in a specified repository and/or approved contract management tool.</p> <p><b>eTender Tool :</b> is a tool to facilitate the electronic distribution of market engagement documents (RFI, RFQ, RFP and EOI/RFT) to Suppliers and the electronic lodgement of responses by Suppliers, via an internet based electronic portal with a market engagement process conducted in a consistent manner and which follows the required probity, policy and procurement standards.</p> <p><b>EOI:</b> Expression of Interest and is similar to an RFI but a document that seeks preliminary information and interest from potential suppliers on their capability and willingness to respond on providing goods/services to the</p>

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buyer. An EOI will often be followed by an RFT or RFP.

**Evaluation Criteria:** usually have two components - (1) a set of mandatory Non-weighted criteria by which all Suppliers' responses will be assessed to which non compliance means no further consideration of the response, and (2) A set of weighted criteria by which all Suppliers' responses will be assessed in order to determine the best value for money outcome for the University.

**How to Buy Guide:** a drop down box on the university intranet accessing university approved suppliers and approved access to products at agreed terms along with access to further support as necessary and which is maintained by Strategic Procurement

**Locked eTender Box:** a secure electronic locked box within an eTender tool, accessible only with a password that allows access to downloadable (zipped) files to a designated directory/ file.

**On-going Supply Contract:** A contract or agreement between the Buyer and Supplier that covers the on-going supply of goods/services over a nominated period. Individual purchases can be made against an On-going Supply Contract by either setting up standing Purchase Orders that "call-off" the Contract or by raising individual Purchase Orders that reference prices contained in the Contract. An On-going Supply Contract is usually arranged between "Endorsed Suppliers" for the supply of common use goods by all Cost Centres.

**Open Tender:** A Tender that allows a wide range of Suppliers to Bid without restriction. In the context of using an eTender tool, an Open Tender is distributed to all the Suppliers registered in the eTender tool system that match the profile for the good or service being sought. Further suppliers may also participate when the tender process is advertised. See also Select or Closed Tender.

**Pre-qualified Suppliers Panel:** a group of suppliers appointed for a period of time through competitive procurement policy and procedures establishing that they can provide the required goods and/or service(s). The Pre-qualified Suppliers Panel can be used to obtain a quotes from for specific projects without going to further tender.

**Procurement Plan:** Is the required written plan with designated detail to enable appropriate consideration and approval for a proposed procurement activity. A Template for the Procurement Plan is provided for this purpose within the Procurement Framework.

**Procurement Report:** Is the required written report with designated detail to enable appropriate consideration and approval of the outcome(s) of the previously approved procurement activity. A Template for the Procurement Report is provided for this purpose within the Procurement Framework.

**Quotation:** submission from a supplier that specifies the cost of supplying a good and/or service.

**RFI:** Request for Information and is similar to an RFP but a request that does not necessarily bind the Supplier to provide pricing details. An RFI is often issued as preliminary document seeking information from potential Suppliers and is usually followed by an RFT or RFP.

**RFP:** Request for Proposal. A formal request to a Supplier to provide a detailed submission covering the cost of providing goods or services to the University. An RFP subtly differs from an RFT in that the Buyer's

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	<p>requirement is usually less prescriptive and not as tightly specified.</p> <p><b>RFQ:</b> Request for Quote/Quotation. A request to a Supplier to provide a quotation covering the cost of providing goods or services prescribed in the RFQ. An RFQ is generally issued for lower value goods and services than for an RFT or RFP.</p> <p><b>RFT:</b> Request for Tender. A formal request to a Supplier to provide a detailed submission covering the cost of providing goods or services prescribed in the RFT. The information in an RFT is generally more prescriptive than in an RFQ and therefore seeks a more detailed response on the goods or services to be provided as well as overall cost factors</p> <p><b>Select or Closed Tender:</b> may be applied with an 'approved' Exemption to an Open Tender process. A Select or Closed Tender is a process where the number of suppliers invited to respond is limited to a small, select number that are deemed to be able to meet tender requirements.</p> <p><b>Specification:</b> the written requirements from a procurement perspective to be satisfied by a material, product, or service. Should a material, product or service fail to meet one or more of the applicable specifications, it may be deemed to be out of specification. A specification provides the necessary details about the specific requirements and as a minimum would include the significance, scope or importance of the specification and its intended use along with definitions to clarify the meanings of the specification.</p> <p><b>Strategic Procurement:</b> Monash University's Procurement unit that coordinates the University's strategic procurement activities, organizes major supply agreements for common use goods and acts as an advisory body for procurement related matters.</p> <p><b>Tender documents:</b> are those documents used in a competitive process to seek bids from a supplier and can include Request for Information (RFI), Request for Quote (RFQ), Expression of Interest (EOI) or Request for Tender (RFT), Request for Proposal (RFP) and supported by. Part A Conditions of Quotation, Part B Specifications, Part C Terms of Contract, Part D Response Schedule.</p> <p><b>TEP:</b> Tender Evaluation Panel. A panel appointed with an appropriate level of expertise to assist in the process leading to evaluation and a consensus or majority recommendation in accordance with University Policy and Procedures.</p>
<b>Legislation Mandating Compliance</b>	
<b>Related Policies</b>	Financial Delegation (under development) Credit Card (under development)
<b>Related Documents</b>	<a href="#">Conduct and Compliance Procedure - Acceptance of Gifts, Benefits and Hospitality</a>