SCOPE
This procedure applies to all Monash University staff and to contractors and third-parties operating on behalf of the University.

This procedure applies to all expenditure at all Monash University locations (with the exception of Monash University Malaysia and IITB-Monash Research Academy), regardless of funding source and includes the following types of commitments:

- Purchase orders
- Contracts
- Contractor agreements
- Letters of intent
- Heads of agreement
- Memorandum of understanding
- Commitments or agreements

PROCEDURE STATEMENT
This procedure ensures that the procurement of all goods and services is conducted in an honest, competitive, fair and transparent manner that demonstrates a fit for purpose solution and the delivery of value for money outcomes, whilst protecting the reputation of the University.

Staff will take into account required specifications, quality, service, delivery, reliability, probity, environmental issues, social procurement issues and the Total Cost of Ownership (TCO).

All procurement activity at Monash University is required to demonstrate that the spending of University funds is justified, transparently procured and achieves the best Value for Money (VFM). Goods and services procured must be fit for purpose and be sourced in a socially and ethically responsible manner.

Any apparent or material breach of this procedure may be reported to the Procurement Board and/or the Audit and Risk Committee of Council.

1. Roles and Responsibilities

1.1 Strategic Procurement
Strategic Procurement is responsible for coordinating all procurement activity across the University, setting procurement policy and procedures and providing category management for strategic categories. It is also responsible for providing strategic sourcing support to the University and expert support, advice and tools to all procurement specialists.

1.2 Procurement Specialists
Procurement Specialists are operational procurement staff located in business units for specialist procurement categories (Buildings & Property Division, eSolutions) and are responsible for the procurement and contract management of specified categories.

1.3 Purchasing to Payment Services
- Purchasing staff are responsible for processing purchase requests and goods receipting
- Accounts Payable staff are responsible for invoice receipting, timely payment to suppliers and payment of direct invoices
- Expense Management staff are responsible for acquitting credit card payments and reimbursements
- Supplier Engagement staff are responsible for the integrity of the vendor master data
- Stores staff are responsible for processing inwards goods and maintaining an inventory of goods

1.4 University Staff
University staff engaging in any procurement activities are required to comply with this procedure and associated local business process.
1.5 Segregation of Duties

Segregation of duties refers to the clear and distinct roles of each staff member in a procurement process. All staff involved in a procurement process are responsible for ensuring the sufficient segregation of duties occurs. Staff must ensure that they do not fulfil more than one key procurement role, where practicable.

2. Thresholds and Processes

2.1 The following processes are a guide to the minimum requirements for procurement of goods and services for the University. Each procurement activity should be assessed for risk and complexity to determine if a more competitive and/or robust process should be used, such as a formal tender irrespective of value. The Threshold Values are to be applied on the anticipated total expenditure, accumulated over the total term of the contract, are in Australian Dollars and are exclusive of GST.

2.2 Procurement activities which contain an Information Communication and Technology (ICT) component require endorsement from the Chief Information Officer or their delegate(s) to ensure compliance with all relevant ICT requirements.

2.3 There may be extenuating circumstances where an exemption to the Procurement Policy is required. Refer to Section 5 – Exemptions to the Thresholds and Processes.

2.4 Purchases less than $50,000

For purchases less than $50,000, a minimum of one documented Quotation is required.

2.5 Purchases between $50,000 and $399,999.99

For purchases between $50,000 and $399,999.99, a minimum of three written Quotations are required. The general process for obtaining three quotes is as follows:

2.5.1 Detail a set of requirements for the goods or services.
2.5.2 Issue a request for quote to a select set of suppliers identified as capable of fulfilling the requirements.
2.5.3 Assess the responses according to the requirements and the value for money proposition.
2.5.4 If a successful supplier is determined, a purchase request is to be raised and all quotes are to be attached.
2.5.5 The Office of the General Counsel is to be involved if deviation from standard University contract agreements is to apply.

2.6 Purchases over $400,000

For purchases above $400,000, a Tender Process conducted by Strategic Procurement or a Procurement Specialist is required. The general process for a tender is as follows:

2.6.1 A Procurement Plan is drafted outlining the proposed market engagement and sourcing strategy.
2.6.2 The Procurement Plan will specify if an open or closed/select Request for Tender will be utilised. Appropriate justification must be defined in the sourcing strategy. Further information is available in the Victorian Government’s High Value High Risk Framework.

Reasons for a closed/select tender may include where the University already has considerable knowledge of the goods or services being purchased and has conducted an appropriate market analysis and assessment including a reasonable shortlist of potential Suppliers.

2.6.3 A Tender Evaluation Panel is nominated in the Procurement Plan. Refer to Section 4 – Tender Evaluation Panel Roles and Responsibilities.

2.6.4 An Evaluation Plan is completed in the Procurement Plan or created as a separate document if required (eg. for high-value and/or high-risk procurements).

2.6.5 The Procurement Plan is submitted to the relevant authorised delegate for approval, as follows:
   - If the value is between $400,000 and $2M the Director, Strategic Procurement or their delegate(s)
   - If the value is above $2M the Procurement Board or their delegate(s)

2.6.6 For strategic projects, a business case must also be developed and approved by the relevant authorised delegate.

2.6.7 A comprehensive specification and/or statement of requirements is created. Further information is available in the Victorian Government’s Guide to Specification Writing.

2.6.8 Conflict of Interest forms must be signed off by the nominated Tender Evaluation Panel as per the approved Procurement Plan.

2.6.9 Tender documents are published via an eTendering portal by an authorised Procurement representative and clarifications are managed through the portal.
2.6.10 Responses are received and distributed to the Tender Evaluation Panel for assessment as per the evaluation matrix in the approved Procurement Plan.

2.6.11 Mandatory Criteria are to be assessed first, with any non-compliant submissions as agreed by the Tender Evaluation Panel eliminated. Refer to Section 3 – Offer Evaluation.

2.6.12 The Tender Evaluation Panel generally nominate a shortlist, then a preferred supplier. Negotiations and contract departures are conducted by the staff nominated in the Procurement Plan.

2.6.13 Negotiations must be conducted in a fair and transparent manner. Further information is available in the Victorian Government's Guide to Evaluation, Negotiation and Selection.

2.6.14 Supply chain limitations and any outsourcing or offshoring limitations are considered and the risks and responsibilities are cascaded down the supply chain.

2.6.15 The chair of the Tender Panel produces a Procurement Report that is submitted to the relevant authorised delegate for approval as follows:

- If the value is between $400,000 and $2M the Director, Strategic Procurement or their delegate(s)
- If the value is above $2M the Procurement Board or their delegate(s)

2.6.16 Following approval by the relevant authorised delegate, the successful supplier is advised, with the contract issued for signing.

2.6.17 After both parties have signed, a purchase request is to be processed with the Procurement Report and signed contract attached.

2.6.18 Unsuccessful tenderers are notified in writing that their response was unsuccessful.

3. **Offer Evaluation**

3.1 Background

Setting appropriately weighted evaluation criteria is critical in ensuring a successful procurement. Evaluations must be carried out in an objective manner that is fair to all parties and uses a methodology that is fair and transparent.

3.2 Evaluation criteria are generally classified into two categories:

- **3.2.1 Mandatory Criteria:** these are pass/fail criteria. Any supplier that doesn't meet these must be disqualified.

- **3.2.2 Comparative Criteria:** these are assessed against a pre-defined weighting that is determined according to the complexity, risk and type of procurement. These are typically both qualitative and quantitative measures.

3.3 The evaluation criteria and weightings are to be detailed in the approved Procurement Plan.

3.4 Commercial compliance criteria will generally be assessed as comply / does not comply / partially comply and then generally taken into consideration during the determination of value for money. These are not elimination criteria. Commercial compliance criteria may include:

- Quality Management
- Occupational Health and Safety
- Financial Viability
- Risk and Insurance
- Compliance to Conditions of Contract
- Conflict of Interest

3.5 Third party corporate financial assessment tools can be used to reduce risk during offer evaluation and are recommended for high-risk and/or high-value procurements.

3.6 Purchases between $50,000 and $399,999.99

There is no obligation to follow a set of pre-defined evaluation criteria for obtaining three written Quotations. Each procurement should be assessed according to risk and complexity in determining evaluation criteria and the respective weightings. As a guide, the following factors should be considered at a minimum:

- **3.6.1 Value for money**
- **3.6.2 Compliance to specification**
- **3.6.3 Commercial compliance criteria (Refer to Section 3.4 above).**
3.7 Purchases over $400,000

Evaluation criteria and the respective weightings for use in a Tender Process are required to be approved in a Procurement Plan and Monash University has a template for weightings categorised by procurement type. These should be considered as the primary weightings with amendments made on an as required basis.

4. **Tender Evaluation Panel Roles and Responsibilities**

4.1 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 for the University.

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

4.2 The Tender Evaluation Panel identified in the Procurement Plan will:

   4.2.1 Provide input to the tender documentation, prior to release to tenderers.
   4.2.2 Provide input to establish the evaluation criteria that will be used to assess the offers from tenderers.
   4.2.3 Assist in addressing tenderer queries for response via the eTendering tool, if required.
   4.2.4 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 meeting as a team for a panel discussion.

4.3 Duties of Tender Evaluation Panel Members include, but are not limited to:

   4.3.1 Complete and sign a conflict of interest and confidentiality agreement declaring any actual, potential or perceived conflicts of interest.
   4.3.2 Must not accept any inducement, gift or hospitality from a tenderer that might compromise the integrity of the selection process.
   4.3.3 Must act objectively and fairly throughout the tender process to ensure all tenderers are given an equal chance to succeed with their response and that the integrity of the process is upheld.
   4.3.4 Must hold information received as part of a tenderer’s response in the strictest confidence and not release this information outside of the Tender Evaluation Panel.
   4.3.5 Must not divulge information on the deliberations and decisions of the Tender Evaluation Panel until a formal recommendation has been approved by the appropriate delegate and all tenderers have been formally notified.

4.4 **Selection of the Chair of the Tender Evaluation Panel**

   The approved Procurement Plan shall identify an appropriate Chair of a Tender Evaluation Panel.

4.5 Duties of the Chair of the Tender Evaluation Panel include, but are not limited to:

   4.5.1 Assist with the selection of other members of the Tender Evaluation Panel and identify voting members of the Tender Evaluation Panel.
   4.5.2 Request the Director, Strategic Procurement to appoint a probity specialist when required.
   4.5.3 Assist the relevant manager to prepare and submit the Procurement Plan document for approval, having attached approved supporting documentation including tender documents.
   4.5.4 Ensure that all selected members have adequate technical, environmental and operational knowledge and background about the goods and/or services required to be able to provide meaningful input to the tender process.
   4.5.5 Ensure that all members of the panel declare any conflicts prior to the commencement of the evaluation process highlighting that Tender Evaluation Panel members must disclose any actual, perceived or potential conflicts of interest through the completion of a conflict of interest and confidentiality agreement.
   4.5.6 Develop and forward the recommendations of the Tender Evaluation Panel into the Procurement Report and assist the relevant manager to prepare and submit the Procurement Report document for approval, having attached approved supporting documentation including evaluation and scoring matrices.
   4.5.7 Sign-off on the selection of the successful tenderer that delivers the best Value for Money to the University.
   4.5.8 Ensure an accurate record is kept of the Tender Evaluation Panel's deliberations for audit purposes.
   4.5.9 Once approval has been provided, inform all tenderers of the outcome of the tender process.
4.6 The Chair 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 Director, Strategic Procurement if needed.

5. Exemptions to the Thresholds and Processes

5.1 If there is an instance where the standard procurement thresholds and processes are not appropriate, staff can request an exemption to the procurement policy and procedure.

5.2 Exemptions to the procurement policy and procedures may only be sought in exceptional circumstances based on business necessity and merit (such as instances of genuine commercial or confidential matters) or cases of extreme urgency, and cannot be used for avoiding competition.

5.3 An exemption to the procurement policy and procedure may be granted to:

5.3.1 use an alternative to an Approved Supplier or a Panel of Approved Suppliers

5.3.2 use an alternative to the Threshold Value requirements

5.3.3 use a Sole Supplier

5.3.4 renegotiate to extend an existing agreement without conducting a Quotation or Tender Process

5.4 A request for an exemption to the procurement policy and procedure must meet one or more of the following categories to be considered:

5.4.1 the Approved Supplier or Panel of Approved Suppliers cannot supply the goods and/or services required

5.4.2 demonstrated unique technical requirements with only one Sole Supplier in the market

5.4.3 standardisation of existing goods or services

5.4.4 time-critical events that have been caused by unforeseen circumstances

5.4.5 other exceptional circumstances based on business necessity as assessed by Strategic Procurement

5.5 A request for an exemption to the procurement policy and procedure is not required for the following goods and/or services and as such these are deemed exempt from the procurement thresholds and processes. For the avoidance of doubt, each of the following activities are still required to demonstrate value for money and require approval from the relevant authorised delegate(s):

5.5.1 leasing of land and/or buildings

5.5.2 payments relating to research grants (eg. to Universities, hospitals and/or medical research institutes)

5.5.3 wages and other associated on-costs (eg. tenancy arrangements with hospitals and/or medical research institutes)

5.5.4 third-party payments that the University novates the procurement to another entity under contract

5.5.5 donations

5.6 All requests for an exemption to this procedure shall be reported by Strategic Procurement to the Audit and Risk Committee of Council.

6. eTendering

6.1 To maintain effective probity, Monash University has implemented the use of an eTendering portal that supports the distribution of tender documents to potential suppliers and enables the lodgement of tenderer responses via the portal. Strategic Procurement maintain access to, and provide assistance in the use of the eTendering portal.

7. Probitity and Ethics

7.1 Probitity is the evidence of ethical behaviour in a particular process. Probitity is defined as complete and confirmed integrity, uprightness and honesty. It contributes to sound procurement processes that accord equal opportunities for all participants.

Probitity 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. Requests for probity advice are to be referred to the Director, Strategic Procurement. In summary, procurement decisions are to be made in a transparent manner, which allows them to be understood and justified subsequently.
7.2 There are five essential probity principles to achieve procedural fairness. All University procurement activities must be based upon these principles throughout all stages of the procurement process:

- open competitive process
- fairness, consistency and transparency of process
- identification and resolution of conflicts of interest
- accountability in relation to decision making
- monitoring and evaluating performance

7.3 Probity is integral 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
- improve defensibility of decisions to potential legal challenge or other external scrutiny

7.4 The benefits of probity 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

8. Conflict of Interest & Gifts Benefits and Hospitality

8.1 Any perceived, potential or actual conflict of interest in the purchase of goods or services must be acknowledged and managed in accordance with the University’s Conflict of Interest Procedure and/or the University’s Gifts, Benefits and Hospitality Procedure.

8.2 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 (eg. promotional calendars, diaries, pens etc). Solicitation or acceptance of gifts, benefits and hospitality during a tender process creates conflict of interest and a perception of unfair treatment.

8.3 Strategic Procurement, Procurement Specialists and Purchasing to Payment Services staff must complete a Conflict of Interest declaration annually, and declare any conflicts of interests immediately as they arise. The Director responsible for each respective area must ensure compliance to this requirement.

9. Corporate Social Responsibility

9.1 Monash University integrates the principles of sustainability into the procurement of goods and services. Sustainable procurement balances economic, environmental and social considerations into the procurement process. Further information is available on the Strategic Procurement Intranet.

10. Document Retention

10.1 Principles taken into account for the retention of procurement documentation include transparency of process, visibility in relation to decision-making and maintaining relevant records. Document retention is to be undertaken in accordance with the University’s Recordkeeping Policy. Strategic Procurement documents are to be kept in accordance with the following retention periods:

- Competitive tender documents (eg. Request for Tender documents) and successful bidder responses: 7 years after the date of the contract (if no contract is awarded, no retention period applies).
- Competitive tender responses from unsuccessful tenderers: 3 years after submission.
- Contract documents: 7 years from contract expiry.
- Contract management records: 7 years from date of record.

10.2 Document retention will assist in ensuring conformity to processes, accountability, preserving confidence in Monash University processes, and will improve defensibility of procurement decisions.

10.3 Records are to be protected equivalently in all forms (electronically, paper, USB memory sticks, CDs etc) and at all times (including at rest, in transit, in envelopes etc). Further information is available on the Strategic Procurement Intranet.
11. **Contract Management**

11.1 Contract Management Responsibilities

Contract management planning should commence during the procurement planning stage and is to be reviewed and updated throughout the procurement process. Contracts are to be managed over the life of the agreement. At the procurement planning stage, consideration is to be given to:

- who will manage the contract
- how the contractor’s performance will be monitored
- what are the risks associated with the contract
- how will the contract risks be managed during the course of the contract
- reporting required from the contractor

The above can be summarised in a category management plan that should be reviewed at an appropriate interval, and in-line with the criticality of the contract (annually at a minimum). At the beginning of the contract management phase, the contract manager should identify the critical clauses in the contract and any other requirements that may influence the management of the contract.

11.2 Contract Management activities may include:

- reviewing and monitoring of key performance indicators (KPIs)
- contract progress
- monitoring contract financials
- managing review meetings
- identifying high sustainability risk issues and improvements
- managing resolution of issues
- resolving disputes
- documenting variations

11.3 Contract Relationship Management Objectives

Contract Management requires establishment of mutually beneficial relationships with key suppliers and stakeholders (internal and external). The main objective of procurement relationship management is to establish two-way, mutually beneficial relationships between procurement staff, suppliers and stakeholders. It consists of collaborative and relationship-building activities targeted at the most strategic and critical supply partners.

11.4 Contract Relationship Management activities include:

- reducing prices and increasing efficiency beyond traditional sourcing and category management efforts by setting up long-term relationships and communications
- managing supplier risk and compliance by improving transparency and on key relationships through category management (Enterprise Risk Management Procedures are located on the intranet)
- driving supplier performance in a transparent and sustainable manner with strategic suppliers
- enabling continuous improvement of operations through long-term relationships with suppliers, allowing for the creation of a more effective and efficient contract management
- exploring business development and innovation opportunities
## DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Approved Supplier(s)</td>
<td>A Supplier or Suppliers appointed as a result of a policy compliant procurement process in accordance with the procurement policy and for which there is a written agreement between the University and the Supplier to supply specified goods and/or services at agreed terms.</td>
</tr>
<tr>
<td>Direct Invoice</td>
<td>An invoice processed by the University without there being an initiating Purchase Order issued. Direct Invoices are allowed for a limited and select group of goods and/or services where ongoing supply is provided on a regular basis and are normally covered by an overarching contract or agreement. All other invoices require reference to a Purchase Order to finalise settlement with a Supplier.</td>
</tr>
<tr>
<td>Environmental Issues</td>
<td>Environmental issues cover all environmental impacts of goods and services from cradle to grave including: reducing the number of goods and/or services purchased; minimising energy, water and materials; recycled, recyclable, biodegradable and reusable components; minimal packaging, maintenance, waste, emissions, chemicals and transportation; and environmentally responsible disposal.</td>
</tr>
<tr>
<td>Panel</td>
<td>A Panel includes two or more Approved Suppliers. Panel arrangements mitigate the risk of possible supply or performance problems associated with an individual supplier. They also allow increased value for money benefits through the use of competitive tension where applicable.</td>
</tr>
<tr>
<td>Probit</td>
<td>The evidence of ethical behaviour in the procurement process. 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. Probit should be integrated into all procurement planning and should not be a separate consideration. Procurement decisions are to be made in a transparent manner, which allows them to be understood and justified subsequently, and ensure that it is conducted in a transparent, honest, fair and competitive manner. Risk management of probity in the procurement process requires a higher level of control and mitigation over the procurement process where there is a higher likelihood of exposure to claims about the process. A probity advisor and/or auditor may be appointed to advise on or review the procurement activity.</td>
</tr>
<tr>
<td>Procurement Board</td>
<td>The body established by the University to promote and oversee best practice and objectivity in the processes used by the University to procure goods and services in order to achieve value for the University’s expenditure.</td>
</tr>
<tr>
<td>Purchase Order</td>
<td>A formal document initiated by the University and forwarded to a Supplier, normally used to form the basis of a one-off contract between the parties for the supply of goods and/or services to the University.</td>
</tr>
<tr>
<td>Quotation</td>
<td>An offer to supply goods and/or services, usually in response to an invitation to supply known as a request for quotation.</td>
</tr>
<tr>
<td>Social Procurement Issues</td>
<td>Procurement activity that takes into consideration the real or potential impacts associated with the production or sale of goods and/or services including: health, safety, human rights, ethical production, social justice, indigenous businesses, fair trade, diversity, access, and purchasing locally and domestically made goods and/or services.</td>
</tr>
<tr>
<td>Sole Supplier</td>
<td>When there is only one possible supplier for the required goods and/or services. This is to be evidenced by an appropriate market analysis and assessment. If there is a dispute about whether or not there is a Sole Supplier the assessment shall be determined by the Director Strategic Procurement.</td>
</tr>
<tr>
<td>Supplier(s)</td>
<td>An entity that is providing or has provided goods and/or services to the University.</td>
</tr>
<tr>
<td>Tender Process</td>
<td>Either an open or closed/select Request for Tender. The reasons for either will be defined in the approved sourcing strategy. Reasons for a closed/select Request for Tender may include where the University already has considerable knowledge of the goods or services being purchased and has conducted an appropriate market analysis and assessment including a reasonable shortlist of potential Suppliers.</td>
</tr>
<tr>
<td>Threshold Value</td>
<td>The value to be applied on the anticipated total expenditure, accumulated over the total term of the contract, in Australian Dollars and exclusive of GST. If the term is unspecified then a nominal term of three years is to be used for calculating the Threshold Value.</td>
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</tbody>
</table>
Total Cost of Ownership (TCO) Involves all costs associated with ownership and is based on the whole of lifecycle analysis. TCO is calculated over the whole life of the procurement and contract lifecycle. It estimates the accumulated costs of acquiring, operating, maintaining and disposing or decommissioning procured goods or services.

University For the purpose of these procedures Monash University and/or related entities who can acquire goods and/or services under the University’s contracts and agreements with suppliers.

Value for Money (VFM) The achievement of a desired procurement outcome at the best possible price (not necessarily the lowest price) based on a balanced judgement of financial and non-financial factors relevant to the procurement. VFM may take into account the Total Cost of Ownership and a mix of quality, costs and resources, as well as fitness for purpose, timelines and risk.

GOVERNANCE

<table>
<thead>
<tr>
<th>Parent policy</th>
<th>Procurement Policy</th>
</tr>
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<tbody>
<tr>
<td>Supporting schedules</td>
<td>Nil</td>
</tr>
</tbody>
</table>
| Associated procedures| Gifts, Benefits and Hospitality Procedure  
Conflict of Interest Procedure |
| Legislation mandating compliance | Nil |
| Category            | Operational |
| Approval            | Chief Financial Officer and Senior Vice-President  
20 December 2018 |
| Endorsement         | Director, Strategic Procurement  
20 December 2018 |
| Procedure owner     | Director, Strategic Procurement |
| Date effective      | 2 January 2019 |
| Review date         | 1 January 2022 |
| Version             | 1.0 |
| Content enquiries    | procurement.enquiries@monash.edu |