

# Procurement Procedure

## Section 1 - Key Information

<b>Policy Type and Approval Body</b>	Administrative – Vice-Chancellor
<b>Accountable Executive - Policy</b>	Chief Operating Officer
<b>Responsible Manager - Policy</b>	Executive Director, Procurement Business Services
<b>Review Date</b>	19 March 2027

## Section 2 - Purpose

(1) This Procedure details the process to be followed when acquiring goods and services for or on behalf of La Trobe University (University).

## Section 3 - Scope

(2) This Procedure applies to the purchase or lease of all goods and services from suppliers external to the University except as expressly excluded under the [Procurement Policy](#) or other University policies and procedures.

## Section 4 - Key Decisions

Key Decisions	Role
Approve purchases and contracts	As per the Financial Expenditure & <a href="#">Contract Signing Delegations</a>
Endorsement of Procurement Strategies	As specified in Part C of this Procedure which includes Council approval for any procurement activities over \$5m.

## Section 5 - Policy Statement

(3) This Procedure forms part of the [Procurement Policy](#) suite which governs its application.

## Section 6 - Procedures

### Part A - Planning for Procurement

#### Contracted Vendors

(4) Purchasers must use the University's approved and contracted vendors for identified products and services where such vendors are in place. The list of approved vendors can be found on the following AskFinance Knowledge Base Article [KB0022726](#).

(5) Depending on the value, purchasers may be required to obtain multiple quotes from different approved vendors. Refer to [Procurement Thresholds Matrix](#) for further information.

(6) Where approved vendors are not identified, purchasers must follow the procurement process detailed in AskFinance-Knowledge Base Article [KB0022433](#).

### **Due Diligence**

(7) Purchasers must conduct due diligence on all proposed purchases of goods and/or services. Consideration must include risk of foreign interference, conflict of interest and comply with the procedures outlined in the [Risk Management Policy](#).

(8) Goods purchased must be fit for purpose to ensure the safety of all employees, contractors and visitors and comply with all relevant health, safety and environmental laws, standards and best practices. Things to consider:

- a. Do the goods comply with Australian Standards and the [Health and Safety Policy](#) and Procedures?
- b. Where will the goods be housed?
- c. Do any modifications need to be made to the space to accommodate the goods?
- d. If purchasing goods from overseas, do the goods meet Australian Standards (eg: AS 3000 for power points and standard amps)
- e. If the goods are not fit for purpose and require modifications to align or realign with Australian Standards, DO NOT purchase that product.

(9) The risks associated with a purchase must also be appropriately managed and controlled before the purchase takes place. For example:

- a. For chemical purchases (other than those catalogue items purchased through AskFinance catalogues), complete the pre-purchase [Chemical risk assessment](#). Further information can be found on the [Health & Safety](#) pages of the intranet. Any queries relating to chemical purchases and completing the Chemical Risk Assessment, please contact Health and Safety.
- b. For plant and equipment purchases (complete the Equipment risk assessment form found on the [Health & Safety](#) intranet and refer to the [Health and Safety Policy](#) and Procedures.
- c. Consider the life of the good; what maintenance/service will be required; how will the good be disposed at end of life?
- d. Consider permit requirements to ensure the goods are legally brought into Australia. Identify and complete the necessary permit/licensing applications before the goods are procured.

### **Purchase Orders**

(10) Suppliers must not be engaged to commence any services or to provide any goods without first being issued with a valid Purchase Order. Purchase Orders are required to be in place prior to a Scope of Work being performed, for invoices to be paid. Invoices issued by Contracted Suppliers must have a valid University Purchase Order reference number on their invoice or it will not be paid.

(11) A purchase order must be raised through [ASK Finance](#) prior to purchasing the goods or services where the value of the procurement exceeds \$5,000 (exclusive of GST).

(12) Credit card purchases must be undertaken in accordance with the [Corporate Credit Card policy](#).

(13) See ASKFinance Knowledge Article: [Types of Orders - Purchase Order, Framework Order and Asset Purchase Order](#).

## Financial approvals and endorsements

(14) Financial approval to procure goods and/or services must be provided in accordance with the [Delegations and Authorisations Policy](#), the [Contract Signing Instrument of Delegation](#). The appropriate Authorised Signatory should authorise the proposed procurement activity before it commences, and appropriate funds must be available within the budget.

(15) The total expenditure over the lifecycle of a good or service must be taken into account when seeking financial approval from the Authorised Signatory.

(16) Even if an Authorised Signatory has the appropriate delegation, they must not approve their own recommendation in relation to a procurement activity. In such cases, the purchaser must ensure that an Authorised Signatory with a higher level of delegation provides all necessary financial approvals in writing before the procurement activity commences.

(17) Once a request for a Purchase Order is submitted via AskFinance the Authorised Signatory with appropriate delegation will approve the order via AskFinance.

(18) All individuals involved in procurement activities must ensure they declare any potential conflicts of interest associated with the procurement and/or vendors as outlined in the [Conflict of Interest Policy](#).

## Part B - Procurement Strategies and Sourcing Activity

(19) Procurement Thresholds Matrix - sets out the minimum requirements for purchases of goods and/or services based on the total authorised contract value. Refer to [Procurement Thresholds Matrix](#) for further information.

### Procurement Strategies

(20) As noted in [Procurement Thresholds Matrix](#), a Procurement Plan (Low Value Strategy) is required for all proposed purchases over \$500K; and a Procurement Strategy is required for all proposed purchases over \$1m. See AskFinance Knowledge Base Article [KB0022433](#).

(21) Before any procurement activity can proceed, purchasers are responsible for ensuring that:

- a. the Procurement Strategy is drafted with assistance from Strategic Procurement; and
- b. is endorsed by the individuals/bodies detailed out below under 'Part C - Contract Approval and Procurement Strategy Endorsements', including where applicable the [Procurement Executive Group](#) (PEG) and Council.

(22) The purpose of PEG is to provide and obtain senior level engagement, visibility, and support for strategic procurement proposals where the full contract value exceeds \$1,000,000. This is not a "Tender" threshold, but it does mandate the documentation of an appropriate high value procurement strategy.

### Programs of Work

(23) Where the individual procurement forms part of a wider program of activities, as part of the establishment of the program, a procurement strategy should be developed by the business unit and agreed with Strategic Procurement. This overarching strategy should be referenced in all related Procurement activities.

### Tender Administration

(24) Should a Procurement Strategy require tender RF(x) activity it must be administered using the University ETendering platform. Strategic Sourcing & Procurement will provide guidance after an evaluation of the requirement.

(25) Strategic Sourcing & Procurement can be engaged by submitting an AskFinance general request and selecting

the Strategic Procurement category option.

### **Emergency Works**

(26) In cases of emergency works, as detailed in the [Procurement Policy](#), where it is not practical to adhere to this procedure in advance of the Procurement occurring then, as soon as practical after the Emergency, the relevant Procurement documentation and processes must be completed and forwarded to Strategic Sourcing & Procurement by submitting an AskFinance general request and selecting the Strategic Procurement category option.

### **Accountability**

(27) If endorsement is obtained from the requisite approvers/bodies and the procurement activity proceeds, the designated Authorised Signatory remains ultimately accountable for ensuring all internal approval steps have been undertaken as well as the ultimate decision to contract, in accordance with the University [Contracts Policy](#).

### **Direct Negotiations (Sole Supplier)**

(28) There may be situations where it is in the University's interests to deal directly with one supplier (Sole Supplier). Accepted circumstances where this could occur is when there is:

- a. only one available supplier for the goods and/or services;
- b. an ongoing or associated project and there is a compelling case to extend the Scope of Work with a specified Supplier;
- c. a legitimate reason to renew or rollover a Contracted Supplier due to relationship value, transition or design considerations and/or other valid reasons that are in the University's best interests, or
- d. a need to purchase scientific or technical assets or equipment and/or accessories valued less than \$500K that is required to match existing assets for research continuity.
- e. Social and Indigenous set-asides, meaning LTU expressly permit buyers under an endorsed procurement strategy to give Social/Aboriginal enterprises the opportunity to demonstrate value-for-money before there is a general approach to market.

(29) Tangible and objective evidence of these existing circumstances must be supplied to Strategic Sourcing & Procurement for assessment and approval, prior to contract discussions and raising purchase orders.

(30) Formal approval to enter direct negotiations must be sought in advance via the specified procurement process, as per [Procurement Thresholds Matrix](#), and must be authorised by Strategic Sourcing & Procurement.

(31) If the value of the proposed procurement is greater than \$1m (ex GST) then Direct Negotiation must also be supported by a Procurement Strategy (High Value) and must be submitted for endorsement to the Procurement Executive Group.

(32) Strategic Sourcing & Procurement will facilitate set aside arrangements allowing exploration of targeted opportunities, under an approved procurement strategy (whether low or high value), to provide Social/Indigenous enterprises with a chance to showcase their value-for-money before a general approach to the market is determined, as defined by the [Procurement Thresholds Matrix](#).

### **Multiple Engagements**

(33) Multiple Engagements – multiple engagements cannot be undertaken for a substantially similar Scope of Work with the same Supplier unless they meet the following criteria:

- a. Each part of the works is issued under a RF(x) in accordance with the provisions of this policy and it can be clearly demonstrated that the Supplier presented the best value for money option for each part of the works

- that it is engaged to perform;
- b. The requirements for Direct Negotiation (Sole Supplier) have been satisfied; and
- c. A sufficient period of time has passed since the Supplier was engaged to perform similar works (usually 12 months).

(34) For the avoidance of doubt, it would be necessary to demonstrate that multiple Suppliers were given equal opportunity to quote/tender for the works and that open and effective competition was facilitated.

## **Independent Contractors**

(35) The engagement of Independent Contractors (also referred to as sole traders, contractors or consultants) must only occur when it is necessary to obtain specialist skills and expertise that do not form part of core services of the University. Core services of the University includes: - teaching, research, administration, and other classes of work similar to those performed by existing University staff.

(36) Individuals who are engaged to provide core services of the University must be engaged as employees rather than independent contractors.

(37) Where there is a legitimate need to engage an independent contractor, the [Consulting/Contractors Service Request Form](#) must be completed online by the business unit responsible for the engagement.

(38) Procurement will review the request, approve where appropriate and provide relevant documentation for completion.

(39) To ensure compliance with taxation and superannuation obligations, a classification check process is required prior to the engagement of independent contractors, to ensure that all parties are aware of their statutory obligations and responsibilities. Refer to AskFinance Knowledge Base Article [KB0022771](#): Engaging a Contractor or Consultant for Services for further information and requirements for staff seeking to engage an independent contractor.

(40) Where Finance and Procurement determine that individuals (with or without an ABN) are providing core services, the University will automatically deem these workers to be employees and will be referred to HR. The requestor may be required to complete a brief questionnaire for assessment.

(41) Where the assessment determines the independent contractor would be deemed an employee, this can impact PAYG, Payroll Tax, superannuation contributions, and other rights. In these circumstances, the University can only engage the Sole Trader contractor/consultant as an LTU Casual Staff member (through HR), or through an independent third-party agency, such as Robert Walters, etc. Additional financial liabilities including superannuation payments and taxes will need to be recovered from the original requisitioner's cost centre.

(42) Where the independent contractor has been determined to be an independent contractor/consultant, the University will complete the vendor onboarding process.

(43) Exceptions to delivery of core services by independent contractor. If:

- a. the person is a guest speaker, lecturer or presenter where:
  - i. The engagement is a once-off or short term basis
  - ii. Is not engaged for any period exceeding five days per calendar year;
  - iii. Is not under the control of the University
  - iv. Is not acting as a substitute for lecturers, tutors or teachers
- b. The person supplies specialist education and development programs where:
  - i. The engagement does not exceed 20 days per calendar year;

- ii. Is not under the control of the University;
- iii. Must develop their own program and materials.

## **IS Asset Purchasing (including software)**

(44) Software acquisitions are exclusively authorised through the University Information Services (IS) department. Please refer to IS Knowledge Base Article ([KB0020353](#) - Site licensed software) for a comprehensive list of software accessible to all staff.

(45) For new software that is not on the “Software with University Site-Wide Licences list”, submit an AskICT request for new software (refer to [KB0020353](#) - Site licensed software) . IS will conduct a thorough review of your request, including due diligence checks with regard to Security and Privacy. IS will then contact you to discuss the outcome of your request.

## **Part C - Contract Approval and Procurement Strategy Endorsements**

### **Low Value (\$500k to \$1M) Procurement Plan**

(46) Purchasers must ensure that they obtain endorsement of the proposed procurement strategy for any proposed purchase valued between \$500k to \$1million and in the following order:

- a. 1st - Local Business Unit/School Manager
- b. 2nd - Budget/Financial Approver
- c. 3rd - Specific Business/Project Governance Endorsement
- d. 4th - Strategic Sourcing & Procurement (Associate Director, Strategic Sourcing & Procurement)

### **High Value (above \$1M) Procurement Strategy**

(47) Purchasers must ensure that they obtain endorsement of the proposed procurement strategy for proposed any proposed purchase valued above \$1million and in the following order:

- a. 1st - Local Business Unit/School Manager
- b. 2nd - Budget/Financial Approver
- c. 3rd - Specific Business/Project Governance Endorsement
- d. 4th - Strategic Sourcing & Procurement (Associate Director, Strategic Sourcing & Procurement)
- e. 5th - Procurement Executive group (PEG)

### **Over \$5million - Council approval required**

(48) Procurement Activities with an anticipated value above \$5M will require full business case and additional University Committee and Council approval requirements, as advised by Strategic Sourcing & Procurement.

## **Contract Management**

(49) All contracts must be facilitated in accordance with the requirements of the [Contracts policy](#).

(50) Scope of Work Compliance - it is the responsibility of the Authorised Signatory to ensure that there are appropriate contract management processes for the life of the contract, and they are ultimately accountable for ensuring that all Goods and/or Services are delivered, implemented, provided and/or received in accordance with the required contractual arrangements and obligations.

(51) Variations - Any variations to the contracted Scope of Work should be immediately assessed by the business unit

contract manager (in consultation with Strategic Sourcing & Procurement for financial, commercial and operational impact to the University).

(52) Variations to an agreement with a Contracted Supplier must be agreed to in writing by the Authorised Signatory under the University Contract Signing Instrument of Delegations and the Supplier's nominated representative in accordance with the provisions of the agreement and must include (as a minimum) the following information:

- a. a clear summary of the adjustments to the Scope of Works;
- b. agreed adjustments to remuneration (with supporting detailed information); and
- c. any agreed changes to time frame.

(53) The addition of a new Scope of Work to an existing Contract is a Procurement activity and must be approved in accordance with the Procurement Policy, and this procedure.

(54) Contract Review - regular reviews and meetings with Contracted Suppliers are to be implemented by the Authorised signatory or their nominated contract manager to ensure that contractual arrangements are being managed effectively and for the benefit of the University, as well as to ensure commercial and operational risks are being appropriately managed and any commercial and/or performance issues addressed.

(55) Contract Extensions - if an extension clause is included in the Contracted Suppliers agreement, and the value of the initial Procurement activity (including the extension value) has been approved by the appropriate Authorised Signatory including that extension value, then the extension can be progressed in writing with the supplier and no additional procurement activity is required. If not, then any extension must be treated as a new procurement activity. A Contract extension must be executed in a manner consistent with the original Contract and the relevant Delegate for the Total Authorised Contract Value, including the original contract and any accumulated Contract extensions or variations. If in doubt, the relevant University staff should consult with Strategic Sourcing & Procurement.

## Section 7 - Definitions

(56) For the purpose of this policy and procedure:

- a. Authorised Signatory - means a person who has the delegated authority to authorise expenditure for procurement of goods or services and sign off the transaction in accordance with the [Delegations and Authorisations Policy](#) and current Contract Signing - Instrument of Delegations.
- b. Core services - In the context of universities, "core services" typically refer to the primary functions and services central to the university's identity and purpose. This includes but is not limited to; teaching/learning, research and other professional services functions that currently exist and are performed by business units at the University.
- c. Conflict of Interest - is assessed in terms of the likelihood that staff possessing a particular interest could be improperly influenced, or might appear to be improperly influenced, in the performance of their duties. The University's requirements regarding Conflict of Interest reporting are set out in the [Conflict of Interest Policy](#) and the [Code of Conduct](#).
- d. Consultant (also referred to as Independent Contractor) - means an external person or organisation engaged with a specific skill set and knowledge not normally available at La Trobe University to provide professional or expert advice in a specific field. They have greater subject matter expertise than would be feasible for the University to retain in-house and are typically engaged on short term basis.
- e. Contract - means an agreement between two or more parties (supplier and the University) that sets out what will be delivered at what cost and other obligations and requirements. This may be a Standard Form Contract, Standard Purchase Order Terms or other form of University approved contract and includes relevant schedules, annexures or attachments for the services, fees and any other relevant information agreed between the parties.

The Contract also incorporates any related Variations.

- f. Emergency – means situations that include but are not limited to: natural or manmade disasters (such as earthquakes, cyclones, tsunamis, volcanic eruptions, flooding, fires and biosecurity), critical health or environmental emergencies (such as pandemic or food safety incident) Political emergencies (such as war) and failures of critical infrastructure or equipment where:
- i. necessary actions are required in the event of a fire alarm, life safety system alarm, gas leak alarm, flood alarm, power failure etc., or
  - ii. an issue is identified that is required to be “made safe” in order to restore health and safety conditions, or
  - iii. an issue is identified that is required to be mitigated in order to prevent an “unsafe” condition, or
  - iv. there is a requirement to mitigate or prevent any likely or further damage to the University's facilities or activities, or
  - v. there is a risk that delayed action may result in actual damage to the University's facilities or activities.
- While urgent situations arising through a lack of planning do not constitute an emergency, there can be concession provided in the event it looks to impact University Business Continuity or represent material risk to brand and reputation. This would require full documentation and endorsement by no less than the Chief Operating Officer.
- g. Independent Contractor (also referred to as Consultants) – means a person who contracts to perform work for another person or organisation, but is not employed by that person or organisation. An independent contractor undertakes to produce a given result, and the agreed payment is payable when the contractual conditions have been fulfilled. They are engaged as there is a need to augment existing resources (e.g. due to a short-term increase in projects), or to fulfil a short-fall in capacity where certain skills and knowledge are ordinarily present. Independent Contractors must be genuine (e.g. with a valid ABN/ACN, registered for GST etc (if Australian-based) and have adequate insurances in place).
- h. Modern Slavery – means modern slavery as defined in section 4 of the Modern Slavery Act 2018 (Cth) and includes human trafficking, forced labour, child labour, debt bondage, situations where workers' freedom is deprived, restricted or undermined or where workers are otherwise exploited, and similar unethical conduct. For further information on Modern Slavery, how to report suspicions of Modern Slavery, expectations of suppliers and additional resources, refer to the [Doing Business with La Trobe](#) – “Modern Slavery Governance and Compliance” accordion. Internal stakeholders should refer to Human Resources Knowledge Base Article [KB0023133](#).
- i. Procurement – means all activities involved in the acquisition of goods, services, infrastructure and capital works either purchased or leased, including but not limited to:
- i. identifying the need to procure
  - ii. electing external suppliers, whether or not via a tender evaluation process
  - iii. contracting and placing orders
  - iv. managing contracts and suppliers including the supply chain
  - v. Governance and compliance of contractual requirements, policies, regulations and relevant laws.
- j. Purchase Order – means the document issued by the relevant University staff to a Supplier acknowledging that there is a commitment to engage a Supplier to perform a Scope of Work for the University and to obtain related payment.
- k. Procurement Executive Group (PEG) – means a committee established to review and approve Procurement and Tender activity on behalf of the University according to their terms of reference.
- l. Responsible Procurement – means using the University's purchasing power to generate social benefits, adding value to procurement outcomes and supporting supplier and workforce diversity.
- m. RF(x) – means any of the following Tender activities: Request for Information (RFI), Expression of Interest (EOI) Request for Proposal (RFP), Request for Tender (RFT) or Request for Quotation (RFQ) A Tender Activity is where:



- i. A Scope of Work (or specification) is issued to multiple suppliers or open market;
  - ii. Suppliers are requested to provide information regarding their experience, capability and capacity to complete the Scope of Works;
  - iii. Suppliers provide a price or schedule of rates to complete the scope of works;
  - iv. Responses are sought from at least 3 Suppliers (unless there is a valid reason approved by a relevant Procurement Strategy), including at least 1 social or indigenous enterprise.
  - v. There is an established schedule of relevant cut-off dates; and
  - vi. the responses are evaluated according to pre-determined criteria.
- n. Scope of Work – means goods and/or services to be provided by the Supplier detailing how the work must be performed, the responsibilities between the parties, what materials and / or activities are required, minimum quality standards, minimum warranties, milestones or deadlines, and any requirements relating to delivery, installation or acceptance at a minimum. Scope of Work should be documented and form part of a contract, usually as a Schedule. Also known as a Statement of Work or Scope of Services.
  - o. Set Aside Arrangements – Meaning LTU expressly permit LTU buyers under an endorsed procurement strategy to give Social/Aboriginal enterprises the opportunity to demonstrate value-for-money before there is a general approach to market.
  - p. Strategic Sourcing & Procurement – means the business unit responsible for this policy and related governance and processes that has oversight of all related Procurement activities.
  - q. Supplier – means an external person or organisation that supplies goods and/or services that the University may procure, in conducting its business.
  - r. Tender Activity – See RF(x)
  - s. Total Authorised Contract Value – means the approved total cost representing acquisition of the goods and/or services including all supply, freight, installation, training and associated ongoing maintenance and/or service costs or other ongoing operational costs to support that purchase over the proposed purchase period and possible extensions.
  - t. Variation – means an amendment to a Contract agreed between the University and the Contracted Supplier.
  - u. Vendor – means an external person or organisation that supplies goods and/or services that the University may procure, in conducting its business.
  - v. Vendor (Approved) – means a vendor (above) that has been qualified and is an authorised to supply goods and services to the University.

## Section 8 - Authority and Associated Information

(57) This Procedure is made under the [La Trobe University Act 2009](#).

(58) Associated information includes:

### Modern Slavery

- a. For suppliers – refer to the "Modern Slavery Governance and Compliance" accordion on The University's "[Doing Business with La Trobe](#)" webpage.
- b. For staff – refer to Human Resources Knowledge Base Article [KB0023133](#).

## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	19th March 2024
<b>Review Date</b>	19th March 2027
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<b>Responsible Manager - Policy</b>	Andrew Peacock Executive Director, Procurement Business Services
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