

## PROCUREMENT POLICY (1001)

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### **Preamble:**

This policy applies to all procurement activities at Murdoch University, regardless of the source of funding and should be read in conjunction with the [Procurement Procedure \(1003\)](#).

The policy is designed to ensure the principles of value for money; probity and ethical behaviour; risk management and responsible financial management are applied across all procurement activities so as to achieve best Value for Money in all procurement activities taking into consideration the “Total Cost of Ownership”.

### **Purpose:**

To define the principles and framework that govern the procurement of goods and services. This policy applies to all individuals involved in the procurement process.

### **Audience:**

This Policy applies to all staff and contractors of Murdoch University, including, externally engaged consultants whom are acting on behalf of Murdoch University, regardless of the source of funding. This policy also applies where there is an expectation that the University will reimburse another individual or organisation.

All individuals involved in the procurement process are required to comply with this policy.

### **Objectives:**

- Ensure the commitment to, or procurement of goods and services across the University and on behalf of the University complies with good procurement practices;
- Provide a minimum set of governance standards and procurement principles whilst delivering value for money in a competitive environment; and
- Provide direction on monitoring and compliance.

## Definitions:

Any defined terms below are specific to this document. The definition of common terms appears in the Murdoch University Dictionary of Terms.

- “Procurement” is the end to end process from identification of a requirement through to the disposal at the end of its life for goods or the completion of services provided.

## 1. Policy Statement:

### 1.1 Procurement Framework

To optimise the use of University’s resources and manage risk as well as our external supplier spend, the University will operate under a procurement framework as outlined in this section.

1.1.1 Sourcing will be categorised as either “Tactical” or “Strategic”.

1.1.2 Tactical Sourcing is primarily a process of seeking quotations and verifying supplier capability for lower value or lower risk purchase requirements.

This process is to be managed by University staff, with Procurement and Legal support where required. Legal support is required where the University’s standard contract terms and conditions cannot be utilised or where suppliers are seeking to change the University’s standard contract terms and conditions.

1.1.3 Strategic Sourcing is a more robust process typically applied on higher value or higher risk purchase requirements and leverages Procurement expertise to formally engage the market and drive value beyond cost reductions.

1.1.4 Procedural requirements in relation to both Tactical and Strategic Sourcing are outlined in the [Procurement Procedure \(1003\)](#).

### 1.2 Procurement Principles - Value for Money

Procurement principles outlined below apply to all procurement activities undertaken be it Tactical or Strategic.

1.2.1 University staff must ensure that all procurement achieves best Value for money and is aligned to University strategies.

1.2.2 All procurement decisions require an objective value judgment to achieve the best outcome for the University.

Achieving best value for money requires consideration of cost and non-cost factors where relevant.

This assessment must consider total cost, including installation, transportation, facilities requirements and on-going costs such as storage, maintaining, de-commissioning and disposing of goods.

Non-cost factors may include, although are not limited to:

1.2.2.1 Quality of goods and services;

- 1.2.2.2 Supplier capability (e.g. proven supplier, financial position);
  - 1.2.2.3 Sustainability and ethical considerations;
  - 1.2.2.4 Risk;
  - 1.2.2.5 Supplier performance;
  - 1.2.2.6 Innovation and new technology;
  - 1.2.2.7 Availability and quality of maintenance and support;
  - 1.2.2.8 Affinity initiatives, which may include, but are not limited to research collaboration, innovation, scholarships, internships and/or placements for students;
  - 1.2.2.9 Reputation; and
  - 1.2.2.10 Known or potential Modern Slavery implications.
- 1.2.3 The University is not obligated to select the lowest cost supplier. This is on the basis that the lowest cost supplier may not necessarily provide a compliant and fit-for-purpose solution.

### **1.3 Procurement Principles - Probity and Ethical behaviour**

- 1.3.1 The principle of probity and ethical behaviour governs the conduct of all procurement activities.
- 1.3.2 All individuals who contribute to procurement activities must comply with the standards of integrity, probity, professional conduct, and ethical behaviour as stated below:
  - 1.3.2.1 To deal fairly, impartially and consistently with all suppliers;
  - 1.3.2.2 To keep confidential all sensitive information obtained as part of the procurement process;
  - 1.3.2.3 To formally declare any actual, potential or perceived conflict of interest prior to the commencement of a procurement activity and abstain from any procurement activity where it has been deemed that a potential, perceived or actual conflict of interest exists as per the [Conflict of Interest Policy](#);
  - 1.3.2.4 To ensure that the entire procurement process is documented in such a way as to demonstrate that decisions and purchases were made in accordance with the Procurement Policy; and
  - 1.3.2.5 Staff, contractors and external parties who conduct, or are involved in, procurement activities on behalf of the University during the planning, sourcing and / or contract formation phase will not elicit or accept gifts, benefits or hospitality from respondents. Where respondent(s) are the incumbent contracted supplier, then involvement with the supplier should be minimised to day to day contract

operations only during the planning, sourcing or contract formation phases.

#### **1.4 Procurement Principles – Risk Management**

The risks associated with procurement activity must be considered and managed in accordance with the University's policies and standards.

#### **1.5 Conflicts with Other Policies**

Where this policy conflicts with another University policy, and the conflict relates to procurement, this policy will take precedence.

#### **1.6 Procurement Principles - Sustainable**

When buying decisions are made, sustainability must be considered in all cases. This includes:

1.6.1 The environmental impact across the life of the product being procured (prior to the decision to buy);

1.6.2 Consideration of eventual de-commissioning and disposal requirements; and

1.6.3 Deciding if a product made from recycled materials is an option.

#### **1.7 Procurement Principles - Ethical**

All Approved Suppliers must have the ability to trace their products back to raw material and manufacturing locations. This is to ensure that suppliers:

1.7.1 Comply with laws and regulatory requirements;

1.7.2 Provide safe and healthy working conditions;

1.7.3 Do not discriminate; and

1.7.4 Allow freedom of association.

#### **1.8 Procurement Principles - Diversity**

Aboriginal and Torres Strait Islander owned businesses (defined as businesses that are 50% or more owned by Aboriginal and/or Torres Strait Islander Australians) are to be considered for procurement of goods and services, subject to the same value for money considerations, to further support Murdoch University's Reconciliation Action Plan (RAP).

#### **1.9 Procurement Principles - Approved Supplier agreements**

1.9.1 The University appoints Approved Suppliers for the supply of operationally strategic goods or services to meet University requirements.

1.9.2 An Approved Supplier is one that has a signed contract with Murdoch University and is within contract term.

1.9.3 Where an Approved Supplier has been appointed, they should be used in the first instance, for the scope of supply they have been appointed and contracted to leverage and optimise the use of pre-negotiated rates and service levels.

1.9.4 A list of Approved Suppliers can be found at the Finance Office website under the 'Procurement' page.

## 2. Contract Management

The University's contracts will be managed by designated Contract Monitors in accordance with the [Murdoch University Contract Management Framework](#).

## 3. Authority to Procure

3.1 University Purchasers must adhere to **ALL** of the following requirements before entering into a verbal or written commitment:

3.1.1 Funds are available (budgeted or non-budgeted at PVC/Director discretion);

3.1.2 Conflicts of interest have been disclosed;

3.1.3 University approvals have been obtained by appropriate financial delegate and special conditions have been fulfilled; and

3.1.4 University procurement and applicable policies, procedures and principles have been applied.

## 4. Monitoring and Compliance

4.1 All University Staff and any individuals or entity involved in procurement process are responsible for ensuring compliance with this Policy. The Financial Delegate or their authorised representative has the authority to make the commitment on behalf of Murdoch University and to execute the contract.

4.2 Procurement and/or Office of Audit and Risk Management will conduct random and planned monitoring of this policy requirements. Non-compliance procedures are detailed in the [Procurement Procedure \(1003\)](#).

## 5. Exceptions

Exceptions to this policy and the related *Procurement Procedure (1003)* will only be agreed when best value for money has been clearly demonstrated. Guidance on exceptions are detailed in *Procurement Procedure (1003)*.

### Performance Indicators:

There are no performance indicators.

### Related Documents:

[Procurement Procedure \(1003\)](#)

[Murdoch University Contract Management Framework](#)

[Accounts Payable - Supplier Code Creation/Amendment Procedure \(503a\)](#)

[Conflict of Interest Policy](#)

[Purchasing Card Use Procedure \(517b\)](#)

[Purchasing Card - IT Equipment Purchases Less Than \\$5000 \(excl GST\) While Travelling Procedure \(517f\)](#)

[Purchase Orders - Generate Purchase Requisition Procedure \(501a\)](#)

[Purchase Orders - Amendment/Cancellation of Requisition Procedure \(501b\)](#)

[Purchase Orders - Receipting of Delivered Goods and/or Services Procedure \(501c\)](#)

[Financial Delegations Policy \(510\)](#)

[Purchase Orders Policy \(501\)](#)

[Purchasing Card Policy \(517\)](#)

[Recordkeeping Policy](#)

[Travel Policy \(1502\)](#)

### References:

There are no references.

### Approval and Implementation:

<b>Approval Authority:</b>	Chief Financial Officer
<b>Responsible Officer(s):</b>	Strategic Procurement Manager
<b>Approval Authority for supporting procedures:</b>	Chief Financial Officer
<b>Approval Authority for supporting guidelines:</b>	There are no supporting guidelines.
<b>Approval Authority for supporting standards:</b>	There are no supporting standards.
<b>Contact Officer:</b>	Strategic Procurement Manager

### Revision History:

Approved/ Amended/ Rescinded	Date Approved	Effective Date	Next Review Date	Resolution No. (if applicable)
Approved	21/09/2020	7/10/2020	21/09/2023	
Approved	22/08/2017		22/08/2020	
Approved	12/04/2017		12/04/2020	
Approved	07/04/2017		07/04/2020	
Approved	07/08/2014		07/08/2017	
Approved	05/08/2013		05/08/2016	
Approved	14/12/2011		14/12/2014	
Approved	14/11/2011		14/11/2014	
Approved	19/08/2011		19/08/2014	