



# The University of Sydney

## Finance and Accounting Manual

### Purchasing Policy

Approved by Tender Board on 4 January 2007

Date of effect: 1 February 2007

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#### OVERVIEW

##### 1. Policy

This Policy applies to the acquisition of all goods and services, either purchased or leased, from suppliers external to the University.

Acquisition of goods and services include but are not limited to:

- consumables, including office supplies
- office, teaching and research equipment
- facilities management and construction
- information and communications technology
- contractors and consultants
- motor vehicles

This Policy excludes services provided by staff employed via the University payroll and University investments.

##### 2. Coverage

The Purchasing Policy applies to all University activities including foundations, centres, associations and institutes not separately incorporated.

#### PRINCIPLES

##### 3. Principles of Purchasing

The principles that govern purchasing are:

- (a) value for money, being the benefits achieved compared to the whole-of-life costs (eg, price, quality, reliability, service, delivery, payment terms, strategic suppliers);
- (b) quality, efficiency and effectiveness;
- (c) probity and equity;
- (d) transparency;
- (e) effective competition, including fair dealing;
- (f) environmental and sustainability considerations; and
- (g) other risk management considerations.

It is crucial that comprehensive and well-documented records are maintained on all acquisition of goods or services. Purchasing documents may be examined by audit staff, the Independent Commission Against Corruption (ICAC), police and unsuccessful suppliers under the Freedom of Information Act, 1989 (NSW).

It is also crucial that the acquisition of goods and services by the University is free from corruption, fraud and conflict of interest. Refer also to the University's [Code of Conduct](#) and [Corruption Prevention Strategy](#).

The University has a procurement specialist, the Manager, Shared Services, Financial Services, who is responsible for ensuring that the University achieves best value for money in all University procurement activities. The Manager, Shared Services is responsible for:

- approving all quotation and tender waiver, including selective tendering (see section 7),
- approving all advertisements for tenders, including expression of interests (see section 8),
- signing all purchasing contracts or agreements (see section 8 and section 13.5), and
- Executive Officer of the Tender Board (see Appendix A).

The NSW Government’s procurement policies and code of practice underpin the University’s Purchasing Policy.

#### 4. **Justification for the Purchase**

Prior to the purchase of goods and services there must be sufficient justification to demonstrate that there is a need for the goods and services to be provided and that funding is available.

#### 5. **Quotation and Tender Requirements**

The following quotation and tender requirements are the **minimum** needed. Additional quotations or undertaking a tender process should be considered where the nature of the goods or services being acquired warrants it.

<i>Value of Order/Agreement</i>	<i>Requirement</i>
\$200,000 and above	Tendering process Tender Board approval required
\$50,000 to \$199,999	3 written quotations #
\$10,001 to \$49,999	2 written quotations #
\$10,000 and below	Quotations optional

# Refer to section 7 for quotation waivers.

Note: Values above and elsewhere in this policy are gross costs, including all taxes and duties.

Transactions must be valued as a total transaction and not split into components or parts such as instalments or individual items. Regular or periodic orders for the same goods or service should be assessed as a minimum at the annual transaction value. The value of the order/agreement is either the total acquisition cost (if purchased) or the total lease cost (if leased).

Specific goods or services acquired directly from an approved external supplier included on the University Purchasing Preferred Supplier schedule are not subject to these quotation and tender requirements, as tendering is used to select the approved Purchasing Preferred Suppliers for the specific goods or services.

#### 6. **Delegations of Authority**

Refer to section 5.3 of the [Delegations for Specific Activities and Financial Delegations](#) for a list of delegated officers with the authority to approve the acquisition of goods and/or services, up to the values specified within their accountability areas and funds availability.

##### 6.1 **Variations on approved amounts**

Unforeseen variations on total costs for approved goods or services up to 15% on the approved amount do not require additional approval by the delegated officer. This provides a contingency for unforeseen costs such as exchange rate variations and modifications to works projects.

Note: this variation does not apply to the Corporate Card transaction limit of \$5,000 for the acquisition of goods or services (ie, the transaction limit remains at \$5,000), or to travel transactions.

## **6.2 Infrastructure goods and services**

Campus Property and Services must approve the acquisition of goods and/or services that relate to furniture, fixtures and fittings, buildings, grounds or facilities infrastructure. Refer to the [Approval and Management of Building Works Policy](#) for details.

Information and Communications Technology should be acquired in accordance with the standards of the University. Refer to the [ICT Standard Operating Environment Acquisitions Policy](#) and associated schedules for details.

The [Purchasing Preferred Supplier](#) schedule includes specific goods and services that must be acquired through Facilities Management Office and Information and Communications Technology.

The Chief Information Officer, or an officer nominated by the Chief Information Officer, must approve the acquisition of goods and/or services that relate to information and communications technology and services if:

- the goods and/or service is not listed on the Purchasing Preferred Supplier schedule; or
- the goods and/or service is available from an approved supplier included on the Purchasing Preferred Supplier schedule and an alternative supplier is recommended; or
- the goods and/or service is available from an approved external supplier included on the Purchasing Preferred Supplier schedule and the total value exceeds \$100,000.

## **7. Quotation and Tender Waivers, including Selective Tendering**

The need to obtain quotations or tenders may be waived in the following circumstances:

- (a) exceptional circumstances where it is impractical to devote the time or other resources to obtaining quotations or tenders; or
- (b) the equipment or service is available from only one supplier.

Note: Specific goods or services acquired through an approved Purchasing Preferred Supplier do not require quotations or tenders – see also section 5 and section 9.

Quotation and tender waivers, including approval for selective tenders, for orders or agreements with a value in excess of \$10,000 must be approved by the Manager, Shared Services, Financial Services (Executive Officer of the Tender Board) after consultation with the relevant manager. Submissions which include the circumstances and justification for the waiver are to be made through the relevant College Finance Managers.

The Executive Officer of the Tender Board will provide a quarterly report to the Tender Board for noting, listing the waivers and selective tendering approved.

## **8. Tendering**

University tenders should be open to the public so that the market is assessed for the goods or services required. There are two ways this may be done, either by fully Open Tender or by the calling of an Expression of Interest that results in an assessed list of suitable tenderers. The Manager, Shared Services, Financial Services must approve all advertisements for Open Tender proposals or Expression of Interest proposals.

Selective Tendering may be used instead of Open Tendering in special circumstances. Selective tendering occurs when specific suppliers are invited to tender for the goods or services rather than the tender being open to all suppliers. Selective tendering will generally be used following an Expression of Interest. The Manager, Shared Services, Financial Services must approve all Selective Tender proposals.

Contracts arising from tenders are to be signed by the Manager, Shared Services, Financial Services.

Refer to the Finance and Accounting Manual [Purchasing: Tendering Procedures](#) for details.

## **9. Purchasing Preferred Suppliers**

The University can establish Purchasing Preferred Suppliers for the acquisition of specific goods and services. The selection of Purchasing Preferred Suppliers generally follows an Open Tender process. Refer to the [Purchasing Preferred Supplier](#) schedule for details. Purchasing Preferred Suppliers should be used for the acquisition of the specific goods and services wherever possible.

Specific goods or services acquired from an approved external supplier included on the Purchasing Preferred Supplier schedule are not subject to quotation and tender requirements. The Purchasing Preferred Supplier schedule also includes infrastructure goods and/or services which require Facilities Management Office or Information and Communications Technology approval (refer to section 6.2).

## **10. Environmental Considerations**

The University is committed to environmental best practice and ecological sustainability in the acquisition of all goods and services. Refer to the University's [Environmental Policy](#) for details and contact the Manager, Environmental Strategies, Facilities Management Office on 9351.2063 for advice or clarification.

## **11. Non-allowable Expenses**

Items that are personal or private in nature must not be charged to the University. Refer to the [Non-Allowable Expenses Procedures](#) for details.

## **12. Equipment Purchases**

Equipment and other items valued at \$5,000 or above must be recorded in the Asset Management system. Refer to the [Asset Acquisition, Transfer and Depreciation Procedures](#) for details.

## **13. Methods of Purchasing**

There are five methods of purchasing within the University:

- Petty Cash
- Corporate Card
- Library information resource order
- University Purchase Order
- Purchase Contract

### **13.1 Petty Cash**

Petty cash can be used to purchase goods and services up to a maximum value of \$150. Refer to the [Petty Cash Procedures](#) for details. The University recommends the use of a Corporate Card rather than petty cash.

### **13.2 Corporate Card**

University Corporate Cards are to be used to purchase goods and/or services up to a maximum value of \$5,000 per transaction (inclusive of GST and other charges). Refer to the [Corporate Card Procedures](#) for details.

Note: the \$5,000 transaction limit does not apply to travel.

### **13.3 Library information resource order**

Library information resources (books, serials, etc) are ordered by the University Library through the library system to enable catalogue links.

### **13.4 University Purchase Order**

University Purchase Orders are to be issued for all purchases except those acquired using Petty Cash, University Corporate Card, Library information resource orders or Purchase contracts. In some instances it will be beneficial to establish a University Purchase Order for contracts so that the commitment of expenditure is entered in the finance system.

It is essential that the purchase order is issued only if the quotation and tender requirements have been met and an officer with appropriate financial delegation has approved the acquisition. Refer to the [Purchasing: Purchase Order Procedures](#) for details.

### **13.5 Purchase Contract**

In some situations it may be necessary for the University to enter into a Purchase contract for the acquisition or provision of goods and services, especially maintenance or service agreements. It is essential that the Purchase contract is issued only if the quotation and tender requirements have been met and an officer with appropriate financial delegation has approved the acquisition.

All Purchase contracts must be signed by the Manager, Shared Services, Financial Services and either prepared, or reviewed, by the Office of General Counsel.

## **14. Receipt of goods and service**

The person taking delivery of the goods and/or service will certify (sign and date) the invoice that all of the goods were received in good order and condition or all of the service was satisfactorily performed.

Where goods and/or services were found to be faulty, improperly performed or not as specified the supplier must be immediately contacted and details noted on the invoice or order.

If goods are returned to the supplier, details must be noted on the invoice and order and the supplier should not be paid for the returned goods.

## **INTERNAL CONTROLS**

### **15. Segregation of Duties**

The purchasing function must be separated from the payment function throughout the University.

### **16. Tender Board**

The Tender Board has been established by the Finance Committee and is responsible for ensuring that the University's Purchasing Policy is observed. Refer to Appendix A for details on the Terms of Reference, Membership, Executive Officer, Meetings and Reporting.

## **RELATED INFORMATION**

### **17. Resources and Weblinks**

#### **References**

- [Asset Acquisition, Transfer and Depreciation Procedures](http://www.finance.usyd.edu.au/docs/asset_acquisition_proced.pdf)  
http://www.finance.usyd.edu.au/docs/asset\_acquisition\_proced.pdf
- [Code of Conduct](http://fmweb01.ucc.usyd.edu.au/FMPro?-db=POL_Main.fp5&-lay=www&-format=/pol/pol_summary.html&-RecID=13&-find)  
http://fmweb01.ucc.usyd.edu.au/FMPro?-db=POL\_Main.fp5&-lay=www&-format=/pol/pol\_summary.html&-RecID=13&-find
- [Corporate Card Procedures](http://www.finance.usyd.edu.au/docs/corporatecard_proced.pdf)  
http://www.finance.usyd.edu.au/docs/corporatecard\_proced.pdf
- [Corruption Prevention Strategy](http://fmweb01.ucc.usyd.edu.au/FMPro?-db=POL_Main.fp5&-lay=www&-format=/pol/pol_summary.html&-RecID=15&-find)  
http://fmweb01.ucc.usyd.edu.au/FMPro?-db=POL\_Main.fp5&-lay=www&-format=/pol/pol\_summary.html&-RecID=15&-find
- [Delegations for Specific Activities and Financial Delegations](http://www.finance.usyd.edu.au/docs/financial_delegations.pdf)  
http://www.finance.usyd.edu.au/docs/financial\_delegations.pdf

- [Environmental Policy](http://fmweb01.ucc.usyd.edu.au/FMPro?-db=POL_Main.fp5&-lay=www&-format=/pol/pol_summary.html&-RecID=37&-find)  
http://fmweb01.ucc.usyd.edu.au/FMPro?-db=POL\_Main.fp5&-lay=www&-format=/pol/pol\_summary.html&-RecID=37&-find
- [Motor Vehicle Procedures](http://www.finance.usyd.edu.au/docs/motorvehicle_proced.pdf)  
http://www.finance.usyd.edu.au/docs/motorvehicle\_proced.pdf
- [Non-Allowable Expenses Procedures](http://www.finance.usyd.edu.au/docs/nonallowable_proced.pdf)  
http://www.finance.usyd.edu.au/docs/nonallowable\_proced.pdf
- [Petty Cash Procedures](http://www.finance.usyd.edu.au/docs/pettycash_proced.pdf)  
http://www.finance.usyd.edu.au/docs/pettycash\_proced.pdf
- [Purchasing Preferred Suppliers](http://www.finance.usyd.edu.au/purchase_pay_lease/purchasing/suppliers.shtml)  
http://www.finance.usyd.edu.au/purchase\_pay\_lease/purchasing/suppliers.shtml
- [Purchasing: Purchase Order Procedures](http://www.finance.usyd.edu.au/docs/purchaseorder_proced.pdf)  
http://www.finance.usyd.edu.au/docs/purchaseorder\_proced.pdf
- [Purchasing: Tendering Procedures](http://www.finance.usyd.edu.au/docs/tendering_proced.pdf)  
http://www.finance.usyd.edu.au/docs/tendering\_proced.pdf

## 18. University policies superseded or replaced by this policy:

- Purchasing Policy – Revised 30 January 2006
- Purchasing Policy: Guidelines and Procedures - Revised April 2004
- Purchasing and Payment Procedures: 21 August 2003 Sections 2.1 to 2.8 inclusive

## CONTACTS AND REVIEW

### 19. Contacts

- **Policy Interpretation and Application  
Waivers, Selective Tendering and Processing of Tenders**  
Manager, Shared Services, Financial Services  
(Executive Officer of the Tender Board)  
Phone: (02) 9351-3654      Fax: (02) 9351-4202  
Email: [ddevenney@finance.usyd.edu.au](mailto:ddevenney@finance.usyd.edu.au)
- **Audit and Probity Matters**  
Director, Internal Audit and Review  
Phone: (02) 9351-2415      Fax: (02) 9351-3596  
Email: [cprosser@finance.usyd.edu.au](mailto:cprosser@finance.usyd.edu.au)
- **Faculty Purchasing Matters**  
Finance Director – Faculty Operations  
Phone: (02) 9351-4635      Fax: (02) 9351-5467  
Email: [iford@usyd.edu.au](mailto:iford@usyd.edu.au)

### 20. Review

The Purchasing Policy will be reviewed annually and on an ad hoc basis if required.

Changes to policy will be approved by the Tender Board and other amendments will be approved by the Chief Financial Officer.

Amendments to weblinks will be processed by Financial Operations and Systems.

**PURCHASING POLICY: TENDER BOARD**

**Terms of Reference**

1. The Tender Board determines the University's purchasing policy for goods and/or services and oversees the purchasing activities.
2. All acquisitions for goods and services where the estimated value is \$200,000 or above, must be approved by the Tender Board.
3. Normally, a recommendation to accept a tender that is submitted to the Tender Board will require the support of all Board Members. In the event that unanimous support is not forthcoming, the Chair of the Board will refer the matter to the Finance Committee for resolution.

**Membership**

4. The Tender Board shall consist of -
  - (a) Vice-Chancellor (*or nominee*), *Chair*;
  - (b) Chief Operating Officer and Deputy Vice-Chancellor or, if that officer is acting as Vice-Chancellor, is on leave or is engaged on duty away from the University, another Deputy Vice-Chancellor;
  - (c) Chief Financial Officer (*or nominee*);
  - (d) Director, Corporate Finance;
  - (e) the head of the requisitioning unit, ie., the Director, Campus Property and Services (for capital works and services only), or the relevant Deputy Vice-Chancellor or another senior officer designated by that person in writing.

**Executive Officer of the Tender Board**

5. The Chief Financial Officer shall appoint an Executive Officer to the Tender Board who shall have rights of audience and debate at all meetings, but who will not be a Member of the Board.
6. The role of the Executive Officer of the Tender Board shall include but not be limited to the following:
  - (a) approve the advertisement of all tenders for \$200,000 and above, ensuring that the proposed tender process and tender specifications are acceptable and have been signed by the Tender Committee;
  - (b) approve selective tendering in preference to open tendering;
  - (c) approve quotation and tender waivers in excess of \$5,000;
  - (d) to review each Tender Board request and ensure that all procedures have been followed to that point in time and that relevant supporting documentation is attached so that the Board members can make an informed decision;

Note: The Executive Officer will reject requests that fail to meet or demonstrate to meet essential requirements of the Purchasing Policy.

- (e) to act as the central point of contact for the distribution of the request, by maintaining effective control of each request as it is processed by the Tender Board members and by ensuring its return to the requisitioning unit;
- (f) when issues are raised by a Tender Board member, to liaise with the requisitioning unit and/or the Chair of the Board as appropriate and relate any response back to the Board member involved;
- (g) to provide advice on the procedures to be followed when making requests to the Board;
- (h) to maintain a central register of all requests submitted to the Board;
- (i) to maintain a central register of all waiver and selective tender approvals given;
- (j) in conjunction with the Chair of the Board, to prepare and circulate the annual report of the Tender Board to members of the Tender Board for review. The Tender Board year is 1 January to 31 December. This report is to include a summary of the requests submitted to the Tender Board during the year;
- (k) to arrange the annual meeting and prepare an agenda for the Tender Board annual meeting;
- (l) to document the minutes and deliberations of the annual meeting, and where necessary advise University management of any authorised changes in the procedures;
- (m) to document and submit the approved annual report and minutes of the annual meeting as part of the Vice-Chancellor's Report to the Finance Committee.

### **Meetings**

7. The Tender Board shall meet at least once per year and ad hoc to consider specific matters. The Chair of the Board shall determine the timing of any ad hoc meetings. The members of the Board normally will be consulted by "flying minute" for Tender Board requests.

### **Reporting**

8. The Tender Board shall minute the outcomes of all its deliberations whether its meetings are held in formal session or by flying minute.
9. The Tender Board shall report its activities to the Finance and Infrastructure Committee for consideration at its March meeting each year.