



## Finance and Accounting Manual

### Purchasing: Tendering Procedures

Approved by Chief Financial Officer on 23 September 2005

Date of effect: 23 September 2005

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# The University of Sydney

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#### OVERVIEW

##### 1. Purpose

This procedure is a supplement to the University's [Purchasing Policy](#) and applies to tendering for the acquisition of goods and services from suppliers external to the University, valued at \$200,000 and above (GST inclusive).

The acquisition of goods includes purchasing and leasing of goods. The acquisition of services includes contractor and consultant services, but excludes staff employed through the University payroll and University investments.

##### 2. Coverage

The Purchasing: Tendering Procedures apply to all University activities including foundations, centres, associations and institutes not separately incorporated.

#### KEY ASPECTS OF THE TENDERING PROCESS

- 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 any suppliers. Selective tendering will generally be used following an Expression of Interest. The Manager, Shared Services, Financial Services must approve all Selective Tender proposals.
- Accountability requires comprehensive documentation for all tenders. Detailed justification of all key decisions made, especially the selection of the tenderer, must be recorded on an official Records Management file from the time that a decision is made to tender until the finalisation of the contract. Documentation must be available to show that the tendering process is not only fair but also that it is seen to be fair. All communications with tenderers must be documented.
- All tenderer information and tender documents received are to be treated as confidential. The confidentiality and anonymity of tenderers must be maintained throughout the tender process.

## **PROCEDURES**

7. It is important that a proper strategy be planned. Staff involved must ensure that the objectives of the project being tendered are clarified and that clear specifications are developed and funding identified.

### **8. Types of Tenders**

There are three types of tendering for the acquisition of goods or services:

- Open tender
- Expression of Interest
- Selective tender

#### **8.1 Open Tender**

Open tendering tests the market in a transparent manner. Tenders are invited by public advertisement and no restriction is placed on the number of tenderers. All prospective bidders are given the same tender documentation.

#### **8.2 Expression of Interest**

This is a variation of Open tendering where the market is invited to express an interest in a future potential tender. Suppliers make an initial submission on the Expression of Interest documentation and successful suppliers are then invited to tender under a Selective Tender.

Expressions of Interest are invited by public advertisement and no restriction is placed on the number of tenderers. The tender specifications for Expressions of Interest are generally not as detailed or specific as Open Tenders.

Expressions of Interest are used to establish registers of suitable contractors and suppliers for a specific category of goods or services, especially in facilities planning and management.

#### **8.3 Selective Tender**

Tenders are invited from specific suppliers and the tender is not open to the public. Selective tendering is generally used following an Expression of Interest and the Manager, Shared Services, Financial Services must approve all Selective Tender proposals.

### **9. Tender Specifications**

Tender specifications must be clear and specific and included in the documentation to tenderers. The specifications should be prepared by the area requesting the tender, by people who have the relevant technical knowledge of the goods or services required.

Tender specifications must be written so they are not restricted to a particular brand or supplier, to ensure that the tender selection is an open and fair process.

### **10. Tender Committee**

All tenders must have a Tender Committee established by the area requesting the tender, to ensure the probity of the tender process. Tender Committees must consist of at least three members, including a representative from Financial Services Purchasing as well as people who have the relevant technical knowledge of the goods or services required. One member of the Tender Committee is to be external to the area requesting the tender and may come from outside the University. One member of the Group is to be the Leader who will be the tender contact and the only member of the Group permitted to communicate with tenderers. Tenders relating to information and communications technology must also have a representative from Information Communication Technology.

Tender Committees for approved Capital Works programs or approved Repairs and Maintenance Programs must have a representative from Facilities Management Office in lieu of Financial Services Purchasing.

Tender Committee members must not have a vested or perceived interest in the outcome. Anyone with a conflict of interest must declare this interest and disqualify themselves from the tender. Refer to the University's [Code of Conduct](#) and [Corruption Prevention Strategy](#) for details.

Tender Committees can seek external assistance and advice on specific aspects of the tender. This assistance must be co-ordinated through the Tender Committee Leader.

## 11. **Request for Tender Documentation (RFT)**

Documentation for tenders is to be prepared by the Tender Committee and include as a minimum requirement:

(a) **Functional Objective**

This is a general statement of the purpose of the tender, including the period of the contract.

(b) **Operating Context**

This is a description of how the tender activity operates within the University.

(c) **Specifications**

These are the tender specifications for the goods or service required.

(d) **Structure of Responses**

A clear statement on the structure of responses required from tenderers will assist in evaluating tenders. Tenderers should be requested to provide the same information on key issues (including financial, specific goods) to enable comparison between tenders.

(e) **Selection Criteria**

These are the principal selection criteria that tenders will be assessed on:

- **Capability Assessment**  
This assesses the experience of the tenderer and the capability and qualifications of the key personnel. This includes:
  - the tenderer's track record
  - references
  - the tenderer's financial and managerial capacity to deliver the goods and/or services
  - environmental and sustainability assessment
- **Technical Assessment**  
This assesses whether the tender meets the requirements set out in the specification.
- **Contractual Assessment**  
This assesses any qualifications or variations included in the tender.
- **Financial Assessment**  
This assesses all financial issues included in the tender.
- **Long Term Assessment**  
This assesses the long term implications of the tender.

(f) **Conditions of Tendering**

These are principal tendering conditions and will include:

- tenders must be lodged at the specified location by the specified time
- tender documents submitted will become the property of the University and will form part of the accountable tender documents
- the University is not bound to accept the lowest or any tender
- acceptance of a tender is conditional upon execution of a contract or purchase order acceptable to the University. A copy of the proposed contract or contract conditions is to be included in the tender documentation supplied to tenderers.

(g) **Lodgement Details**

Specific details concerning the:

- location tenders are to be submitted to (a Tender Box location or Tender Web lodgement address),
- closing date and time for the receipt of tenders,
- name and contact details of the Tender Committee Leader.

12. **Tender Contract**

The successful tender will require the execution of a formal contract. The only exceptions should be for simple equipment purchases where a purchase order may suffice.

Contracts must be either prepared, or reviewed by, the Office of General Counsel and signed by the Manager, Shared Services, Financial Services. Tender contracts should be prepared prior to the advertising of the tender where possible.

Tender contracts are to include the following details:

- when the contract begins and ends, including options for extensions
- a detailed description of the goods and/or services to be supplied and when
- any specification about the nature or quality of the goods or services to be supplied
- any variations to the goods or services allowed
- any copyright or other forms of intellectual property rights
- any insurance obligations (Risk Management Office can provide advice)
- an indemnity provision
- any confidentiality conditions
- any guarantees or bonds required
- the financial arrangements, including amounts and timing of payments, and contractor expenses allowed
- any variations to financial arrangements
- any foreign exchange rate fluctuation obligations
- provisions for default and termination
- any winding down obligations at the end of the contract
- dispute resolution provisions
- assigning or sub-contracting contract obligations

13. **Advertising Tenders**

Open Tenders and Expressions of Interest are to be advertised in the most appropriate publication media for the goods or services being tendered. The Manager, Shared Services, Financial Services must approve all tender advertisements.

Public advertisements must include:

- an adequate description of the tender to allow prospective tenderers to decide whether they wish to prepare a tender,
- where tender documents may be obtained, including the name, telephone number and email of the contact officer,
- a tender reference number,
- where tenders are to be lodged (Tender Box physical location or tender web lodgement address) and the closing date and time,
- any other important dates and deadlines.

The time given between the advertisement and the closing date of the tender must be sufficient to allow a tenderer to study the tender specification and prepare a bid.

Tender Committees are to submit tender proposals, including the Request for Tender documentation and other documentation, through the relevant Head of School and Dean, to the Manager, Shared Services, Financial Services for approval to proceed and advertise.

### **13.1 Documentation/Information on tenders**

All potential tenderers are to be given the same documented information. Any background material given to one potential tenderer is to be supplied to all potential tenderers. A record must be maintained of the distribution of background material.

Confidentiality about tenderers must be maintained and therefore no group emails or letters are to be issued.

### **13.2 Phone enquiries about tenders**

Details of phone enquiries about tenders are to be documented showing the name of the caller, the date and time of the call, the name of the person taking the call and the nature of the inquiry.

### **13.3 Extending the tender closing date**

If it is necessary to extend the tender closing date, all potential tenderers who have been supplied with tender documents must be notified in writing by the Tender Committee Leader.

### **13.4 Amendments to tender documents**

Where amendments or clarifications to tender documents are required, a numbered and dated addendum will be issued to all potential tenderers who have been supplied with tender documents, in sufficient time to allow for their consideration before the tender closing date. If an addendum is issued less than five working days prior to the tender closing date, then the tender closing date must be extended. Every addendum is to include a statement that the addendum forms an integral part of the tender documents and that written acknowledgement of its receipt must be included in the tender submitted.

### **13.5 Charging for tender documentation**

In exceptional circumstances where the tender documents are extensive and detailed, it may be necessary to charge potential tenderers a fee for the supply of the tender documentation. This will ensure that only genuinely interested tenderers will seek documentation.

The charge may be in the form of a refundable or non-refundable fee. The Chief Financial Officer must approve any charges for tender documentation.

#### 14. **Receipt and Registration of Tenders**

All tenders are to be lodged in an official Tender Box or a secure world wide web location to ensure the security and confidentiality of tenders. Refer to Appendix A for details on the location, supervision, control and style of University tender boxes.

The Tender Box must be opened by two staff members at the tender lodgement closing date and time. Details of the tenders received are to be recorded by the two staff members on a schedule/register which includes:

- (a) Tender details
  - tender reference number and tender purpose,
  - tender closing date and time,
  - name and position of the two staff members opening the Tender Box,
  - date and time the tender box was opened.
  
- (b) Tenders received details
  - name of tenderer,
  - tender document details, eg, number of copies, list of documents, etc,
  - comments.

The schedule/register of tenders received is to be signed and dated by the staff members who opened the tenders. All tenders received are to be kept in a secure location as they are confidential documents, preferably a locked safe or security cabinet.

##### 14.1 **Tenders submitted by facsimile or by hand**

Tenders submitted by facsimile or by hand are to be placed in an envelope which must be sealed, marked with the tender reference number and tender purpose, the date and exact time of receipt, and the name and signature of the staff member who received the tender. The envelope is to be placed in the tender box immediately.

Tenders that are not placed in the tender box prior to closing time will be deemed to be a late tender.

##### 14.2 **Tenders submitted by post**

Tenders submitted by post are to be dated and placed un-opened in the tender box immediately.

Tenders that are not placed in the tender box prior to closing time will be deemed to be a late tender.

#### 15. **Late Tenders**

Any tender received after the closing time shall be marked "Late Tender" and show the date and time the tender was received, as well as the staff member that received the tender. Late tenders are to be given to the Tender Committee Leader immediately and included on the schedule of tenders received together with the reasons for the late tender.

Late tenders may be accepted as a tender by the Tender Committee where there is no possibility that the late tenderer could have knowledge of other tenders and the assessment of tenders had not commenced.

Where a late tender is accepted, the reasons for this are to be recorded in the supporting tender documentation.

## 16. **Evaluating and Assessing Tenders**

The Tender Committee Leader obtains the schedule/register of tenders received and the tender documents for their evaluation. The methodology, format and detailed criteria for the evaluation are to be documented and agreed to by the Tender Committee prior to the commencement of the evaluation. Assessments must be undertaken in a timely manner.

Each member of the Tender Committee is to evaluate the tenders independently and then the Group together will consider and agree on the results. Each member of the Group will sign the evaluation document to confirm that member's concurrence to the outcome. Supporting documentation must be comprehensive, and include the decisions arrived at in making the assessment and reasons for the recommended tender, especially where the lowest tender is not accepted.

The Tender Committee Leader is to prepare a report for the Tender Board on the evaluation and assessment process taken. The report will include a recommendation on the successful tenderer(s) and action required. Justification for the selection of the recommended tender is to be included. This report is to be submitted through the Head of School and Dean to the Deputy Vice-Chancellor/Chief Financial Officer who supports the recommendation, and forwards it to the Executive Officer of the Tender Board (Manager, Shared Services, Financial Services).

There are five components in the tender evaluation process:

- **Capability Assessment**

This assessment covers the experience of the tenderer and the capability and qualifications of the key personnel who will be working under the proposal.

Reference checks are essential. The Capability Assessment must cover:

- tenderer's track record
- confirmation of references provided
- tenderer's financial and managerial capacity to deliver the goods and/or services
- a credit reference check for all capital projects and other tenders in excess of \$1 million
- tenderer's policy on risk management and their corresponding program
- tenderer's occupational health and safety management practices and performance
- tenderer's workplace and industrial relations management practices and performance
- tenderer's environmental management practices and performance
- tenderer's insurance cover (eg, public liability, professional indemnity, workers compensation, etc)

- **Technical Assessment**

The technical assessment will establish whether the tender meets the requirements set out in the specification and, if not, the significance of any variation from that specification. Any modifications proposed in the tender are to be checked for acceptability. Where the tenderer's own facilities are proposed to be used the capacity to meet the workload should be verified. Any innovations offered and value adding components are to be assessed.

- **Contractual Assessment**

The contractual assessment establishes the acceptability of any contractual qualifications or variations stated in the tender, particularly where these propose variations to delivery or quality. The cost and other effects of any acceptable variations will be taken into account and legal advice may need to be sought.

- **Financial Assessment**

The financial assessment will identify all relevant costs and benefits and the calculation of annual costs and/or net present values of the competing tenders. The

initial one-off costs, the ongoing costs associated with maintaining the goods and/or service, and the costs on expiry of the contract, including penalties and discounts, should be identified and calculated. Consideration needs to be given to any exchange rates, payment terms, installation, training, transportation and insurance costs.

Financial details should be summarised on a schedule and include provision for a 15% contingency.

- **Long-term Assessment**

An analysis must be undertaken on the long term implications to the University, including contract failure, risk of a single supplier, information and communications technology implications, costs, expiry of the contract and replacement of equipment, consideration of end of life including cost and method of reuse, recycling or disposal, decontamination.

17. **Clarification of Tenders**

If important information received in a tender is not clear then clarification can be requested from the tenderer. The clarification sought from the tenderer must not give the tenderer an unfair advantage over the other tenderers or allow the tenderer to revise or enhance its original tender.

The Tender Committee cannot trade-off one tenderer's prices against other tenderers' prices in order to obtain lower prices.

18. **Modifications and Re-tendering**

During the tender evaluation process, if the Tender Committee decides to make substantial modifications to the original tender, then it will be necessary to recommence the tendering process. An opportunity must be given to each original tenderer to submit a new tender. Comprehensive documentation must be retained that shows why the substantial modifications are necessary and demonstrates that the modifications are consistent with the original requirements of the user department.

The Manager, Shared Services, Financial Services is to approve the re-tendering proposal.

19. **Post Tender Negotiations**

During the tender evaluation process, if none of the tenders submitted are acceptable, the Tender Committee Leader may seek approval from the Manager, Shared Services, Financial Services to negotiate with the tenderer that submitted the most acceptable tender, based on the evaluation criteria.

If none of the tenders are acceptable following negotiation it will be necessary to close the tender and re-tender. The Manager, Shared Services, Financial Services is to approve the re-tendering proposal.

20. **Acceptance of Tender**

The Tender Board are to approve all tenders valued at \$200,000 and above. Following formal Tender Board approval, a "letter of acceptance" is to be issued to the successful tenderer. The letter of acceptance must state that the acceptance of the tender is conditional upon execution of a contract satisfactory to the University.

All other tenderers are to be notified in writing that they were not successful. Unsuccessful tenderers can request a debriefing with the Tender Committee Leader. Debriefings should explain how their tender performed against the evaluation criteria, rather than against the successful tender.

The letter of acceptance and letters to unsuccessful tenderers are to be prepared by the Tender Committee Leader and signed by the Manager, Shared Services, Financial Services.

If none of the tenders are acceptable it will be necessary to close the tender and re-tender. The Manager, Shared Services, Financial Services is to approve the re-tendering proposal.

## 21. **Dealing with Queries from Unsuccessful Tenderers**

Tender information is commercially sensitive and therefore must be handled and protected appropriately. The disclosure of information could prejudice the commercial interests of the companies submitting the bid and the bargaining power of the University in the future. Unsuccessful tenderers can be advised of the name of the successful tenderer, the contract price and, in the case of a higher price having been accepted, the reasons why their offer was not successful. The University may wish to inform the unsuccessful tenderer about the weaknesses in their bid in comparison made against the tender selection criteria, but not the other bids.

Some tips to remember are:-

- Ensure all tenderers are aware of the sole contact person.
- Ensure relevant people in your department/unit are aware of the sole contact person, do not answer any questions themselves, and refer questions to the correct person.
- Ensure all communications are documented so that there can be no argument about what was said.

## 22. **Contracts Arising**

With the exception of simple equipment tenders, all tenders will require a written contract between the University and the successful tenderer. The draft contract prepared prior to advertising the tender will form the basis (refer to section 12 above for details).

In most cases, contract negotiations between the University and preferred tenderer will be finalised prior to the Tender Board approval for the acceptance of a tender.

Contracts are to be signed by the Manager, Shared Services, Financial Services. The Tender Committee Leader is to provide a copy of the signed contract to the Office of General Counsel.

## 23. **Variations to Approved Contracts/Purchase Orders**

Variations up to 15% on the approved amount do not require additional approval by the Tender Board. Variations in excess of 15% require Tender Board approval for the revised total.

## **RELATED INFORMATION**

### 24. **Resources and Weblinks**

#### **References**

- [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
- [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
- [Purchasing Policy](http://www.finance.usyd.edu.au/docs/purchasing_policy.pdf)  
http://www.finance.usyd.edu.au/docs/purchasing\_policy.pdf

### 25. **University procedures superseded or replaced by this procedure:**

- Purchasing: Tendering Procedures – 1 June 2005
- Purchasing Policy: Guidelines and Procedures – Revised April 2004

## CONTACTS AND REVIEW

### 26. Contacts

- **Procedure 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)
- **Tendering Matters**
  - ❖ College of Health Sciences Finance Manager  
Phone: (02) 9351-2893      Fax: (02) 9036-9182  
Email: [Brian.McLaughlin@chs.usyd.edu.au](mailto:Brian.McLaughlin@chs.usyd.edu.au)
  - ❖ College of Humanities and Social Sciences Finance Manager  
Phone: (02) 9351-5003      Fax: (02) 9351-8926  
Email: [S.Narayanan@chass.usyd.edu.au](mailto:S.Narayanan@chass.usyd.edu.au)
  - ❖ College of Sciences and Technology Finance Manager  
Phone: (02) 9351-4635      Fax: (02) 9351-5467  
Email: [i.ford@cst.usyd.edu.au](mailto:i.ford@cst.usyd.edu.au)

### 27. Review

The Finance and Accounting Manual will be reviewed annually and on an ad hoc basis if required.

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

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

Amendments to the Finance and Accounting Manual procedures and forms are listed in the FS website under:-

- [FAM Amendments](#)
- [Amendments to Forms](#)

Please forward suggestions and comments on the Finance and Accounting Manual via the [Feedback Form](#).

## **UNIVERSITY TENDER BOXES**

### **Location of Tender Boxes:**

The University has three tender boxes in the following locations:

- Financial Services  
Margaret Telfer Building K07  
Ground Floor  
71-79 Arundel Street, Glebe 2006
- Facilities Management Office  
Services Building G12  
Level 2  
Corner Codrington and Abercrombie Streets, Darlington 2006
- Cumberland Campus  
Administration Building C42  
Lidcombe

### **Supervision and Control of Tender Boxes:**

The following officers are responsible for the control of the tender boxes:

- Financial Services Tender Box                      Manager, Shared Services, Financial Services
- Facilities Management Office Tender Box      Director, Facilities Planning and Management
- Cumberland Campus Tender Box                  Purchasing Manager, Cumberland Campus

These officers are responsible for appointing two staff members to hold the different keys to the respective tender box and that registering the lodged tenders is carried out in accordance with section 14 of this procedure. They are also responsible for retaining a spare set of keys to be used when either of the two appointed staff members are absent.

The two staff members with tender box keys are responsible for clearing the tender box on the closing day and time for the lodgement of specific tenders.

### **Style of Tender Boxes:**

All tenders are to be lodged in an official Tender Box to ensure the security and confidentiality of tenders. Tender boxes must therefore:

- be large enough for several tenders to be lodged easily, including bulky tenders,
- have an opening for the lodgement of tenders, but which prevents tenders that have been lodged from being removed,
- be double-locked using non-identical keys (these keys are to be held by two different staff members),
- be clearly labelled “Tender Box”,
- be secured in the specified location so as to prevent unauthorised removal,
- be in a position which allows access for the tenderer during the University’s normal operating hours,
- be always open.