

# PROCUREMENT PROCEDURE

## SCOPE

This procedure applies to:

- all Monash University staff and to contractors and third-parties operating on behalf of Monash University;
- all expenditure at Monash University Australia and Monash University Malaysia, regardless of funding source and includes the following commitments:
  - Purchase orders
  - Contracts
  - Contractor agreements
  - Letters of intent
  - Heads of agreement
  - Memorandum of understanding
  - Commitments or agreements

*For the purpose of this policy, references to Monash University Australia include activity at the Monash University Prato Centre and Monash Suzhou.*

## PROCEDURE STATEMENT

This procedure outlines the requirements for staff undertaking procurement activity on behalf of Monash University (the University). Staff who are engaging in procurement activities must demonstrate balanced judgement in decision-making, reflecting compliance with the principles outlined in the Procurement Policy.

### 1. Roles and responsibilities

#### Strategic Procurement (Monash University Australia) and the Procurement Unit (Monash University Malaysia)

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

#### Procurement Specialists

- 1.2 Procurement Specialists at Monash University Australia are located in business portfolios for specialist procurement categories (for example, Buildings & Property Division, eSolutions) and are responsible for the procurement and contract management of specified categories.
- 1.3 Procurement Specialists at Monash University Malaysia are operational procurement staff located in the Procurement and Finance Unit and are responsible for processing Purchase Requisitions (PR) raised by schools and units, and the integrity of the supplier master data.
- 1.4 Finance Operations at Monash University Australia:
- Purchasing Services is responsible for processing purchase requests and receipting of goods and/or services;
  - Accounts Payable is responsible for invoice receipting, timely payment to suppliers and payment of direct invoices;
  - Expense Management is responsible for acquitting credit card payments and reimbursements;
  - Supplier Engagement is responsible for the integrity of the vendor master data; and
  - Stores is responsible for processing inward goods and/or services and maintaining an inventory of goods and/or services.

## University Staff

- 1.5 All staff engaging in procurement activity of any type are required to comply with this procedure and associated local business processes

## Segregation of Duties

- 1.6 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 that a 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/or 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.
- 2.2 The Threshold Values are to be applied on the anticipated total expenditure, accumulated over the total term of the contract, and are in the applicable local currency (Australian dollars or Malaysian ringgit (RM) exclusive of GST or Sales Tax, Services Tax and any other taxes or duties imposed on or in relation to the goods and/or services).
- 2.3 To maintain effective probity, Monash University Australia 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. Strategic Procurement maintains access and provides assistance in the use of the eTendering portal for staff members in Monash University Australia.
- 2.4 There may be extenuating circumstances where an exemption to the Thresholds and Processes are available, as set out in the [Procurement Policy](#).
- 2.5 Where a purchase is proposed to be made in a foreign currency and is equal to or exceeds a value of AUD\$200,000, the University's Corporate Finance Treasury Team (Treasury) should be contacted for advice on whether a hedging arrangement should be implemented. Staff should refer to the University's [Foreign Exchange Hedging Procedure](#) for more information.

### Purchases less than \$50,000 for Monash University Australia and less than RM 20,000 for Monash University Malaysia

- 2.6 For purchases less than AUD \$50,000 and RM20,000, a minimum of one documented quotation is required.

### Purchases between \$50,000 and \$399,999.99 for Monash University Australia and RM 20,000 – 299,999.99 for Monash University Malaysia -

- 2.7 For purchases between AUD \$50,000 and \$399,999.99, and RM 20,000 – RM 299,999 a minimum of three written quotations are required. The general process for obtaining three quotes is as follows:
  - 2.7.1 Detail a set of requirements for the goods and/or or services.
  - 2.7.2 Issue a request for quote to a select set of suppliers identified as capable of fulfilling the requirements.
  - 2.7.3 Assess the responses according to the requirements and the value for money proposition. Additional information may be requested at this stage.
  - 2.7.4 For Monash University Australia, if a successful supplier is determined, a purchase request is to be raised in Coupa by the purchaser and all quotes and appropriate financial approvals, in line with the University's financial delegation limits, are to be attached. For Monash University Malaysia, if a successful supplier is determined, a Purchase Order is to be raised and all quotes are to be attached.
  - 2.7.5 The Office of General Counsel (OGC) at Monash University Australia must be consulted if a variation from the University's standard contract agreements is requested. For Monash University Malaysia, the University's standard contract terms should be used for all arrangements. Proposed variation (in cases where such variation is permitted or approved) may be considered in consultation with the University's Campus Solicitor.

### Purchases over \$400,000 for Monash University Australia and RM 300,000 for Monash University Malaysia

- 2.8 For purchases above \$400,000 at Monash University Australia, a Tender Process conducted by the Strategic Procurement team or a Procurement Specialist is required. A tender process must be conducted by the Procurement Unit at Monash University Malaysia for all purchases over RM 300,000.

### 3. Strategic Sourcing and the Tender Process

The general process for a tender is outlined as follows:

- 3.1 A [Procurement Plan](#) is drafted outlining the proposed market engagement and sourcing strategy.
- 3.2 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](#).
- 3.3 Reasons for a closed/select tender may include where the University already has considerable knowledge of the goods and/or services being purchased and has conducted an appropriate market analysis and assessment including a reasonable shortlist of potential suppliers.
- 3.4 A Tender Evaluation Panel is nominated in the Procurement Plan, refer to Section 4 – Tender Evaluation Panel Roles and Responsibilities.
- 3.5 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).
- 3.6 For Monash University Australia, 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 delegate(s); or
  - If the value is above \$2M the Procurement Board or delegate(s).
- 3.7 For Monash University Malaysia if the value is above RM 300,000 the Procurement Plan is submitted to the Executive Management Committee for approval.
- 3.8 For strategic projects, a business case must also be developed and approved by the relevant authorised delegate(s).
- 3.9 A comprehensive specification and/or statement of requirements is created. Further information is available in the [Victorian Government's Guide to Specification Writing](#).
- 3.10 Conflict of Interest forms must be signed by the nominated Tender Evaluation Panel as per the approved Procurement Plan.
- 3.11 For Monash University Australia, tender documents are published via an eTendering portal by an authorised Procurement representative and clarifications are managed through the portal.
- 3.12 Responses are received and distributed to the Tender Evaluation Panel at Monash University Australia for assessment as per the evaluation matrix in the approved Procurement Plan. For Monash University, the Procurement Unit distributes tender documents and manages clarifications received by prospective bidders. Responses are received and distributed to the Tender Evaluation Panel as per the evaluation in the approved Procurement Plan.
- 3.13 Mandatory Criteria are to be assessed first, with any non-compliant submissions as agreed by the Tender Evaluation Panel eliminated. Refer to Section 4 – Offer Evaluation.
- 3.14 The Tender Evaluation Panel generally nominates a shortlist, then a preferred supplier. Negotiations and contract departures are conducted by the staff nominated in the Procurement Plan.
- 3.15 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](#).
- 3.16 Supply chain limitations and any outsourcing or offshoring limitations are considered and the risks and responsibilities are attributed to the relevant role and/or body across that supply chain.
- 3.17 The Chair of the Tender Panel at Monash University Australia produces a Procurement Report that is submitted to the relevant authorised delegate for approval, and as follows:
  - 3.17.1 If the value is between \$400,000 and \$2M the Director, Strategic Procurement or their delegate(s); or
  - 3.17.2 If the value is above \$2M the Procurement Board or their delegate(s).
- 3.18 If the value is above RM 300,000, the Chair of the Tender Evaluation Panel at Monash University Malaysia produces a Procurement Report that is submitted to the Executive Management Committee.
- 3.19 Following approval by the relevant authorised delegate or Executive Management Committee, the successful supplier is advised and the contract is executed by both parties.
- 3.20 For Monash University Australia, a purchase request is to be raised in Coupa with the Procurement Report, signed contract and approval from the authorised financial delegate attached. For Monash University Malaysia, after both parties have signed, a purchase request is to be processed with the Procurement Report and signed contract attached.
- 3.21 Following the finalisation of the above steps, all unsuccessful tenderers will be notified in writing.

## 4. Offer Evaluation

- 4.1 Setting appropriately weighted evaluation criteria is critical in ensuring a successful procurement. Evaluations must be carried out in an objective, fair and transparent manner.
- 4.2 Evaluation criteria are generally classified into two categories:
  - 4.2.1 Mandatory Criteria: these are pass/fail criteria. Any supplier that doesn't meet these must be disqualified.
  - 4.2.2 Comparative Criteria: these are assessed against a predefined weighting that is determined according to the complexity, risk and type of procurement. These are typically both qualitative and quantitative measures.
- 4.3 The evaluation criteria and weightings are to be detailed in the approved Procurement Plan.
- 4.4 Commercial compliance criteria will generally be assessed as 'comply', 'partially comply', or 'does not comply' and are then 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; and/or
  - Conflict of Interest.
- 4.5 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.

### Purchases between \$50,000 and \$399,999.99 for Monash University Australia and RM 20,000 and 299,999.99 at Monash University Malaysia

- 4.6 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:
  - Value for money
  - Compliance to specification
  - Commercial compliance criteria (Refer to Section 3.4 above).

### Purchases over \$400,000 for Monash University Australia and RM 300,000 for Monash University Malaysia

- 4.7 Evaluation criteria and the respective weightings for use in a Tender Process are required to be approved in a Procurement Plan, using the University template for weightings categorised by procurement type. These should be considered as the primary weightings with amendments made only as required.

## 5. Tender Evaluation Panel Roles and Responsibilities

- 5.1 The Tender Evaluation Panel determines which supplier is able to meet the selection criteria and provides the best value for money.
- 5.2 All Tender Evaluation Panel members must have adequate technical and operational knowledge and background about the goods and/or services required to ensure they are capable of providing meaningful input to the tender process.
- 5.3 The Tender Evaluation Panel identified in the Procurement Plan will:
  - 5.3.1 Provide input to the tender documentation, prior to release to tenderers;
  - 5.3.2 Provide input to establish the evaluation criteria that will be used to assess the offers from tenderers;
  - 5.3.3 Assist in addressing tenderer queries for response via the eTendering tool, if required; and
  - 5.3.4 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.
- 5.4 Duties of Tender Evaluation Panel Members include, but are not limited to:

- 5.4.1 Complete and sign a conflict of interest and confidentiality agreement declaring any actual, potential or perceived conflicts of interest.
- 5.4.2 Must not accept any inducement, gift or hospitality from a tenderer that might compromise the integrity of the selection process.
- 5.4.3 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.
- 5.4.4 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.
- 5.4.5 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.
- 5.5 The approved Procurement Plan shall identify an appropriate Chair of a Tender Evaluation Panel.
- 5.6 Duties of the Chair of the Tender Evaluation Panel include, but are not limited to:
  - 5.6.1 Assist with the selection of other members of the Tender Evaluation Panel and identify voting members of the Tender Evaluation Panel.
  - 5.6.2 Ensure that, based on the risk, complexity and contract value, a probity specialist is appointed when required. Further advice should be sought from the Director, Strategic Procurement at Monash University Australia or Director, Finance and Procurement at Monash University Malaysia, if needed.
  - 5.6.3 Assist the relevant manager to prepare and submit the Procurement Plan document for approval, having attached approved supporting documentation including tender documents.
  - 5.6.4 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.
  - 5.6.5 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.
  - 5.6.6 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.
  - 5.6.7 Sign-off on the selection of the successful tenderer that delivers the best Value for Money to the University.
  - 5.6.8 Ensure an accurate record is kept of the Tender Evaluation Panel's deliberations for audit purposes.
  - 5.6.9 Once approval has been provided, inform all tenderers of the outcome of the tender process.
  - 5.6.10 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 at Monash University Australia or Director, Finance and Procurement at Monash University Malaysia, if needed.

## 6. Managing Probity and Ethics

- 6.1 Probity 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 at Monash University Australia or Director, Finance and Procurement at Monash University Malaysia.
- 6.2 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; and
  - improve defensibility of decisions to potential legal challenge or other external scrutiny.
- 6.3 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; and
- minimisation of potential for litigation

## 7. Contract Management

### Contract Relationship Management Objectives

- 7.1 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.

### Contract Management Responsibilities

- 7.2 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; and
  - reporting required from the contractor.
- 7.3 Contract management 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.
- 7.4 Contract Management activities may 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. For more information, staff should refer to the University's (Enterprise Risk Management Policy);
  - 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; and
  - exploring business development and innovation opportunities.

## DEFINITIONS

Approved Supplier(s)	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.
Direct Invoice	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.
Environmental Issues	Environmental issues cover all environmental impacts of goods and/or 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.
Executive Management Committee	The Senior Management Team responsible for the strategic direction of MUM activities. In the context of procurement, EMC is accountable to promote and oversee best-practice and objectivity in the processes used by MUM to procure goods and/or services.
Panel	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.

Probity	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. Probity 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 lawful, 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.
Procurement Board	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/or services in order to achieve value for the University's expenditure.
Purchase Order	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.
Quotation	An offer to supply goods and/or services, usually in response to an invitation to supply known as a request for quotation.
Social Procurement Issues	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.
Sole Supplier	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.
Supplier(s)	An entity that is providing or has provided goods and/or services to the University.
Tender Process	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.
Threshold Value	The value to be applied on the anticipated total expenditure, accumulated over the total term of the contract, in local currency (Australian Dollars or Malaysian ringgit (RM) and exclusive of GST or Sales Tax, Services Tax and any other taxes or duties imposed on or in relation to the goods and/or services. If the term is unspecified then a nominal term of three years is to be used for calculating the Threshold Value.

## GOVERNANCE

Parent policy	<a href="#">Procurement Policy</a>
Supporting schedules	N/A
Associated procedures	<a href="#">Gifts, Benefits and Hospitality Procedure</a> <a href="#">Conflict of Interest Procedure</a> <a href="#">Foreign Exchange Hedging Procedure</a>
Related legislation	Financial Management Act 1994 (Vic) Labour Hire Licensing Act 2018 (Vic) Modern Slavery Act 2018 (Cth)
Category	Operational
Approval	Chief Financial Officer and Senior Vice-President

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