Strategic Procurement

What has changed?

IN SUMMARY

Reduce Complexity

Increase Flexibility

Improve Awareness

✔ Spend thresholds and Financial delegations are now GST exclusive
✔ New procurement decision tool with embedded end-to-end procurement processes (3 options), key templates and risk assessment
✔ Suppliers terminology simplified and UNSW suppliers and UNSW panel suppliers are now mandatory
✔ 3 quotes process simplified
✔ Clarity provided on when the Procurement Policy applies
✔ Simplified process when funded by a grant
✔ New rules for multi-funding sources
✔ Payment terms tailored and clarified

✔ Increased spend thresholds amount
✔ New spend thresholds through UNSW panel suppliers
✔ Estate Management panel thresholds which recognises higher spend profile in major construction works
✔ Tailored procurement strategy to replace exemptions in defined situations
✔ Option to apply for bulk exemption in defined situations
✔ Establishment of a Procurement Board to provide oversight
✔ 2 new procurement principles to improve our procurement practise: Responsible Procurement and Recordkeeping

✔ Creation of a procurement guide
✔ Simplified How do I buy? one pager
✔ Responsibility of UNSW staff clarified
✔ Total value of goods & services definition clarified
✔ Contract variation process clarified
✔ Foreign currency UNSW rate to apply when >$50k (AUD equivalent)
✔ Engagement with contractors and consultants clarified
✔ Gifts and hospitality rules clarified

For more details, refer to next pages…

FOR ANY ENQUIRIES CONTACT US

procurement@unsw.edu.au
Suppliers terminology simplified:
- UNSW supplier = Staff must buy from these suppliers
- UNSW panel suppliers = Staff must buy from the panel of suppliers
- UNSW supplier and panel suppliers will only be appointed if the following are met: competitive pricing, favourable T&Cs negotiated, competitive lead-time and warranty/maintenance services (where applicable depending on the goods or services provided)

3 quotes process simplified:
- When obtaining the minimum number of quotes (e.g. minimum 3 written quotes between $50k to $350k), staff must ensure that they seek quotes from different suppliers (i.e. suppliers holding a different ABN). If any suppliers approached do not provide quotes (although three quotes have been sought), then the process is regarded as compliant and no exemption process is required. However, documented evidence must be retained (e.g. emails sent to the suppliers).

New multi-funding sources rules:
- When goods, services, infrastructure and capital works are financed from multi-funding sources, the following rules apply:
  - If UNSW is the procuring agent, UNSW Procurement Policy must apply.
  - If any other university is the procuring agent, the Procurement Policy of the relevant university applies.
  - If the procuring agent is from the private sector, UNSW Procurement Policy must apply unless approved.

New risk assessment:
- New risk assessment developed as part of the procurement decision tool and new counterparty due diligence tool developed by UNSW Risk embedded in the comprehensive procurement end-to-end process.

Clarity provided on when the Procurement Policy applies
In-scope:
- Information and Communications Technology (ICT)
- Estate Management and construction
- Research/teaching equipment and consumables
- General goods and services (e.g.: accommodation, catering, office products)
- Travel (refer to the Travel Policy and Travel Procedure)
- Independent contractors and consultants
- Grants provided to or by UNSW

Out of scope:
- Property – the acquisition, leasing and disposal of real estate
- Human Resources – determination of benefits, wages, salaries, recruitment, selection and appointment of all employees at UNSW (full time, fixed term and/or casual)
- In-house - goods or services developed / provided in-house and paid by UNSW internal journal/budget as long as additional funding is not required. Goods or services developed / provided by companies set up by UNSW staff are not considered as exceptions.
- Emergency (refer to the definition for further details). In the case of an emergency, UNSW suppliers or UNSW panel suppliers should be considered as a priority. Urgent situations arising through a lack of planning do not constitute an emergency.

Simplified process when funded by a grant:
- Up to $350k, if quotes have been sought in accordance with the procurement process prior to the grant application being approved, no exemption from the procurement process is required to utilise the services of a particular supplier and/or purchase a specific piece of equipment unless:
  - fixed price was not sought as part of the grant application process; and/or
  - 12 months has passed since the quotes have been written; and/or
  - additional suppliers have entered the market; and/or
  - new or improved technologies have become available

Standardised payment terms for goods and services are:
- 30 days from end of the month following invoice date

Standardised payment terms for Building Infrastructure and Capital Works are:
- 15 days from receipt of invoice under Building and Construction Industry Security of Payment Act 1999 (NSW).
### KEY CHANGES TIPS

#### Increase flexibility

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<thead>
<tr>
<th>Increased spend thresholds</th>
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<tr>
<td>✓ New amount</td>
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<td>✓ New spend thresholds through UNSW panel suppliers</td>
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<td>✓ New spend panel thresholds for Estate Management (for building contractors and major construction works)</td>
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<th>Establishment of a Procurement Board:</th>
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<td>✓ Board involving senior key stakeholders from Faculties and Divisions to provide oversight and approve strategic, risk sensitive or large procurement activities &gt;$5M; review compliance; resolve escalated issues; facilitate procurement benefits across UNSW</td>
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<th>Tailored procurement strategy to replace exemptions in defined situations:</th>
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<td>✓ An exemption may be only used for seeking less than the number of required quotes. Otherwise (for example when &gt;$350k and the open sourcing activity isn’t the recommended approach) a procurement strategy will have to be approved by Procurement to define the best market approach instead of populating an exemption.</td>
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<th>Option to apply for bulk exemption:</th>
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<td>✓ A bulk exemption can be approved by Procurement to cover a series of sourcing or contract events over a particular time period (e.g.: software renewal or equipment maintenance services over 3 years instead of 1 year only)</td>
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<th>Procurement principles expanded:</th>
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<tr>
<td>✓ 4 initial principles:</td>
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<td> Value for Money</td>
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<td> Probity and equity</td>
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<td> Fit for purpose</td>
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<td> Risk management</td>
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<td>✓ 2 new principles:</td>
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<td> Responsible Procurement (social, sustainable and ethical sourcing)</td>
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<td> Recordkeeping</td>
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KEY CHANGES TIPS

Improve awareness

- **Creation of a procurement guide** to increase clarity of Procurement’s role, services expected and who to approach

- **Simplified How do I buy? one pager**

Responsibility of UNSW staff procuring clarified:
- All UNSW Staff members regardless of their level, seniority or scope of authority, must comply with the new Procurement Policy.
- UNSW Staff listed as Financial Delegates are responsible for ensuring compliance with the new Procurement Policy and will act as the representative making the commitment on behalf of UNSW.

Total value of goods & services definition clarified:
- The value of the procurement activity must include the total value of the goods & services or engagement excluding GST with a supplier for a specific project (i.e. intended contract duration not the annual value). For example, when purchasing a piece of software, the total value will include the purchase of the software licences as well as required installation, training, maintenance, etc over the period of the contract.

Contract variation process clarified:
- UNSW relevant delegate/signatory must have the relevant financial delegations to cover the total value of the contract including the variation period.

Foreign currency risk consideration updated:
- When a procurement activity involves a payment in foreign currency > AU$50,000 equivalent or when there is an exchange rate risk, staff must refer to the UNSW Treasury Procedure and seek prior advice from Treasury or Procurement as there will be a foreign currency UNSW rate to be applied.

Engagement with contractors and consultants clarified:
- When there is a requirement to engage any type of temporary employee (including independent contractors), please contact Human Resources who will provide guidance on the appropriate process and relevant UNSW suppliers or UNSW panel suppliers.
- When engaging consultants (which is procurement of services), staff must follow the procurement process (How do I buy?) applicable to the cost of the procurement (thresholds), including an exemption if the procurement process is not followed.

Gifts and hospitality rules clarified:
- Staff involved in all procurement activities from the commencement of the sourcing activity (defined as first engagement with potential suppliers) until a contract has been signed (e.g. tendering activity, direct negotiation), are prohibited from soliciting or accepting gifts or hospitality or any other benefits from current or prospective suppliers; if staff are involved in a lunch or similar hospitality, they must pay for their consumption.
- Where staff are involved in ongoing supplier relationship management, modest hospitality (e.g. in-house lunch, coffee, tea) associated with business meetings to discuss goods, services, infrastructure and capital works is acceptable, but accepting restaurant lunches and dinners, the provision of alcohol, tickets to the theatre or sporting events are prohibited in all cases unless the UNSW staff disclose gifts and/or other benefits to their manager and register gifts and/or other benefits in the University’s Register of Gifts and Benefits.