

**Policy Title:** Strategic Procurement

**Policy Owner:** Chief Financial Officer, Finance and Business Services Centre

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## 1. INTENT

This policy establishes the framework for the consistent approach to the planning, Sourcing and management of the procurement of goods and services at the University.

The aim is to ensure that the procurement process for the acquisition of goods or services delivers optimal value for ECU and adheres to the required ethical standards and probity principles.

## 2. ORGANISATIONAL SCOPE

This policy applies to all ECU staff involved in Purchasing goods and services on behalf of the University.

## 3. DEFINITIONS

| TERM               | DEFINITION   |
|--------------------|--|
| Approved Exclusion | Expenditures that do not relate to the process of purchasing goods and services. These expenditure types shall be annually reviewed and approved by the Vice-President (Corporate Services) and Chief Financial Officer as approved exclusions from the Purchasing Policy. |
| Category           | A grouping of related goods or services based on similar characteristics.  |
| Category Plan      | The Category Plan is the summary of all findings of the requirement and supplier market research and analysis, as well as the options and recommendation(s) for the University to best manage the Category.  |
| Category Manager   | Category Manager focuses on developing a Category Plan for a specific spend Category to assist organisations to set out a commercial strategy over a 2 – 5 year horizon, together with associated opportunities, actions, owners and milestones.                           |

| TERM                    | DEFINITION   |
|-------------------------|--|
|                         | Some of these opportunities will involve strategic Sourcing initiatives.   |
| Contract                | A legally binding agreement that contains an offer, acceptance of that offer and consideration, which when accepted forms a Contract. Includes but is not limited to agreements, deeds, memorandum of understanding and leases.  |
| Contract Expenditures   | Expenditures managed through an approved Contract that details the agreed terms, conditions, services, payment amounts and timeframes. The approved Contract may be substituted as the purchase order to act as the control document to support authorisation of expenditures.   |
| Delegated Authority     | The level up to which an individual staff member may act to create a legal obligation on behalf of the University, including entering into contracts or Purchasing goods and services.   |
| Exemptions              | Expenditure type that are exempt from this Policy as determined by the Chief Financial Officer and/or Vice-President (Corporate Services). Further information is available from the FBSC Policy Owner as noted in Section 8 of this Policy.   |
| Mandated Panel Supplier | A Mandated Panel Supplier to the University is a Panel Supplier that must be used on all occasions by staff for all purchases in the particular Category of goods and services provided by the supplier.   |
| Panel Supplier          | A Panel Supplier to the University is a supplier that has been selected by the Strategic Procurement section, following discussions and the involvement of key stakeholder groups within the University, as one that offers the best value to the University in a particular Category of goods or services.  |
| Purchasing              | Transactional processes concerned with the tactical acquisition of goods or services, and primarily centred on the placement and processing of an order.   |
| Sourcing                | Sourcing describes all those activities within the Strategic Procurement process concerned with identifying and evaluating potential suppliers, engaging with selected suppliers and selecting the best value supplier(s).   |
| Specific Purchasing     | Expenditures that are authorised through specific systems or processes that manage and control the unique nature of these particular expenditures. These expenditure types shall be annually reviewed and approved by the Vice-President (Corporate Services) and Chief Financial Officer as Specific Purchasing expenditures to be independently managed through their unique systems and processes and not required to follow the standard purchasing and procurement processes. |
| Strategic Procurement   | Strategic Procurement encompasses the end-to-end activities concerned with the development and implementation of strategies to manage University expenses for goods and services in such a way as to contribute to the University's overall goals and to maximise the value realised and/or minimise the total cost of ownership.  |

| TERM                             | DEFINITION   |
|----------------------------------|--|
| Supplier Performance             | Supplier Performance is the continuously monitored and measured ability of a supplier to deliver on its contractual obligations. This is usually measured by the use of Key Performance Indicators (KPIs) that cover as a minimum the timeliness of delivery of goods and service, the quality of the goods or service and the level of customer service.  |
| Supplier Relationship Management | Supplier Relationship Management (SRM) is the segmentation of the business relationships with ECU suppliers. The process involves reviewing the portfolio of suppliers, categorising supply relationships by their significance (spend, strategic value, risk), devoting resources in proportion to the relationship's significance and managing processes between the parties to realise the relationship objectives. |
| Tender                           | Tender, in ECU's context, refers to the activities or processes related to Expression of Interest (EOI), Request for Quotation (RFQ), Request for Proposal (RFP) or Request for Tender (RFT).  |
| University Procurement Hub (UPH) | The UPH is a new way of delivering core procurement services through aggregation across Australian universities with the flexibility for universities to select additional services to meet specific requirements as they evolve.  |
| UPH Supplier                     | A UPH supplier to the University is a supplier that has been selected by ECU and the University Procurement Hub (UPH), by which participating universities collectively acquire goods and services in a particular Category of goods or services.  |

#### 4. POLICY CONTENT

- 4.1 This policy is supported by Guidelines (Appendix A). These Guidelines describe the Strategic Procurement Framework and the associated Procedures that should be applied to the planning, Sourcing and management of the acquisition of goods and services at the University.
- 4.2 ECU staff involved in Purchasing goods and services on behalf of the University should adhere to the Strategic Procurement Framework as depicted in Figure 1.



- 4.3 In Phase 1 Strategy & Planning, Schools and Service Centres are responsible for informing Strategic Procurement of any planned or unplanned key activities that may require procurement support. This could take the form of inviting the Category Manager or a Strategic Procurement representative to the strategic and operational planning sessions of the School or Service Centre.

- 4.4 In Phase 2 Category Planning, Strategic Procurement is responsible for understanding and consolidating the procurement support activities required and translating it into a Category Plan, if applicable.
- 4.5 In Phase 3 Strategic Sourcing and Phase 4 Purchase to Pay, ECU staff should follow the established policies, guidelines and procedures associated with Purchasing and payment activities as outlined in the Guidelines. The Procedures associated with the Purchasing and payment activities are governed by the Commitment Matrix in Section 3.3 of Appendix A, the [Delegations and Authorities Manual](#) of the University and the [ECU Technology Governance Policy](#).
- 4.6 In Phase 5 Contract Management, ECU staff should manage Purchasing contracts in accordance with the established policy and procedures as outlined in the Guidelines.
- 4.7 If staff have any questions, concerns or issues, they should contact Strategic Procurement, for guidance.
- 4.8 Both Strategic Procurement and the Strategic and Governance Services Centre will monitor adherence to this Policy by staff involved in Purchasing.
- 4.9 Serious or continued breaches of this Policy, Guidelines or Procedures will be investigated and may result in the withdrawal of the individual's authority to purchase goods and services on behalf of the University.

## 5. EXEMPTIONS

Exemptions to this Policy are at the discretion of the Chief Financial Officer or nominee and must be approved in writing for a term not exceeding the next Policy review date. When seeking exemptions, the Request for Exemption from Policy form is to be used for total cost of purchase that is equal or less than \$250,000 (including GST). Otherwise, the Procurement Plan should be utilised for total spend greater than \$250,000 (including GST).

## 6. ACCOUNTABILITIES AND RESPONSIBILITIES

In relation to this policy, the following positions are responsible for the following:

### *Policy Owner*

The Chief Financial Officer has overall responsibility for the content of this policy and its operation in ECU.

### *Executive Dean, Dean or Director*

Executive Deans, Deans and Directors should be aware of their obligations as they pertain to this policy.

### *Staff*

Staff are required to comply with the content of this policy and to seek guidance in the event of uncertainty as to its application.

## 7. RELATED DOCUMENTS

7.1 The policy is supported by the following Procedures:

- [Strategy and Planning Procedures](#);

- [Category Planning Procedures](#);
- [Strategic Sourcing Procedures](#);
- [Purchase to Pay Procedures](#);
- [Contract Management Procedures](#); and
- [Sustainable Procurement Guidelines](#)

7.2 Other documents which are relevant to the operation of this policy are as follows:

- [Acceptance of Gifts by ECU Staff Policy \(rm007\)](#);
- [Code of Conduct Policy \(hr117\)](#);
- [Conflict of Interest Policy \(rm009\)](#);
- [Creation and Management of Contracts Policy \(ad024\)](#);
- [Delegations and Authorities Manual](#);
- [ECU Technology Governance Policy \(it046\)](#);
- [Environmental Management of Information Technology Policy \(fs033\)](#);
- [Fraud and Misconduct Prevention and Management Policy \(rm006\)](#);
- [Petty Cash Guidelines](#)
- [Purchase and Use of Gift Cards Guidelines](#)
- [Records Management Policy \(ad022\)](#);
- [Request for Exemption from Policy Form](#);
- [Strategic Asset Management Policy \(ad079\)](#);
- [Sustainability Policy \(ad089\)](#); and
- [University Credit Card Policy \(ad041\)](#)

## 8. CONTACT INFORMATION

For queries relating to this document please contact:

|                        |  |
|------------------------|--|
| Policy Owner           | Chief Financial Officer  |
| All Enquiries Contact: | Tony Wilson, Manager Strategic Procurement & Business Services |
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## 9. APPROVAL HISTORY

|                             |   |
|-----------------------------|---|
| Policy Approved by:         | Vice Chancellor   |
| Date Policy First Approved: | 18 March 2015   |
| Date Last Modified:         | 21 June 2018  |
| Revision History:           | <p>The <i>Purchasing Policy</i> (ad023/PL058) and the <i>Preferred Suppliers Policy</i> (ad0542/PL067) were rescinded upon the approval of this policy 18 March 2015</p> <p>November 2015 – Reviewed and amended to reflect the new academic organisation structure.</p> <p>3 May 2016</p> <p>25 November 2016 – Links updated</p> <p>16 January 2017</p> <p>26 July 2017</p> |

|                     |              |
|---------------------|--------------|
|                     | 21 June 2018 |
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| TRIM File Reference | SUB/62311    |

## Appendix A

### Strategic Procurement Framework – Guidelines

#### 1. Aims

- 1.1. The aim of these Guidelines is to provide guidance on the end-to-end activities that should be applied to the planning, Sourcing and management of the acquisition of goods and services at the University. The Strategic Procurement Framework consists of 5 phases as illustrated in the diagram below.



#### 2. Organisational Scope

- 2.1. These Guidelines apply to all ECU staff involved in Purchasing goods and services on behalf of the University.

#### 3. Contents of Strategic Procurement Framework

##### 3.1. Phase 1: Strategy and Planning

The objective of this phase is to capture, as early as possible, the short and long term procurement needs of the Schools and Service Centres. This allows Strategic Procurement to build a consolidated view of these requirements in the context of the wider University.

It is important that Strategic Procurement engages with Schools and Service Centres during their operational and strategic planning processes. This will allow Strategic Procurement to understand and document any related procurement support activities. Refer to the [Strategy and Planning Procedures](#) for more information.

##### 3.2. Phase 2: Category Planning

The objective of the Category Planning phase is to identify ways to extract maximum value for money from the supplier market to fulfil the University's procurement requirements, as identified in the Strategy and Planning phase.

Category management planning decisions will be based on a structured analysis of how the supplier market can best be used to fulfil ECU's requirements. Where applicable and appropriate, Category Managers may approach the University Procurement Hub (UPH) as a resource to confirm sourcing opportunities and strategies.

The Category Plan, an output from this phase, will be refreshed by the Category Manager periodically in light of the changing needs of the business or the market. In the instance where a category of goods or services is sourced through the UPH, an Opportunity Assessment Report will be produced to replace the Category Plan.

For more information please refer to the [Category Planning Procedures](#).

### 3.3. Phase 3: Strategic Sourcing

The objective of the Strategic Sourcing phase is to procure goods and services that meet the requirements of, and offers the best value for money for, the University.

Existing contracts for the procurement of goods or services, Mandated Panel Supplier or Panel Supplier agreements or the contracts sourced through the UPH should be used ahead of any other supplier when Purchasing goods or services, unless the goods or services are not available from that Mandated Panel Supplier, Panel Supplier or UPH Supplier. Please refer to the [Strategic Procurement Portal](#) for the list of Mandated, Panel and UPH Suppliers.

Staff can enter into direct purchase with one of the Panel Suppliers, but are encouraged to obtain more than a quote, if the total procurement cost is less than \$250,000. If the total cost is more than \$250,000, staff are required to seek 3 written quotes from the Panel Suppliers. Otherwise, staff can seek exemption through the Procurement Plan.

However, buyers do not need to complete an Exemption from Policies Form if one of the following proposed scenarios applied: (total spend between \$10,000 and \$250,000). Buyers would need to attach the rationale to the Purchase Requisition in Oracle.

- Buyers have sought at least 3 quotes.
- Buyers are able to produce sole supplier statement and attach it to the Purchase Requisition.
- Buyers are appointing a supplier for the continuation of services/phases where the total cost is less than \$250,000.
- Buyers had an exemption approved for the same goods/services and suppliers in the past 12 months and the total combined purchase value (old and new) is less than \$250,000.
- Buyers are paying for approved sponsorships, donations or partnerships.
- Buyers are requesting goods/services from existing supplier that are compatible with the existing unique technical environment or existing unique equipment.

Where a Contract, Mandated Supplier, Panel Supplier or UPH Supplier arrangement does not exist, the Sourcing activities for the University are governed by the following Commitment Matrix, the [Delegations and Authorities Manual](#) of the University and the ECU Technology Governance Policy. Please note that any technology related sourcing activities (e.g. hardware, software, IT Services) will need to be approved by the Chief Information Officer.

| Commitment Matrix                       |  |                          |                            |
|---|--|--------------------------|----------------------------|
| Spend Category (incl. GST)              | Method of Purchase   | Responsibility           | Procurement Plan Required? |
| Up to \$5k and all travel related costs | Credit Card  | Schools/ Service Centres | No                         |
| \$5k to \$10k                           | Purchase Order - Direct Purchase   | Schools/ Service Centres | No                         |
| \$10k to \$250k                         | Purchase Order - 3 Written Quotes to be appended to the Purchase Requisition | Schools/ Service Centres | No                         |

|         |  |  |     |
|---------|--|--|-----|
| \$250k+ | Tender process unless an approved exemption is granted through Procurement Plan. | Strategic Procurement and Schools/ Service Centres | Yes |
|---------|--|--|-----|

When identifying the appropriate level of authorisation or method of purchase, the total cost of purchase (inclusive of GST, importation, handling, delivery, installation and any associated building works and services costs) should be considered. Purchases must not be split into smaller values in an attempt to bypass authorisation and method of purchase.

When undertaking a Tender process, the [Procurement Tendering Handbook](#) provides guidelines for the process, from the point at which a Tender is chosen as the Purchasing method through to supplier selection.

For more information please refer to the [Strategic Sourcing Procedures](#).

**3.4. Phase 4: Purchase to Pay**

The objective of the Purchase to Pay phase is to ensure that the payment of goods and services meet requirements of ECU and suppliers in a timely and compliant manner. Authorisation should be in accordance with the [Delegations and Authorities Manual](#).

Items that are personal or private in nature must not be charged to ECU.

Goods and services Purchasing is to be undertaken through Oracle iProcurement or using University Credit Cards where applicable unless the expenditure type is approved as Contract Expenditure, Specific Purchasing or an Approved Exclusion. Purchase Orders (POs) should be created in Oracle before engaging the suppliers' services and/or ordering goods.

For more information please refer to the [Purchase to Pay Procedures](#).

**3.5. Phase 5: Contract Management**

The objective of Contract Management is to establish consistent management practices with respect to:

- The University entering into and managing Contracts and Memorandum of Understanding's in a manner which facilitates University business, minimises risk, maximises opportunity and adds value;
- University staff understanding their responsibilities under a Contract; and
- Ensuring the obligations under a Contract are performed by relevant parties as intended.

The University's process of managing a Contract for the procurement of goods and services is outlined in the [Creation and Management of Contracts Policy](#) and [Contract Management Procedures](#).