



Australian
National
University

Procurement Handbook

A Guide to purchasing goods and services at the University

September 2013

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1. INTRODUCTION

The Procurement Handbook has been developed by the University Procurement and Contracts Office (*UPCO*) and is approved by the University for release and use.

This document provides practical guidance to assist University Staff comply with the University's:

- [Procurement Policy](#) and [Procedure](#); and
- [Procurement Probity Policy](#) and [Procedure](#)

and in doing so ensure that ethical and sound purchasing practices underpin the achievement of value for money outcomes for the University.

This handbook, together with the Procurement and Procurement Probity policy and procedures applies to the purchase of goods and services, and associated contracts, of all kinds across the University including:

- (a) general or specialised goods, services and equipment required by any business area within the University;
- (b) consultancies and professional services;
- (c) construction and related services;
- (d) services from public utilities; and
- (e) real property sale or purchase.

The procedures and methods adopted for procurement at the University should be, and should be seen to be, beyond reproach. This will be achieved when:

- (a) all who are able to do business with the University are given the opportunity to do so;
- (b) the University maintains a reputation for fair dealing in its arrangements with suppliers;
- (c) value for money is achieved when prices paid are the most competitive obtainable, subject to availability, suitability and quality; and
- (d) all University staff involved in the procurement process act in an ethical and business like manner, and avoidance of conflicts of interest or perceptions of bias is paramount.

2. THE UNIVERSITY'S PROCUREMENT AND CONTRACTS OFFICE (UPCO)

The University is a major purchaser of goods and services in the region. *UPCO* was established to provide a centre for procurement and contracting advice, assistance and guidance on campus, and to streamline and consolidate procurement and contracting across the University.

UPCO is responsible, in consultation with areas within the University, for coordinating and reporting on the University's procurement and contracting activities to the Director, Finance and Business Services. *UPCO* develops the University's procurement and contracting policy,

establishes contracts and standing offers for campus-wide requirements and will assist other areas with procurement and contracting issues or projects.

The Manager, *UPCO* (mgr.contracts.office@anu.edu.au) is the central point of contact for advice on any aspect of the University's procurement and contracting activities.

3. THE ROLE OF BUSINESS AREAS/DELEGATES

The University Code of Conduct requires staff to have regard to:

- [Procurement Policy](#) and [Procedure](#); and
- [Procurement Probity Policy](#) and [Procedure](#)

when performing duties related to procurement.

The University's delegations framework requires that proposals to spend University money (including proposed procurement of property or services) must be approved by a *delegate*. A *delegate* is required to be satisfied, after making reasonable enquiries, that the spending proposal is in accordance with University policy and that it is an efficient and effective use of University money.

In addition, only an *authorised delegate* may call for and accept tenders.

College and Administration Unit Leaders may issue instructions to officials on any matter necessary or convenient for carrying out or giving effect to procurement. Processes adopted by College and Administration Units are to be consistent with:

- [Procurement Policy](#) and [Procedure](#); and
- [Procurement Probity Policy](#) and [Procedure](#)

4. EFFICIENT, EFFECTIVE AND ETHICAL USE OF RESOURCES

The University's [Expenditure Approvals policy](#) requires that *delegates* approving expenditure of University funds must first be satisfied that such expenditure is an efficient and effective use of University resources.

Efficiency relates to the productivity of the resources used to conduct an activity in order to achieve the maximum value for the resources used. In relation to procurement, it includes the selection of a procurement process that is consistent with University policy and is the most appropriate to the procurement objective under the prevailing circumstances.

Efficiency in procurement is enhanced by conducting transparent, fair and appropriately competitive processes of a scale commensurate with the size and risk profile of each particular project.

Effectiveness relates to how well outcomes meet objectives. It concerns the immediate characteristics of the University's outputs, especially in terms of price, quality and quantity, and the degree to which outputs contribute to specified outcomes.

Effectiveness can be achieved by ensuring that the property or service being sought will make the maximum possible contribution to the relevant outcome. This entails correctly identifying the need, accurately drafting functional specifications, rigorously assessing responses and negotiating the final contract, and then diligently managing the contract. Comprehensive monitoring and assessment at all stages of the procurement process further contributes to effectiveness.

5. STATEMENT OF DIRECTION

The University has determined that in order to achieve economies of scale it must streamline and consolidate its purchasing power.

To achieve this, the University Procurement and Contracts Office (*UPCO*) has established contracts and standing offers that represent best value for money for the University. These arrangements will be available for campus-wide use, or may be for single one off arrangements, and all managers and staff of the University are expected to use *UPCO* in the first instance.

The University will, wherever possible, make use of emerging technologies to achieve economies in its purchasing processes. This strategy includes using on-line catalogues and ordering systems, streamlining payment processes via electronic invoicing, purchase cards, and electronic funds transfer (*EFT*) against a supplier's consolidated invoice at the end of each month or as agreed in any arrangement.

The University seeks to ensure that its purchasing processes actively support the University's environmental policies. Positive environmental outcomes can be achieved in procurement through environmental standards, energy efficiency, reuse, re-cycling, and disposal practices and natural resource conservation e.g. water.

6. PROCUREMENT ETHICS

The [University's Expenditure Approvals policy](#) requires that *delegates* approving expenditure of University funds must first be satisfied that such expenditure is an ethical use of University resources. In addition, a procurement conducted in an ethical manner will enable purchasers and potential suppliers to deal with each other on a basis of mutual trust and respect. Adopting an ethical, transparent approach enables business to be conducted fairly, reasonably and with integrity.

Ethics are the moral boundaries or values within which officials work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behaviour identifies and avoids conflicts of interests, and does not make improper use of an individual's position.

A specific aspect of ethical behaviour relevant to procurement is an overarching obligation to treat all participating potential suppliers as fairly and equitably as possible. The procurement process rules need to be clear, open, well understood and applied equitably to all parties to the process.

6.1 Conflict of Interest

The [Procurement Policy](#) provides that staff involved in procurement shall disclose any actual or perceived conflict of interest and such conflicts shall be resolved in accordance with the University's Policy and Procedure on Conflicts of Interest.

The potential for adverse impact on a procurement exercise as a result of actual or perceived conflict of interest is minimized by:

- (a) open, honest and cooperative business relations with colleagues and suppliers;
- (b) ensuring the confidentiality and privacy of personal and commercial information obtained in performing the purchasing and contracting function;
- (c) avoidance of conflict of interest or perceptions of bias;
- (d) disclosure of possible conflict of interest, whether it be real or capable of being reasonably perceived;
- (e) fair dealing and impartiality in the conduct of tender evaluations;
- (f) the non receipt of any remuneration, benefit or advantage, any gift, hospitality or travel, from present or potential suppliers, that might compromise or be reasonably perceived to compromise the integrity of the purchasing function; and
- (g) fostering the highest possible standard of professional competence amongst purchasing staff members.

6.2 Arm's Length Trading

When dealing in the open market, Purchasing Officers or the ANU staff member/ delegate should ensure that any supplier is genuinely trading in the market.

Purchasing Officers and University Staff should not purchase goods and services from:

- (a) suppliers who are, first and foremost, University employees. This is to be avoided whenever possible. If there is no alternative supplier then the purchase must be explained fully when seeking approval from the authorised University delegate and be within the bounds stated in University policy (e.g. conflict of interest) and issues such as warranty, support etc and how these will be managed separately from the employment role fully documented.
- (b) individuals or businesses with whom, or with whose employees, they have a personal relationship (i.e.: family members, friends or close associates) **unless** it can be shown that a full and transparent procurement process has been undertaken, in accordance

with all University policies and that the University delegate has been fully informed of the relationship.

Additionally, where such a conflict of interest exists, University Staff should be excluded or should exclude themselves from the procurement process, and other University Staff should undertake the purchase.

6.3 Fair Dealing

The University seeks to conduct its purchasing business in a manner that respects the rights of suppliers and avoids challenge. It is committed to the achievement of good purchasing outcomes for both itself and its suppliers, and recognises that its processes must not only be fair, but be seen to be fair.

University staff associated with purchasing, particularly those dealing directly with suppliers, must:

- (a) recognise and deal with conflicts of interest;
- (b) deal with suppliers even-handedly;
- (c) protect the confidentiality and privacy of personal and commercial information;
- (d) ensure their processes are open and transparent;
- (e) not engage in misleading or deceptive conduct;
- (f) not transact with suppliers for private or unauthorised use;
- (g) not compromise the University's standing or the integrity of its purchasing activities through acceptance of gifts or hospitality; and
- (h) be scrupulous and accountable in their use of University property and University money.

6.4 Probity Plan

A *Probity Plan* is required for all tender processes. More information is located at section 20.4 of the manual dealing with Procurement Probity when conducting a tender.

7. COMPLIANCE WITH GOVERNMENT LEGISLATION

University purchasing and contracting activities must comply with Commonwealth, State and Territory government's legislation.

For the most part, this requirement will be reflected in the University's own Procurement policy and procedural standards.

University purchasers should be mindful, however, that there might be specific legislative requirements affecting their particular purchasing activities. For instance, when acquiring furniture and fittings, staff should observe occupational health and safety requirements, in particular those relating to ergonomic needs.

Further information on the University's *OH&S* policies can be found on the ANU Policies Website.

It is particularly important that purchasers of any hazardous plant or substance consider *OH&S* issues as a matter of routine.

8. VALUE FOR MONEY

Value for money is the fundamental principle underlying University procurement. In a procurement process, this principle requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle.

Value for money is enhanced in University procurement by:

- (a) encouraging competition by ensuring non-discrimination in procurement and using competitive procurement processes;
- (b) promoting the use of resources in an efficient, effective and ethical manner; and
- (c) making decisions in an accountable and transparent manner.

In order to be in the best position to determine value for money when conducting a procurement process, request documentation needs to specify logical, clearly articulated, comprehensive and relevant conditions for participation and evaluation criteria which will enable the proper identification, assessment and comparison of the costs and benefits of all submissions on a fair and common basis over the whole procurement cycle.

Cost is not the only determining factor in assessing value for money. Rather, when assessing alternative procurement processes or solutions, a whole-of-life assessment would include consideration of factors such as:

- (a) the maturity of the market for the property or service sought;
- (b) the performance history of each prospective supplier;
- (c) the relative risk of each proposal;
- (d) the flexibility to adapt to possible change over the lifecycle of the property or service;
- (e) financial considerations including all relevant direct and indirect benefits and costs over the whole procurement cycle;
- (f) the anticipated price that could be obtained, or cost that may be incurred, at the point of disposal; and
- (g) the evaluation of contract options (for example, contract extension options).

8.1 Life Cycle (or Whole of Life) Costing

Life Cycle costing for goods is the total cost that is incurred in buying, owning them, use of them and disposing of them at the end of their usable life. The life cycle costs for services includes

the cost of the services, any continuing costs for the use of the services and any costs that may be incurred in discontinuing the service.

Life cycle costing should be applied to all purchasing decisions (goods or services) where there is an ongoing cost of ownership (e.g. photocopiers). The three broad stages at which Life Cycle costing should be applied are:

- (a) The conceptual stage, when a business case for justification of the purchase is being prepared;
- (b) The evaluation stage, when the potential offers from respondents are being assessed; and
- (c) The in-service stage, when decisions are being made on whether to maintain, improve or dispose of the asset purchased (or in the case of a service, discontinue the service).

8.2 Order Splitting

Colleges and Service Divisions must not split a single requirement into a number of requisitions for the purpose of bringing each requisition or order below:

- (a) The threshold value at which competitive quotations are required; and
- (b) The threshold value at which tenders are required.

In some instances, commercial reasons may exist for splitting a requirement either between two or more suppliers, or by placing more than one order on the same supplier. In these cases, the whole transaction is to be approved by the appropriate authorising Delegate for the total value involved.

9. ENCOURAGING COMPETITION

Competition is a key element of the University's procurement policy. Effective competition requires non-discrimination in procurement and the use of competitive procurement processes.

The University's procurement policy is non-discriminatory. All potential suppliers should have the same opportunities to compete for University business and must, subject to the University Procurement Policy, be treated equitably based on their legal, commercial, technical, and financial abilities, and not on their degree of foreign affiliation or ownership, location or size. The property or services on offer must be considered based on their suitability for their intended purpose, and not based on their origin.

The procurement process itself is an important consideration in achieving value for money. Participation in a procurement process imposes costs on the University and potential suppliers and these costs should be considered when determining a process commensurate with the scale, scope and relative risk of the proposed procurement.

10. MARKET KNOWLEDGE

Purchasing Officers at all levels need reliable information about the goods and services available from the market and, where appropriate, the market's manufacturing capability. It is also important to be aware of the practices and commercial circumstances applying in particular markets, and the extent to which a competitive market exists.

Purchasing Officers must be able to analyse costs and prices and understand the rules applying to fair trade.

Sound market knowledge and commercial acumen are particularly important when:

- (a) preparing cost estimates;
- (b) selecting purchasing methods and contracting arrangements;
- (c) evaluating bids;
- (d) preparing negotiation strategies; and
- (e) dealing with contract variation issues including price variations.

Purchasing Officers must ensure that they are well informed before they commit themselves to the purchasing process (afterwards it may be too late!). They should not hesitate to seek any additional information they require about suppliers and the goods and services they are offering. For example, they may wish to know about estimated costs, availability of alternatives or the latest technological developments, financial viability and corporate strength.

There are numerous sources of information on suppliers and the goods and services that they offer. These include:

- (a) on-line supplier catalogues;
- (b) commercial databases and specialised publications such as the Telstra Yellow Pages, trade journals and trade associations;
- (c) direct contact from marketing and sales representatives and promotional material;
- (d) the *ISO Network*. The Industrial Supplies Office (ISO) Network manages a comprehensive database of Australian and New Zealand (ANZ) capability and can provide information on ANZ sources of goods and services; and
- (e) any other source that may be relevant, including but not limited to, other Universities, Commonwealth, State or Territory Government agencies or departments.

10.1 Purchasing over the Internet

The University has a number of Preferred Supplier Arrangements in place where internet ordering systems are integral to the ordering of supplies (e.g. office supplies). The security of these systems has been evaluated as part of the selection and appointment process.

Where possible, the University seeks to build into these contracts University wide electronic and billing processes that reduce procurement risk and minimise workload and maximise savings e.g. through a University wide electronic billing and payment process.

The University's Purchase Card can be a useful tool when purchasing via the internet, however staff should be aware that purchases on the web are subject to the University's Procurement policies and procedures.

The University strongly recommends that staff consider the following, before purchasing over the internet:

- (a) Are you dealing with a reputable vendor?
- (b) Does the vendor's website have adequate security?
- (c) Always be cautious about providing personal information.

Staff are encouraged to consider other ways of reducing cost and risk in procurement such as, reducing purchasing transaction volumes through better planning of procurement, and consolidation of orders (e.g. within departments, areas or colleges).

11. RISK MANAGEMENT

Managing risk is fundamental to achieving good procurement results. The University adopts a systematic approach to identifying, analysing, evaluating, treating and monitoring procurement and contracting risks. Its policy is to share risks, assigning responsibility for each particular risk to the party best able to manage it.

It involves:

- (a) **identifying** what, how and why things may go wrong;
- (b) **analysing** the likelihood of something going wrong and the consequences if it does;
- (c) **evaluating** how serious the risks are and putting them in order of priority for treatment;
- (d) **treating** risks, by planning and implementing strategies to reduce the likelihood they will occur and/or mitigate the seriousness of their consequences; and
- (e) **monitoring** risks by reviewing and documenting their management on a continuing basis, to ensure that the overall strategy remains valid.

11.1 Strategies for Managing Risk

There are several accepted strategies, which may be used either separately or in combination, for treating risk. These are:

- (a) **avoiding the risk** by not proceeding with the project or by achieving the same outcome by alternative means;
- (b) **reducing the risk** by taking appropriate action to reduce the likelihood and/or consequences of a risk occurring;

- (c) **transferring the risk** by transferring the responsibility for the risk to another party who is better able to control or accept that risk; and
- (d) **accepting the risk** by making an informed decision to do so if it cannot be avoided or transferred or the cost to avoid or transfer the risk is not justified.

In deciding how to treat medium/high risks it is important to bear in mind two general principles:

- (a) the cost of managing risks needs to be commensurate with the benefits obtained; and
- (b) responsibility for managing risk should be allocated to those who can best control and manage it.

11.2 Risk Register

A *Risk Register* is a document that succinctly summarises the risks involved in a procurement process.

A Risk Register should be prepared for all Tender Processes.



A sample *Risk Register* can be provided by *UPCO*. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

11.3 Risk Assessment

The Procurement Probity policy requires that if the tender process relates to a:

- (a) procurement project greater than \$20 million;
- (b) procurement project where there is a possible conflict of interest; or
- (c) a project identified by the Vice Chancellor, Finance Committee or ANU Council.

A full *Risk Assessment* should be undertaken and consideration given to the appointment of an independent *Probity advisor*. Please refer to the [Risk Management and Audit Office](#) for assistance.

11.4 Quality Assurance

A common risk in purchasing is that goods and/or services will not conform with requirements when they are received. To reduce this risk, Purchasing Officers can require an assurance from their suppliers that they have processes in place to reduce this risk. The best-known means of assuring quality is certification to the *ISO9000* series of Standards. It can, however, be costly for suppliers to implement.

Formal certification to the *ISO9000* Standards is not always necessary, nor is it the only way to assure quality. Other means include product testing, quality plans, intermediate quality systems (recognising that suppliers have processes in place to manage production), and special conditions of contract, supplier guarantees and commercial practice.

To determine the best means of assuring quality, consider the likelihood and consequences of the good or service not conforming to requirements. If there is a high level of risk, formal certification may be appropriate. If there is not, an alternative method may be more suitable.

12. PROCUREMENT TRAINING

University purchasing officers and contract administrators are responsible for the cost-effective purchase of supplies to support the University's teaching, research and administrative activities. They deal with suppliers who rely on trade with the University for their income, and spend a significant amount of the University's money. They need to have adequate knowledge and skills to deal in an ethical and fair way with suppliers and to make sound purchasing and contract decisions.

Depending on the level of their involvement, individual Purchasing Officers or Contract Administrators will need to be able to do some or all of the following:

- (a) identify and justify a requirement;
- (b) plan a purchase and select the appropriate purchasing method;
- (c) plan for and manage risks;
- (d) develop a *Probity Plan*;
- (e) develop evaluation criteria and an evaluation plan;
- (f) develop request documentation;
- (g) seek quotations and offers from the market;
- (h) evaluate quotations and offers;
- (i) negotiate with suppliers; and
- (j) develop, execute and manage contracts.

Purchasing Officers and contract administrators should discuss knowledge and skill requirements with their respective *Authorised Delegate* or their agent and seek further training where this is needed to improve their level of competence.

Purchasing Officers and contract administrators must be trained in new University procedures when these are being implemented. Staff involved in the purchasing process in the various cost centres should then receive their training from the relevant Purchasing Officer or equivalent.

The University is committed to ensuring that those involved in procurement and contracting have the knowledge, competencies and skills necessary to perform their duties competently and to be able to deal fairly and ethically with suppliers. Requests for training should be submitted to the Manager, *UPCO* (mgr.contracts.office@anu.edu.au).

Quarterly procurement forums are hosted by *UPCO*, with dates published in the *F&BS* key dates calendar, and further details available from the Manager, *UPCO* (mgr.contracts.office@anu.edu.au).

University staff are strongly encouraged to consider pursuing formal study through the Certificate IV in Government Procurement, available from a range of external training providers (contact the Manager, *UPCO* mgr.contracts.office@anu.edu.au for further details). The medium term plan for University procurement is to require all complex procurement projects to be managed by staff with formal procurement qualifications.

13. DEFINE AND JUSTIFY PROCUREMENT REQUIREMENTS

Before going about a purchase, the person undertaking the purchase needs to be clear about what is required and whether there is appropriate approval to spend the money. Therefore, for any purchase the first step is to determine what is actually needed (not just what is wanted). The more costly the goods or services, the more likely it is that a formal *Business Case* will need to be developed to justify the proposed expenditure. The following outlines what may be needed with respect to the extent of justification required.

For simple low cost purchases, the process can be quite straightforward. The Purchasing Officer or staff member may only need to define the requirement and, if the price is within that person's authorised delegation or agency, proceed with the purchase. If the price exceeds the Purchasing Officer's or staff members' authorised delegation, then it will be necessary to define and justify the purchase sufficiently to obtain the approval of the appropriate University *Authorised Delegate*.

For high value, high risk, significant or complex purchases, the requirement needs to be analysed carefully and a *Business Case* prepared that fully justifies the expenditure.

13.1 How to Document a *Business Case*

Before a proposed purchase can proceed, it needs to be justified as making efficient and effective use of the University's funds. This usually involves preparing a *Business Case* that sets out the reasons for the purchase, the time frames involved and the expected whole of life costs and benefits.

The *Business Case* provides the basis on which the *delegate* will approve the purchasing process, and is the foundation for the detailed planning process. It should be prepared carefully, and technical or commercial expertise sought if necessary to assist with estimating and/or product information. It should identify:

- (a) funds availability;
- (b) the function or role of the purchase, focusing on what is to be achieved;
- (c) estimates of lead times, relevant information on product availability and potential risks or constraints;
- (d) costs and benefits on a whole of life basis and, as appropriate, financial and sensitivity analyses, for example calculations of discounted cash flows, net present value, and return on investment; and

- (e) a breakdown of the resources needed and the costs of managing the tendering process, including any technical or other specialist support requirements, and indicate when these resources will need to be identified and the project team appointed.

Activity	Responsibility	Approval
Developing the Business Case	The <i>Project Manager/officer</i> develops the <i>Business Case</i> .	The <i>Authorised Delegate</i> of the requiring area should sign-off on the <i>Business Case</i> and approve funds availability.

13.2 Valuing Goods and/or Services

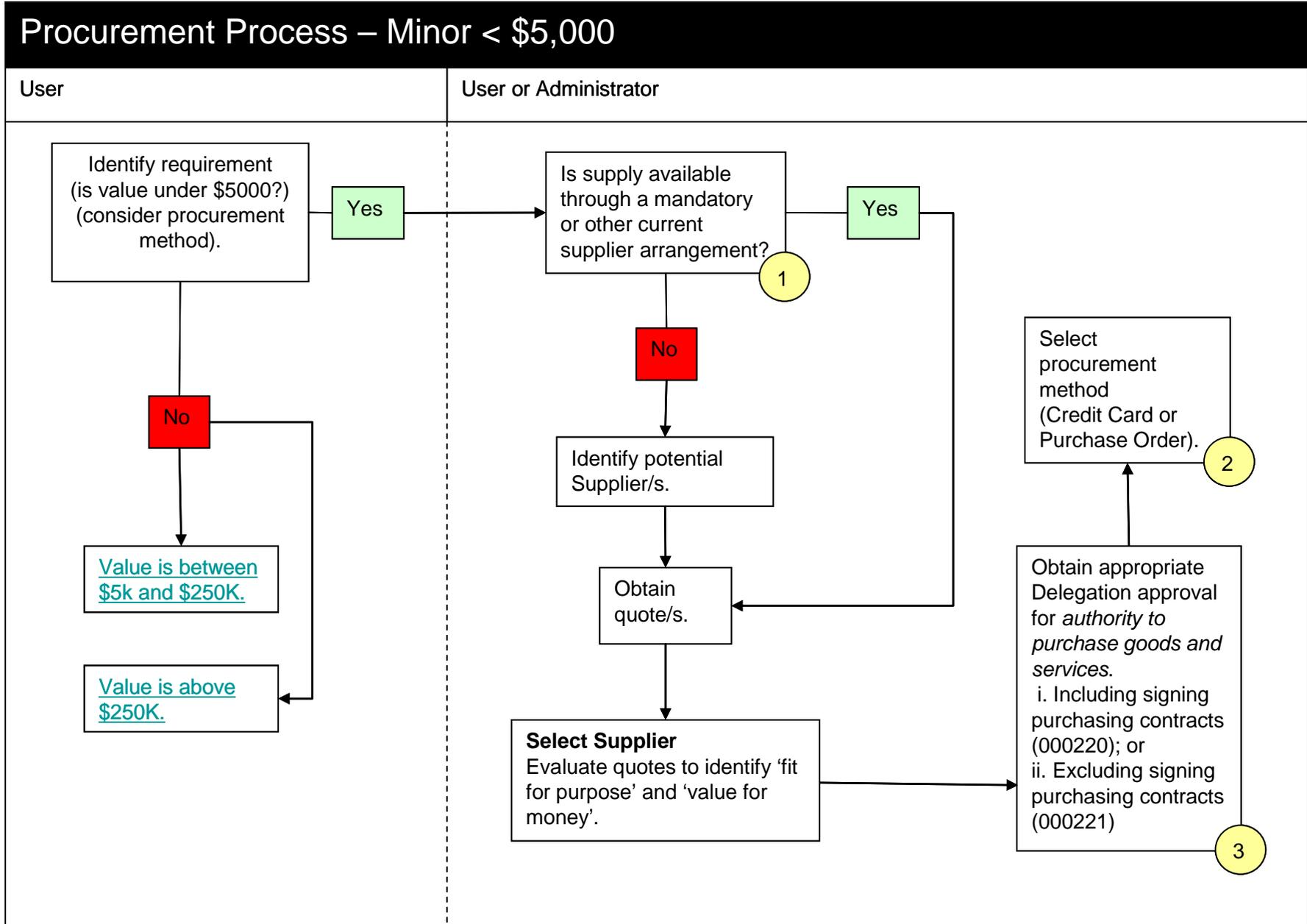
The procurement framework at the University is based around the value of goods and services being procured. The Procurement policy provides the following guidance on what the estimated value should include:

- (a) All forms of remuneration, including premiums, fees, commissions, interest, credit card surcharges etc. potentially payable in respect of the procurement exercise;
- (b) The maximum value of the goods or services being procured (for the full term of the contract and including the value of any options on the contract);
- (c) Any taxes or charges (excluding Goods and Services Tax).

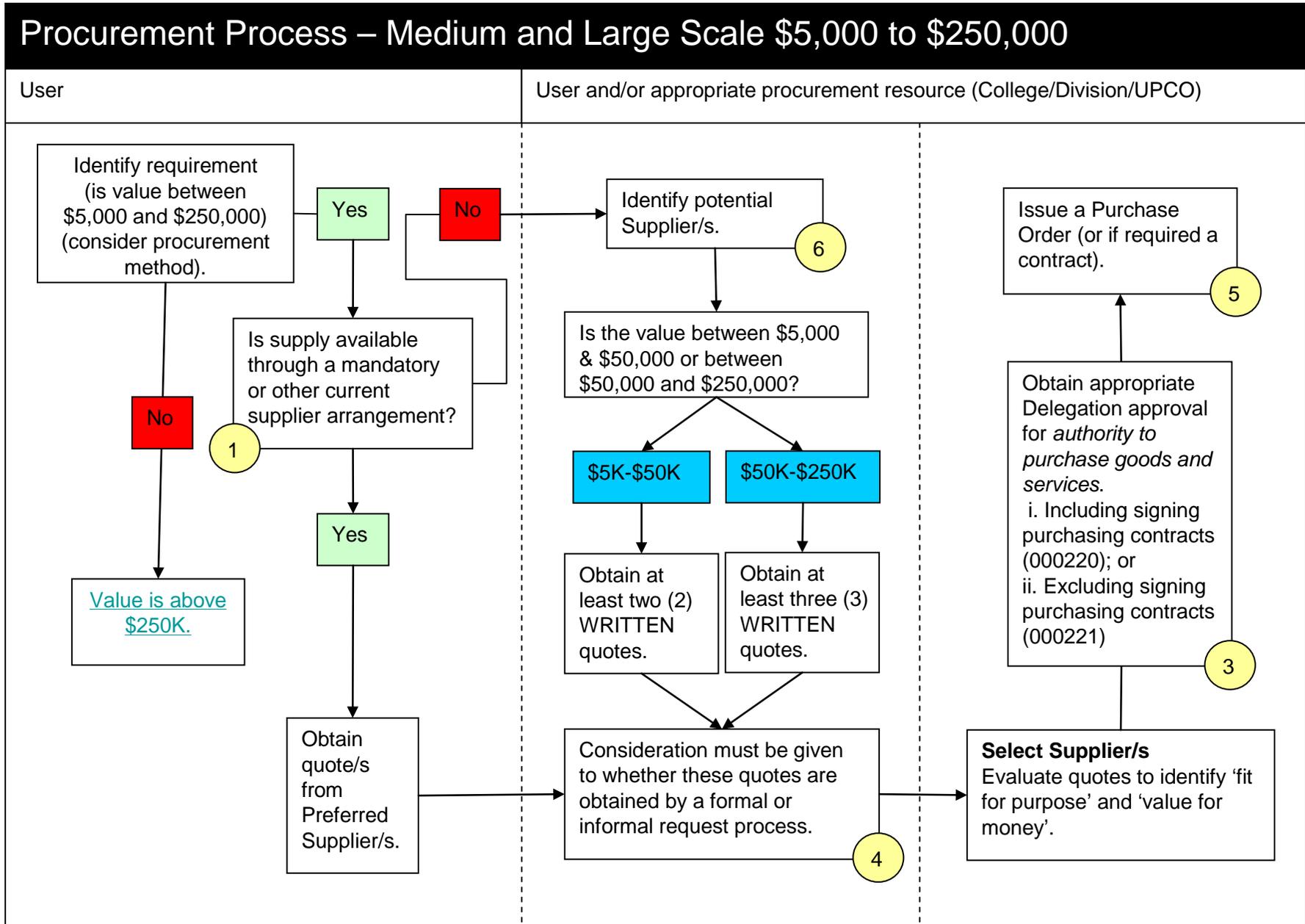
14. PROCUREMENT PROCESS FLOWCHARTS

Procurement process flowcharts for minor, medium, large and major procurement have been provided below to enable University staff to best identify which procurement process must be undertaken to ensure compliance with the relevant University [Procurement Procedures](#) and [Thresholds](#).

14.1 Minor Procurement Process (Less than \$5,000)

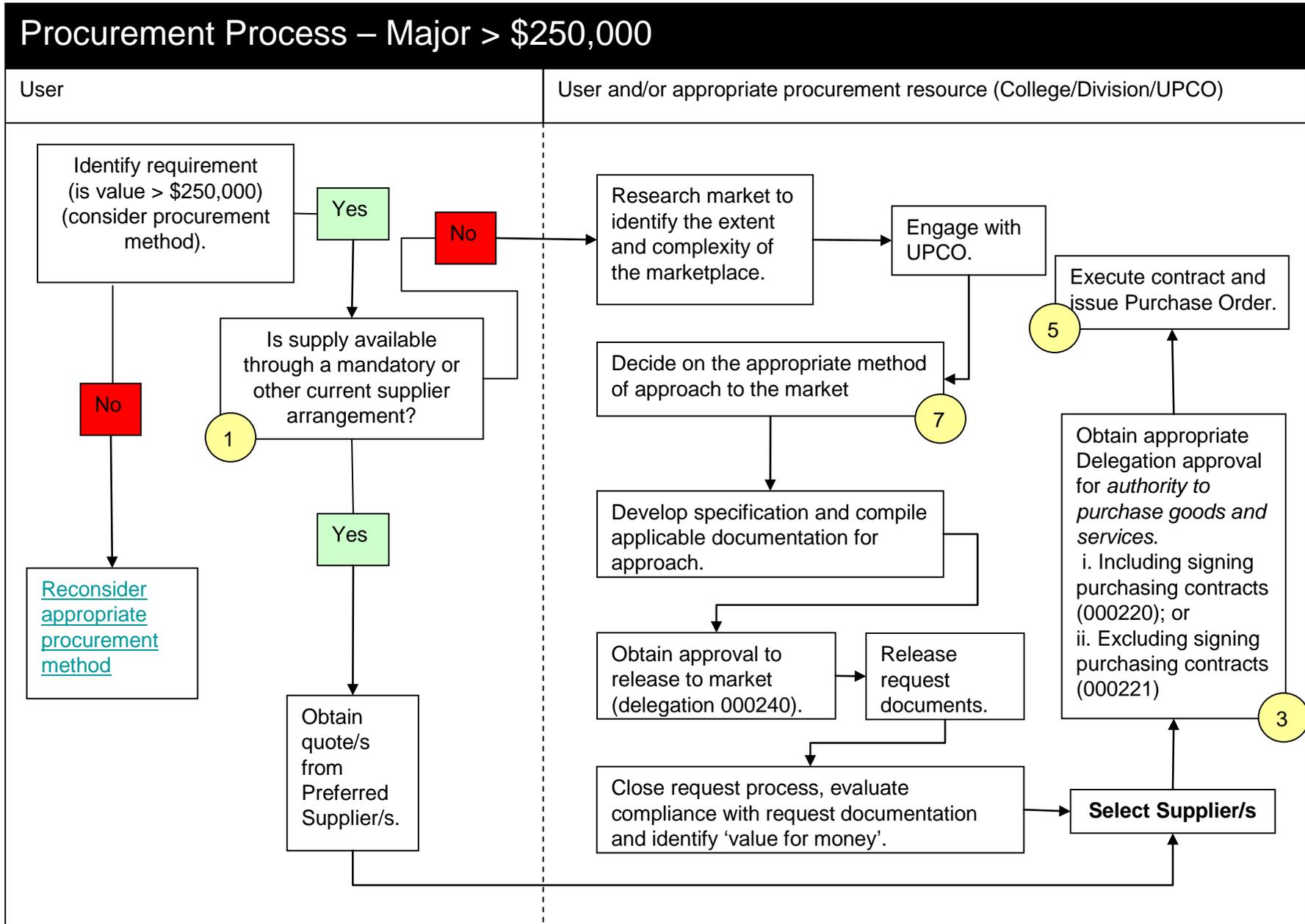


Further information on Notes 1-7 refer page 20



 Further information on Notes 1-7 refer page 20

14.3 Major Procurement (Greater than \$250,000)



1 Further information on Notes 1-7 refer page 20

Notes

1. Other current supplier arrangements can include arrangements in place with other Colleges or Divisions of the University or State or Commonwealth contracts the University can access. UPCO can provide assistance with identification of these resources.
2. Under specific circumstances it may be necessary to issue a contract for a procurement under \$5,000 (e.g. Consultancy arrangement), contact UPCO for assistance in this instance.
3. Definitions and further information on these Delegations is available at http://about.anu.edu.au/_documents/delegations/category/04fin.pdf.
4. UPCO will provide assistance with selecting the appropriate process and the methodology for the chosen process.
5. When a contract is issued the Purchase Order is still produced for the purpose of funds commitment and to enable payment, however the Purchase Order is not to be provided to the contractor.
6. Following identification of the potential suppliers consideration should be given to whether a RFQ, prequalified RFQ or Limited RFQ (Exemption from Quotation) process is most appropriate
7. The available approach to market methods includes EOI, RFP, RFT, Prequalified or Limited tenders (Exemption from Tender – refer Section 18.1). The appropriate method for your procurement will be dependent on the results of your market research. UPCO can provide guidance with this choice.

15. PROCUREMENT THRESHOLDS

UNIVERSITY PROCUREMENT THRESHOLDS - May 2013 (exclusive of GST)

	Procurement Level	Expenditure Delegation Profile		Tender Delegation Profile	Summary	Explanation	
Threshold Exempt	Preferred Suppliers	Expenditure delegation profile (000220/000221) applicable in accordance with the value of the purchase		N/A	Within Contract/standing offer arrangements	The University has access to a range of contracted arrangements. Purchases can be made from suppliers under these arrangements without the need for further quotations/ tender processes.	
	Mandatory Arrangements					The University's Mandatory Arrangements have been established in full compliance with the University's Procurement Policy and Procedures. Procurements from these suppliers do not require additional quotations as the applicable goods and/or services must not be sourced from alternate suppliers.	
	Commonwealth & State Govt Contracts					Preferred supplier, mandated and standing offer contract listing http://fbs.anu.edu.au/procurement/existing-contracts If purchasing a significant quantity/value of goods from a Preferred Supplier arrangement, you may wish to do a BAFO (best and final offer) quote to take advantage of any current specials or bulk rates.	
Non Preferred Supplier	Minor procurement	000221 (4.7b)	Finance 3 - Up to \$5k per transaction	N/A	Up to \$5,000	One quote if appropriate.	
	Medium scale Procurement	000221 (4.7b)	Finance 2 - Up to \$10K per transaction	N/A	\$5,000 to \$50,000	Minimum of 2 written quotes (copies to be kept, e.g. with Accounts Payable documentation).	
		000221 (4.7b)	Finance 1 - Up to \$50k per transaction	N/A		The value threshold is calculated to be the whole of the order/contract, not item or line based. Splitting of orders to avoid procurement thresholds is not permitted.	
	Large Scale procurement	000220 (4.7a)	Admin Mgr - Up to \$100K per transaction	N/A	\$50,000 - \$250,000	Minimum of 3 written quotes & ANU Purchase Order (produced from ESP Financials) required.	
		000220 (4.7a)	Head of Department - within available departmental funds	N/A			
		000220 (4.7a)	Head of Budget Unit - within available budget funds	N/A			The value threshold is calculated to be the whole of the order/contract, not item or line based. Splitting of orders to avoid procurement thresholds is not permitted.
	Major Procurement	000220 (4.7a)	Head of Department - within available departmental funds	000241 (4.16A) - Authority to call for and accept tenders up to \$1mill. OR 000240 (4.16A) - Authority to call for and accept tenders.	Greater than \$250,000	Greater than \$250,000	Tender process required (Expression of Interest - EOI or Request for Proposal - RFP or Request for Tender - RFT) Purchase order required (must be through ESP Financials). Value' threshold is calculated to be the whole of the 'order/ contract' not item / line based. Exemption for not going to tender, greater than \$250,000 requires a submission through your local delegate to the delegate authorised to grant exemptions from tenders (Delegation 000240(3)). See detailed procedures in the Procurement Handbook.
		000220 (4.7a)	Head of Budget Unit - within available budget funds				
		000220 (4.7a)	PVC, PVCR, PVCS, PVICE, DVC - within available Portfolio funds				
		000220 (4.7a)	EDAP, VC - within available University funds				
Notes	Payment Method			Purchase Card / EFT		Purchase card is preferred for small \$ purchases (Purchase card transaction limits may be in place which are less than the default delegation profile) . It is also highly recommended for used with other transactions providing the appropriate quotations and or processes outlined above have been followed.	
				Ordering online & electronic invoice/		Some Preferred Supplier Arrangements (Stationery and Office Supplies/ Caltex/ Mailroom) default to electronic invoices and payment centrally with charges disbursed.	
				Electronic funds transfer		Electronic funds transfer (or foreign currency draft/ Telegraphic Transfer) through the ANU accounts payable system.	
	Payment in Advance					Some purchasing transaction require payment in advance or prior to the build/ delivery of goods or equipment. All advance payments, greater than \$10,000 must be subject to an ANU purchase order raised through ESP Financials.	

To view the University's delegations tables visit:

<http://info.anu.edu.au/ovc/Delegations>

16. PREFERRED SUPPLIERS

The Procurement Procedure requires that Purchasing Officers are to source goods and services, where available, through the University's *preferred supplier* arrangements or contracts with *preferred suppliers*, before approaching the open market.

If using a *preferred supplier*, Purchasing Officers are not required to seek additional quotations, as the requirements of the Procurement Policy and Procedures have already been fulfilled in the procurement process involved in establishing these arrangements.

If purchasing a significant quantity/value, the option exists to request a quote from all *preferred supplier* panel members, or if there is only one relevant *preferred supplier* request a Best and Final Offer (*BAFO*).

Information pertaining to the availability of these arrangements can be sought from the Manager, *UPCO*, or the [UPCO Website](#).

17. MANDATED ARRANGEMENTS

The University has a number of Mandatory Arrangements that have been established by either, a direct market approach by the University, or the University opting into an arrangement established by another government authority.

During the initial stages of the procurement process for these arrangements the University Executive made a commitment that the resulting contract would be the sole method for procuring the applicable goods and/or services for the University. As a result, it is a contractual condition of these arrangements that University staff will procure these types of goods and/or services only from the contracted supplier.

The University's Mandatory Arrangements have been established in full compliance with the University's Procurement Policy and Procedures. Procurements from these suppliers do not require additional quotations as the applicable goods and/or services must not be sourced from alternate suppliers.

Information pertaining to the availability of these arrangements can be sought from the Manager, *UPCO*, or the [UPCO Website](#).

18. STATE AND COMMONWEALTH GOVERNMENT CONTRACTS

As an Authority of the Australian Federal Government, the University is able to access a large number of contracts that have been set up by other Commonwealth, state and territory government authorities. These arrangements include Whole of Australian Government arrangements, some State Government Contracts (i.e. NSW State Government Contracts), some ACT Government Contracts and a variety of arrangements setup by other Commonwealth Authorities.

The use of these contracts is subject to strict conditions and qualification requirements. Purchasing Officers and other University staff who wish to access a particular arrangement

must contract UPCO contracts.office@anu.edu.au to ensure the arrangement is applicable to the University and aligns to the University's Procurement Policy and Procedures.

If using an applicable arrangement or contract, Purchasing Officers are not required to seek additional quotations, as the requirements of the Procurement Policy and Procedures have already been fulfilled in the procurement process involved in establishing these arrangements.

Further information pertaining to the availability of these arrangements can be sought from the Manager, UPCO.

19. QUOTATIONS

The procurement thresholds (identified in Section 15) specify the minimum number of quotations required, it is important to note that this is a minimum only, and purchasing officers may opt to seek more quotations to satisfy themselves that the market has been adequately tested.

Where there is a sole supplier, approval should be obtained to negotiate directly. In such cases, the sponsoring area should document rationale justifying this approach, which must be endorsed by the *Delegate* approving the expenditure.

Quotations should be in writing and attached to the purchase documentation (Accounts payable or purchase card voucher).

For major procurement exercises, it is necessary to obtain quotations via a formal tender process.

20. CONDUCTING A MARKET APPROACH (RFT, RFP, EOI)

20.1 Exemptions from Tendering

The University's policy is to seek public offers for all goods and services valued above \$250,000 unless there is an approved business case to change this approach.

Note: The generic term 'offer' has been used throughout this document in place of 'tender', when referring to an RFT, or 'proposal', when referring to an RFP.

[University Delegation 000240.2](#) provides the authority to call for and accept tenders, limited or public, in line with University Policy and Procedures including exemptions from tendering.

Where the market is highly specialised and limited to a few suppliers, or if there are special circumstances, there may be sound reasons for not calling for public offers (i.e. requires an exemption from tendering). In such cases, the sponsoring area should raise a business case that is endorsed by the appropriate College/Division delegate and then sent to the Authorised Delegate (000240.2) for approval.

Request documentation should be developed in consultation with UPCO before submission to the delegate to ensure that the documentation is satisfactory and the University is not exposed to any procurement risk.

Activity	Responsibility	Approval
Documenting the request for exemption from tender	The <i>Project Manager/officer</i> develops the request, which should be endorsed by the Business Area <i>Delegate</i> (authorised to call for Tenders).	The <i>Authorised Delegate</i> will approve the exemption with input from <i>UPCO</i> .

20.2 Registering of Tender Process

UPCO maintain a register to record all request documentation issued by the University to seek public offers for goods and services.

All business areas are required to register tender processes with UPCO as soon as the Business Case to proceed with the Tender process has been approved by the Delegate.

A distinctive number will be given for each offer; this number must be noted in the Tender documentation and in the title of any official files created to store tender records.

20.3 Planning

Good planning is fundamental to good tendering outcomes, and essential to deciding how to go about a tendering process in order to get the best outcome. The success or failure of a tendering process can often depend on the effort put in at the planning stage.

A Procurement Plan should be prepared for all Tender Processes.



A sample pro-forma *Procurement Plan* can be provided by *UPCO*. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

The *Procurement Plan* covers the following:

- (a) specifying project objectives;
- (b) scope of the procurement;
- (c) procurement process;
- (d) key deliverables; and
- (e) project team.

and will additionally include copies of the following documents:

- (a) *Probity Plan* (for internal use) refer 20.4.1;
- (b) Request Documentation (for the Market) – refer 18.5/7;
- (c) *Risk Register* (for internal use) – refer 11.2; and
- (d) *Tender Evaluation Plan* (for internal use).

20.4 Probity in Procurement

20.4.1 What is Probity?

Probity is defined as the quality of having strong moral principles; honesty and decency. The purpose of probity in procurement is to ensure ethical behaviours such as honesty, integrity, diligence, fairness; trust, respect and consistency are adhered to in all phases of the procurement process as stated in the University Procurement Probity Policy.

Effective management of probity in tendering leads to greater Tenderer and public confidence in the University's procurement processes. Consequently, potential Tenderers are likely to be more willing to invest time and resources associated with participating in University tender processes, therefore resulting in better and more competitive tenders. In addition, the implementation of an effective probity process in support of an impartial, open and competitive tendering process should facilitate defensible decisions, which are less likely to be challenged.

In the tendering process, all prospective responses compete on the same terms and without knowledge of competitors' offers. Competitiveness must be maintained throughout the process, and all stages of the process conducted in an open and transparent manner.

All prospective suppliers should have an equal opportunity to do business with the University. This means ensuring that:

- (a) all prospective suppliers are given the same opportunity to submit an offer on the same terms;
- (b) information provided is not deceptive or misleading; and
- (c) the conditions and protocols published in the request documentation are adhered to, particularly when evaluating offers.

For their part, suppliers should not engage in anti-competitive practices, e.g. collusion with other suppliers. The *Trade Practices Act* (1994) prohibits anti-competitive practices.

A failure to appropriately manage probity in tendering may result in a successful challenge to the ultimate procurement decision and hence reputational damage for the University. In addition, defending challenges is time consuming and distracting for those involved, as well as removing resources from the University's core function. A successful challenge could also mean re-starting the procurement process, thus leading to further cost and delay.

The University's guidelines for management of procurement complaints by Tenderer's and/or the public are provided at <http://fbs.anu.edu.au/procurement/management-of-complaints>.

20.4.1 What Probity Isn't

Probity is concerned with the quality of the 'processes' of conducting a tender. It is not concerned so much with the 'quality' of the decision achieving the practical outcome. Adhering to sound probity processes does not:

- (a) 'guarantee' the best outcomes; or
- (b) determine whether the evaluation criteria are going to be right criteria to assess whether or not the requirement will be met.

If the tender process has clear objectives and a sound methodology to achieve those objectives (in particular, a clear statement of the University's requirements and high-level evaluation categories against which tenders are to be assessed to determine whether the Tenderer can meet such requirements), the adherence to sound probity principles and processes can assist in obtaining the desired outcome for the tender process.

20.4.2 Dealing with Probity Issues

It is possible that unanticipated probity issues will arise throughout competitive tender processes. In these circumstances, the Project Manager must draw the matter to the attention of UPCO's Manager as soon as possible for advice and resolution. It is the responsibility of the Project Manager to document the issue(s), record who was consulted and how it was resolved.

Where there is potential for a breach and/or breaches to occur, notwithstanding the best endeavours to maintain a competitive tender process, UPCO's Manager should obtain advice from the University Legal Office on the best way to address the breach. Between UPCO and the Legal Office, it will be determined whether the probity matter can be managed internally or whether external independent probity advice is required. In addition, until advice has been sought all communications between the Project Manager and the relevant Tenderer(s) must cease until all options have been assessed.

20.4.3 Probity Plan

All stages of any procurement should be carried out in an open and transparent manner. It is important that the tendering process be planned and managed carefully to ensure that it is implemented fairly.

A Probity Plan should be prepared for all Tender Processes.

A *Probity Plan* looks at the overall honesty and integrity of the tendering process. Developing and implementing a *Probity Plan*, as part of risk planning is one way to reduce the risk of the tendering process being challenged on the grounds that the University has engaged in unfair, misleading or deceptive conduct.

The types of issue that a *Probity Plan* should address include procedures to:

- (a) deal with conflict of interest;
- (b) allow access to, but security of, confidential information;
- (c) ensure that all offers are assessed fairly, consistent with the criteria in the request documentation;
- (d) apply quality control measures with respect to the evaluation criteria and the information provided to all Tenderers; and
- (e) debrief unsuccessful Tenderers.

The plan should also include a protocol for staff to deal with requests for information and representations with respect to the tendering process.



A sample pro-forma *Probity Plan* can be provided by *UPCO*. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

20.5 Approaches to Market (RFT, RFP, EOI)

UPCO can provide advice and guidance on how best to approach the marketplace, and can provide University template *EOI*, *RFP* and *RFT* documents. The most common methods for approaching the market (where a tender process is required) are:

- **Request for Tender (RFT):** Used to seek clearly defined and firm offers from suppliers;
- **Request for Proposal (RFP):** Used to seek solutions to resolve problems when there may be a range of viable options; or
- **Staged Approach:** Useful for complex and high-cost procurement projects, as it keeps costs down for both buyers and suppliers, by ensuring only competitive suppliers are required to put together comprehensive offers. Usually commenced by issuing an Expression of Interest (*EOI*), and short listing applicants who will then be asked to respond to a further *RFP* or *RFT*.

Staged approaches should be used where:

- (a) the requirement is unclear and cannot be adequately defined;
- (b) the requirement can be met in different ways;
- (c) the requirement is generally known, but needs considerable analysis, evaluation and clarification;
- (d) the requirement is of a developmental nature to meet a particular need and involves a pilot study;
- (e) the complexity of the requirement, or its potential for large costs associated with offer preparation and evaluation, makes it necessary or desirable to shortlist the most competitive suppliers and to improve their understanding of the project;

- (f) the qualification of suppliers is necessary for security reasons or to ensure adequate standards of service capability;
- (g) the qualification of goods and services to defined standards is necessary; or
- (h) standardisation of supplies is required over a period of time.

20.6 Tender Evaluation Plan

A *Tender Evaluation Plan* is developed in conjunction with Request Documentation. This document summarises the evaluation methodology and evaluation criteria. It is useful for the *Evaluation Panel* (refer 17.11) to have some input to the development of the evaluation criteria and methodology.

An Evaluation Plan should be prepared for all Tender Processes.



A sample pro-forma *Evaluation Plan* can be provided by *UPCO*. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

Following are some hints and tips about developing evaluation methodology and criteria for inclusion in an *Evaluation Plan*:

Evaluation Criteria	<ul style="list-style-type: none"> • The evaluation criteria complement the <i>SOR</i>, and should be developed at the same time. The criteria should test whether or not the Tenderer: <ul style="list-style-type: none"> ○ understands the requirement, the objectives to be achieved and the scope of the problem or task; ○ can and will deliver the outputs required in terms of form and quantity, location, standards to be met and response times; ○ can and will meet quality or performance requirements; ○ can and will meet any other requirements, e.g. for service, packaging, warranty, etc; ○ has taken into account any risks and has plans to manage them; ○ has the capability (technical and management competence) and capacity (scale of operations, financial viability) to meet the requirement; ○ has a good track record; ○ has costed the offer on a whole-of-life basis and is offering a reasonable price. • The evaluation criteria must be drafted in a way that will elicit offers that can be assessed and compared fairly.
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<p>Evaluation Methodology</p>	<ul style="list-style-type: none"> • It must be clearly stated which criteria are mandatory and must be complied with. Non-mandatory criteria should also be indicated as such. Failure to address non-mandatory criteria will not result in the setting aside of a tender, but may disadvantage a Tenderer. • The approach to be taken in the evaluation should be clear to Tenderers. There are numerous methods that can be used, but it is important to identify the priority attached to particular criteria and, if possible, indicate the relative weightings that will be assigned in the evaluation.
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20.7 Preparing the RFT/RFP/EOI

Good request documentation is essential to achieving good procurement outcomes. If respondents are unable to understand what is needed, and under what terms and conditions they will be expected to supply, they will have little chance of providing a good solution. Similarly, if the request process is rushed, respondents will be less likely to have time to put together their best offers.

Request documents should be easy to follow, and documentation requirements sought from potential suppliers kept as simple as possible. This can be done by advising respondents of the expected length and format of their offer, or by providing a schedule and a checklist on which to record compliance with individual *RFT/RFP* clauses.

Simplifying the response processes helps keep costs down, and makes it easier for the potential supplier to respond and the *Evaluation Panel* to compare offers and make a selection.

It is important to consider time frames. Potential suppliers should be notified of requirements at the earliest possible time, and given sufficient time to prepare a well-considered offer. At the same time, the response period and time taken to evaluate offers should be no longer than necessary, as undue delays can tie up tight resources.

Generally, a Request for Tender (*RFT*) or a Request for Proposal (*RFP*) includes the following information:

- (a) **Head Document** (setting out the requirements, conditions of tender, evaluation criteria and methodology and other matters concerning the tender process);
- (b) **Schedule 1** – Draft contract; and
- (c) **Schedule 2** – *Statement of Requirement (SOR)*.



A sample pro-forma *RFT/RFP/EOI* can be provided by *UPCO*. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

20.7.1 Some hints and tips for developing tender documentation are included below:

<p>People and Process</p>	<ul style="list-style-type: none"> • Developing the <i>Statement of Requirement (SOR)</i> is a critical step in any request process, as the quality of the <i>SOR</i> will determine the ultimate success or failure of the contract. • A team may develop the <i>SOR</i>, but one person (the specifier) should have overall responsibility for it. This may be the <i>Project Manager/officer</i>, or another person from the requiring area. For the sake of clarity, the specifier should be nominated in the <i>Business Case</i>. • The specifier needs to ensure that the <i>SOR</i> accurately reflects needs. It is, therefore, very important to consult closely with end-users at this stage, and engage any technical or specialist expertise when necessary. • If the requirement is complex or developmental in nature, the <i>SOR</i> can be developed as part of a staged process. For example, a design consultant might be engaged and paid for the design so developed. One example of this is the “pitching” fee, often paid to Tenderers for the right to use design work provided as part of an <i>RFT/RFP</i>. It is important to respect the intellectual property rights of Tenderers or respondents in such a process and to only use input that is properly obtained from the owner, usually for a licence fee or through a royalty free and irrevocable licence. If in doubt, seek legal advice, as improper use of such material could result in damage to the University's reputation or in litigation. Another option is to circulate a draft document to industry for comment. • If a staged process is envisaged this should be made clear in the <i>Business Case</i>. • To ensure that prospective suppliers understand a requirement it may, in some cases, be appropriate to conduct a site visit or an Industry Briefing for all prospective suppliers to explain the requirement more clearly.
<p>Specifying the Requirement</p>	<ul style="list-style-type: none"> • The <i>SOR</i> should set out exactly what the University wants the Tenderer or respondent to provide. It should concisely and unambiguously establish: <ul style="list-style-type: none"> ○ the purpose(s) for which the good or service is required; ○ the scope of the problem or task; ○ the outputs required in form and quantity, location, standards to be met and response times; ○ the quality or performance requirements; ○ the packaging, warranty, service requirements, etc;

	<ul style="list-style-type: none"> ○ the environment, e.g. for installation of equipment, where services are to be performed, compatibility needs, etc; ○ standards as appropriate. <ul style="list-style-type: none"> • It is a matter for the specifier to decide how much information is needed. It must be sufficient for Tenderers or respondents to understand and cost the requirement. Too much detail could restrict Tenderers or respondents from offering innovative solutions, while too little could prevent them from providing an adequate offer. • The <i>SOR</i> must be written in a way that provides equal opportunity for all potential suppliers to offer goods and services that satisfy the needs of the user. That is, it should not be written around known products.
<p>Types of Specification</p>	<ul style="list-style-type: none"> • Depending on the nature of the request, it will be described in either functional, performance or technical terms: <ul style="list-style-type: none"> ○ functional specifications are used to define a task or desired result, and only broadly describe the general form of good or service required. They focus on what is to be done, rather than on how to do it. ○ performance specifications describe outputs and outcomes to be achieved in performance characteristics and specify performance measures. They focus on the objectives to be achieved, not the methods used to achieve them. ○ technical specifications are used when the physical description of the item is important. For example, a particular material may be required, or a particular component needed to replace or enhance an existing system or piece of equipment. • Functional and performance specifications can result in better value for money and save on specification and evaluation costs. They focus on outputs and outcomes, allowing the market to deal with the detail of how the requirement will be met, and the University to focus on meeting the objectives of the requirement, rather than the technical detail of the inputs. This provides scope for innovation, as Tenderers or respondents can put forward a variety of solutions.
<p>University's Primary Contact Details</p>	<ul style="list-style-type: none"> • This is usually the <i>Project Manager/officer</i>, although the <i>UPCO</i> staff may also be nominated as a contact for enquiries about the terms and conditions.
<p>Lodgement of offers:</p>	<ul style="list-style-type: none"> • Details should include the number of copies, place, date and time of lodgement and clearly, state that late offers will be treated in accordance with the terms stated in the <i>RFP/RFT</i> document and offers sent by facsimile machine will not be

	accepted.
Ownership of tender/proposal documents	<ul style="list-style-type: none"> Tenderers or respondents should be notified that the offer documents will become the property of the University and that they may be copied for purposes associated with the Request for Tender or Request for Proposal.
Alterations and amendments to tenders Supporting material	<ul style="list-style-type: none"> Alterations and amendments to offer documents are not acceptable unless clearly and legibly stated and initialled by the Tenderer. Tenderers or respondents will want to submit a range of material to support their offer. The University should establish what it understands supporting material to be, whether it will accept it, how it should be submitted, and how it will be dealt with.
Term of agreement	<ul style="list-style-type: none"> The proposed duration of the agreement should be advised. Request documents for standing offers should indicate the duration of the standing offer arrangement. Unsuccessful offers expire when the Tenderer or respondent receives notice that its offer has been unsuccessful.
Language and measurement	<ul style="list-style-type: none"> Tenderers or respondents should be asked to submit offers in English and use Australian legal units of measurement.
Profile of Tenderer /respondent	<ul style="list-style-type: none"> This sets out the information that the Tenderer or respondent should provide to establish its bonafides and determine capacity to provide the requirement.
Subcontracts	<ul style="list-style-type: none"> The University must retain control over the way that a contract is performed. Tenderers or respondents should not, therefore, be able to subcontract the whole of their obligation under a contract. They should be asked to nominate subcontractors and advised that they will need to seek approval in writing from the University for any changes or new appointments.
Responsibility of Tenderers or respondents to inform themselves and respondent Confidentiality and Privacy	<ul style="list-style-type: none"> It should be made clear that the onus is on Tenderers or respondents to be aware of the contents of the <i>RFT/RFP</i>. Tenderers or respondents should also be advised of what they must respond to and how they should respond. Tenderers or respondents should be advised that the University will keep offer information confidential and private and, in the event of a claim under the Freedom of Information Act 1982, consult with them and claim appropriate exemptions under the Act. It must be made clear that the University will comply with any court orders to release documents.

Offer Evaluation	<ul style="list-style-type: none"> It must be made clear to Tenderers or respondents that their offer must address the evaluation criteria. In particular, their attention must be drawn to any mandatory criteria. It must be clearly stated that failure to address mandatory criteria will result in the setting aside of their offer.
Further information	<ul style="list-style-type: none"> Tenderers or respondents should be advised as to when and how the outcome of the offer evaluation will be notified. Tenderers or respondents should be asked to nominate a contact person to whom the University may direct specific queries. Specific time limits should be applied to responses to such queries so there is no delay to the evaluation process.
Statement of compliance	<ul style="list-style-type: none"> Tenderers or respondents should be asked to provide a Statement of Compliance that addresses each clause of the terms and conditions of the <i>RFT/RFP</i> and the draft contract. To help Tenderers or respondents, a compliance checklist can be included with the <i>RFT/RFP</i> documents.
Partial compliance / Non-compliance statement	<ul style="list-style-type: none"> It should be clear to Tenderers or respondents that failure to respond to a condition of the <i>RFT/RFP</i> will result in an offer being deemed, for evaluation purposes, as not complying. If Tenderers or respondents wish to place conditions upon complying with some parts of the <i>RFT/RFP</i> or do not wish to comply with a particular part, they should be asked to make a statement detailing their reasons. It should be clear to Tenderers that any significant non-compliance may render the offer ineligible for further consideration.
Draft contract (in consultation with UPCO)	<ul style="list-style-type: none"> A draft contract should be included in the <i>RFT</i>, and maybe included with <i>RFP</i>, to give Tenderers or respondents an indication of the terms and conditions of contract that the University expects to sign. Making the University's position clear up front should eliminate the need for protracted pre-contract negotiations and reduce the risk that the <i>preferred supplier</i> may not accept the University's terms.
Supplier appointment	<ul style="list-style-type: none"> The protocols surrounding the appointment of the supplier should be made clear to Tenderers or respondents. In particular, it should be made clear that offers will not be accepted unless the University gives notice of the appointment in writing. This may help to guard against the risk of inadvertent commitment. For standing offers, it needs to be clear that a contract is not

	formed until the University places an order on the supplier.
Offered Prices	<ul style="list-style-type: none"> • Tenderers or respondents should be advised that prices are to be in Australian currency, and identify clearly all costs, fees, allowances and charges against each service offered. The analysis should be provided on a whole-of-life basis. • When considering whole-of-life information the “whole-of-life” time frame can be stipulated (if appropriate) so that offers can be readily compared.¹
GST	<ul style="list-style-type: none"> • Prices should be GST exclusive, and GST should be shown as a separate item within the price. . A GST clause will need to be inserted to suit the requirements of payment, invoicing and receipting. Consultation with <i>UPCO</i> and <i>F&BS</i> is highly recommended.
Price basis and variations	<ul style="list-style-type: none"> • The price basis required, i.e. whether offered prices should be firm or variable must be made clear. Firm prices are where the price remains unchanged during the course of the contract. Variable priced contracts allow for price adjustments during the period of the contract. • If variable prices are agreed, the method for calculating variations and the times when the variations can be applied should be clearly specified. • Both parties should agree any variations to the offered prices in writing.
Payment	<ul style="list-style-type: none"> • The preferred method and timing of payment should be indicated. The University is seeking to use direct payment via Electronic Funds Transfer wherever possible. This, however, may not suit all purchasers or providers. • In some cases, progressive or periodic payments will be appropriate. These may be against stages in the completion of a project, or a percentage of incurred cost. The details should be agreed with the preferred supplier during negotiations and specified in the final contract. • Payments should be linked to the value of the goods or services provided.
Order placement	<ul style="list-style-type: none"> • For standing offers, the proposed arrangements for handling orders should be spelt out, including where these are likely to

¹ Information on whole of life costing is contained in the booklet '*Whole of Life Costing in the Assessment of Value for Money*'; AGPS, 1996.

	<p>originate, and how the University envisages Tenderers or respondents dealing with them.</p> <ul style="list-style-type: none"> There may be other, similar administrative details to be advised, depending on the nature of the request. Sufficient information should be made available to enable the Tenderer or respondent to develop an informed response.
Review of performance	<ul style="list-style-type: none"> Tenderers or respondents should be advised how their performance will be monitored and reviewed by the nominated contract/account administrator. Standards of performance (service levels) should be spelt out in the <i>SOR</i>. Indicative service levels may be included in the Conditions of Tender or Proposal so that Tenderers or respondents are aware of what will be expected of them. Formal reviews should be carried out at quarterly intervals (or as appropriate) to ensure contractual conditions are being met.²
Amendments to contracts	<ul style="list-style-type: none"> From time to time issues may arise that require an amendment to the contract. Any such amendments must be in writing and agreed by both parties.

Activity	Responsibility	Approval
Developing the Tender documentation (RFT/RFP/EOI)	The <i>Project Manager/officer</i> develops/ oversees the preparation of the Tender Document. Technical experts may be required to assist in the preparation of the specific technical requirements.	The <i>Authorised Delegate</i> of the requiring area should sign-off on the Tender Document and approve its release to market.

20.8 Summary of Selection and Contracting Process

The following table sets out the selection and contracting process systematically. Further details are included in subsequent sections.

Receiving offers	<ul style="list-style-type: none"> The <i>UPCO Tender box</i> must be utilised. <i>UPCO</i> will arrange for receipt and opening of responses and should be consulted when scheduling tender/proposal closure dates to ensure the <i>tender</i>
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² **Note:** Both the contractor and the University will have obligations under the contract.

	<p>box is available. After logging in responses, <i>UPCO</i> will pass the received documents to the Chair of the <i>Evaluation Panel</i>, or in the case of electronic responses to each of the <i>Evaluation Panel</i> team members.</p>
Evaluation Panel (EP)	<ul style="list-style-type: none"> • All members of the <i>Evaluation Panel</i> must declare themselves free from any actual or potential conflict of interest (proforma declarations are available in the <i>Probity Plan</i>). • All members of the <i>Evaluation Panel</i> must maintain confidentiality and ensure that offer documents are kept secure at all times. • The Chair should ensure that each member of the <i>Evaluation Panel</i> has a copy of each offer, and has the opportunity to examine them and take appropriate assessment notes prior to discussion and agreement in Panel. • Before members of the <i>Evaluation Panel</i> start to consider the offers they should revisit the evaluation criteria and methodology, and assure themselves of the points that need to be addressed to satisfy each criterion.
Collusion	<ul style="list-style-type: none"> • When examining the offers, the <i>Evaluation Panel</i> should be conscious of any similarities or patterns between responses that might indicate possible collusive behaviour. • Collusion of bidders is illegal under the <i>Trade Practices Act (1974)</i>. Some indicators include: <ul style="list-style-type: none"> ○ similar or identical costing; ○ similar presentation; ○ similar errors; ○ withdrawal of bids; ○ use of industry or association prices; ○ suppliers winning only certain bids; ○ rotating winners - sharing winners; and ○ unrealistically high bids. <p>If collusion is suspected, then advice should be sought from the Manager of <i>UPCO</i>.</p>
Clarification	<ul style="list-style-type: none"> • After examining all offers, the <i>Evaluation Panel</i> may need to seek some clarification on aspects of an offer. Where there is

	doubt or ambiguity the Chair should seek written clarification from the potential Tenderer or respondent. ³
Assessing and ranking offers	<ul style="list-style-type: none"> • After each member has examined all offers, they should score each offer against the evaluation criteria in accordance with the published <i>RFT/RFP/EOI</i> evaluation methodology or the scoring methodology agreed by the <i>Evaluation Panel</i> prior to the distribution and reading of offers. • The <i>Evaluation Panel</i> should note any incomplete/non-compliant offers and set them aside. Each of the conforming offers should then be scored against each criterion according to its merits compared with the other responses and ranked accordingly. • All decisions should be carefully recorded and the reason for each decision documented. • There are a number of proprietary software programs available that can assist with the evaluation process, but the element of judgement involved in evaluating offers and the responsibility for outcomes cannot be replaced by technology.
Contact with Tenderers	<ul style="list-style-type: none"> • Some Tenderers or respondents will contact the <i>Evaluation Panel</i> or the <i>delegate</i> during this stage to ascertain how matters are progressing and try to glean some information about the status of their offer. It is important that each enquiry is treated the same. Each enquirer should be advised politely to email the Primary Contact that was identified in the RFT/RFP documents, and make no further comments. • Ideally, there should be no meetings with Tenderers or respondents other than at an industry briefing or on a site visit. If this is unavoidable, the offer should not be discussed and, if possible, a third party should be present.
Gifts or hospitality	<ul style="list-style-type: none"> • It is most important not to accept any form of entertainment or gifts from Tenderers or respondents during a tender or proposal process and to avoid any situations that could give rise to a conflict of interest, whether real or perceived.
Checking References	<ul style="list-style-type: none"> • After the <i>Evaluation Panel</i> has scored each offer, contacting the nominated references should check previous performance. The <i>Evaluation Panel</i> should also follow up any other available sources of information on past performance.

³ **Note:** Such clarifications must not provide an opportunity for a Tenderer or respondent to change an offer materially.

	<ul style="list-style-type: none"> • In some cases, the <i>Evaluation Panel</i> will need to be satisfied as to the company structure and viability of a Tenderer or respondent. This will involve an independent inquiry into the financial viability of the Tenderer or respondent through services such as those provided by Dun and Bradstreet and other accounting firms. • The usual practice is for the <i>Evaluation Panel</i> to agree on a standard set of questions and nominate one member of the <i>Evaluation Panel</i> to follow up on the references and document the outcomes.
Selecting the preferred supplier	<ul style="list-style-type: none"> • When all the required information has been gathered, the <i>Evaluation Panel</i> should reconvene to agree formally on the preferred supplier and the order of merit. Subject to the outcome of the checks on references etc, this will be the offer that has scored highest against the evaluation criteria.
Submission to the delegate	<ul style="list-style-type: none"> • When agreement on the preferred supplier and order of merit is reached, the Chair of the Panel will prepare a report that: <ul style="list-style-type: none"> ○ provides full details of the process and the offers received; ○ addresses how each offer met or did not meet the evaluation criteria. (This should be a clear and publicly defensible appraisal. Words such as "appear" and "might" should be avoided. These words create the impression that the <i>Evaluation Panel</i> is not really sure of its conclusions, or cannot adequately justify them); ○ ranks offers in an order of merit according to their evaluation scores; ○ seeks approval for the order of merit; and ○ recommends acceptance of the highest ranked offer subject to satisfactory negotiation of a contract. • Once a draft report is prepared, it should be discussed with the members of the Evaluation Panel, fine-tuned and signed by each member. • The report and recommendations are then submitted, as appropriate, to the <i>Authorised Delegate</i>.
Negotiations	<ul style="list-style-type: none"> • Negotiations should commence with the preferred supplier only after written approval has been given to do so. Negotiations should be carried out by the <i>Project Manager/officer</i>, a representative from the user group, <i>UPCO</i> and, if necessary, the University Legal Office. Financial and technical experts should be included as necessary. The team should be kept to approximately 3-4 people, as any larger may be overwhelming, but it may depend on the size of the contract.

	<ul style="list-style-type: none"> • The negotiation process carries a significant degree of risk. Negotiators must maintain a competitive situation while ensuring that the process remains fair and the University is not inadvertently committed to a contract before a satisfactory position is reached. • It must be clear at all times that, the decision to enter into negotiations does not constitute the award of a contract, and does not preclude the University from entering into negotiations with another Tenderer or respondents. • If agreement cannot be reached with the preferred supplier, negotiations should commence with the next ranked Tenderer or respondent. • A confidential record must be kept of all negotiations for audit and accountability purposes. This should set out: <ul style="list-style-type: none"> ○ the aim of the negotiation; ○ justification and approval to enter into negotiation; ○ the negotiation strategy; and ○ a record of all exchanges between the parties. • Points of agreement should be separately documented and confirmed in writing with the other party.
<p>Contract formation and award</p>	<ul style="list-style-type: none"> • Once the negotiation team is satisfied with all aspects of the preferred supplier, the <i>Project Manager/officer</i> should prepare the schedules and make any changes necessary to the draft contract. • The revised contract should be cleared with the <i>UPCO</i> staff representative, who will seek Legal Office clearance if warranted. • When the contract documentation is ready, the <i>Project Manager/officer</i>, representatives from the user group and <i>UPCO</i> should meet with the successful supplier to review the documentation. • Once final details are settled and any further clearances obtained, two copies of the contract should be sent to the successful supplier for signature. • The successful supplier should sign two original copies of the contract, and return them. The <i>Authorised Delegate</i> then signs the two originals.
<p>Retention of the contract</p>	<ul style="list-style-type: none"> • One original copy of the signed contract is returned to the contractor. The University's original copy is retained and lodged

document	<p>with Central Records or on the appropriate University file.</p> <ul style="list-style-type: none"> • A separate copy (clearly marked as such) should be made available to the contract manager/administrator for day-to-day administrative purposes.
Debriefing unsuccessful Tenderers	<ul style="list-style-type: none"> • The <i>Project Manager/officer</i> should write to unsuccessful Tenderers or respondents after the contracts have been signed and advise them of the outcome of the evaluation. All Tenderers or respondents should be offered a debriefing.

20.9 Communicating with Prospective Tenderers

Public request documentation should be advertised in *The Canberra Times* and, depending on the nature of the requirement, *The Weekend Australian*, the Education Supplement of Wednesday's *The Australian*, or other relevant publication, e.g. appropriate professional journal.

The advertisement should briefly describe the requirement, provide contact details for obtaining the request documentation and details of any Industry Briefing, and clearly state the place and closing time and date for lodgement of offers.

There should be minimal contact with prospective Tenderers or respondents prior to the closing date. Any contact should be in accordance with the protocols set out in the request documentation.

Any briefings or clarifications of the request must be provided in a consistent manner to make sure all suppliers have access to the same information and that no one is advantaged or disadvantaged.



Sample pro-forma advertisements can be provided by *UPCO*. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

Activity	Responsibility	Approval
Clarifying the request documentation and briefing prospective Tenderers	The <i>Project Manager/officer</i> would normally handle enquiries about the requirement and conduct any Industry Briefing. <i>UPCO</i> can be contacted for advice on queries about contract terms and conditions.	N/A

20.10 Receiving Offers

All offers must be treated as commercially sensitive, and kept secure and sealed until the designated time for opening them.

Offers must be lodged in the appropriate *tender box* at *UPCO*, unless other secure arrangements have been made, **no later than 2.00 PM** (Eastern Standard or Summer Time as appropriate) on the closing date.

Where offers may require special handling, for example where there is likely to be a large volume of documentation, *UPCO* will make appropriate arrangements upon receipt of that advice.

UPCO will arrange for offers to be opened and scheduled by an independent committee which will also complete a declaration (Annexure A and B) confirming the probity of the opening process. The offers and the declaration will then be passed to the Chair of the *Evaluation Panel*.

Late offers will **not** be accepted and this must be stated clearly in the request documentation. If an offer is late, the Tenderer should immediately be advised that it will not be considered and the offer returned unopened.

20.11 Supplier Selection

20.11.1 *Evaluation Panel*

The Evaluation Panel of the requiring area will evaluate offers. The appointed *Project Manager/officer* usually chairs the *Evaluation Panel*.

As a minimum, the *Evaluation Panel* should include:

- a staff member with expertise in the field covered by the offer; and
- a staff member with approved purchasing skills and experience; or
- a staff member from *UPCO*; and
- a representative of the user group.

To streamline arrangements, the membership of the *Evaluation Panel* should be nominated when the *Business Case* is submitted for approval. It is useful for the *Evaluation Panel* to have some input to the development of the evaluation criteria and methodology. The *Evaluation Panel* will also need to deal with the risks involved in the evaluation process and should be involved in planning to manage them. Such risks include:

- (a) breaches of security;
- (b) failure to adhere to the published evaluation criteria and methodology;
- (c) inappropriate supplier selection;
- (d) inappropriate product selection; or

- (e) taking too long to do the evaluation.

For relatively straightforward purchases, the evaluation approach need not be too involved. For more complex purchases, technical experts, more sophisticated cost, and price analysis tools may be needed. In some cases, it may be useful to ask Tenderers or respondents to give a presentation on their proposals to the *Evaluation Panel*.

The *Evaluation Panel* should be familiar with the criteria and methodology of the request documentation, and will have read and endorsed the Evaluation Plan prior to the offers being sighted.

20.11.2 Evaluating and Assessing Offers

Each member of the *Evaluation Panel* must complete a conflict of interest declaration and a confidentiality declaration prior to the commencement of the evaluation process.

Other persons must complete conflict of interest declarations and confidentiality declarations, if warranted, prior to their sighting of the *Evaluation Panel's* recommendation.

The *Evaluation Panel* must evaluate each offer in accordance with the evaluation methodology published in the request documentation.

The process of evaluation is usually divided into three steps:

1. **Compliance** (assessing compliance with the *Statement of Requirement* and the terms and conditions set out in the request documentation;
2. **Detailed Evaluation** (with reference to the evaluation criteria, including:
 - (a) Technical assessment – establishing whether the offer meets the requirements set out in the specification, and if not, the significance of any variation from that specification. Any modifications proposed in the offer are to be checked for acceptability. Where respondents own facilities are to be used the capacity to meet the workload should be verified. Any innovations offered and value-adding components are to be assessed.
 - (b) Contractual assessment – establishing the acceptability of any contractual qualifications or variations stated in the offer, 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.
 - (c) Financial assessment – identifying all relevant costs and benefits, and the calculation of annual costs and/or net present values. 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.
 - (d) Long-term (Business/Strategic) assessment – analysis must be undertaken on the long-term implications to the University, including Contract failure, risk of a single supplier, information and communication 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, contamination.

and taking account of the benefits and costs involved on a whole of life basis (not the cheapest price); and

3. Due Diligence and Negotiation (referee checks, supplier presentations, clarification questions and negotiation)

To select the preferred supplier, the *Evaluation Panel* must:

- (a) identify the offer that represents best available value for money in line with this policy; and
- (b) record its decision and reasons for that decision.

The *Evaluation Panel* must summarise the Evaluation process and recommendation in a report to the *Authorised Delegate* of the requiring area.

Activity	Responsibility	Approval
Evaluation Report	The <i>Evaluation Panel</i> is responsible for preparing the report.	The <i>Authorised Delegate</i> approves acceptance of an offer, subject to the satisfactory negotiation of a contract.

20.11.3 Negotiation

The *Evaluation Panel* may identify areas for further negotiation with one or more potential suppliers to clarify terms before a final decision is made. Negotiation is a legitimate and powerful purchasing tool but success depends on comprehensive planning and preparation, and well-trained, properly authorised negotiators.

Post evaluation negotiations of the preferred offer must be authorised by the *Delegate*. The Purchasing Officer or representative from the area for the project or from where the goods and services are required will conduct negotiations, along with a representative from *UPCO*, and other technical advisers as appropriate.

Negotiations must be conducted before contract formation with the preferred supplier. The aim is to improve the value for money outcome and clarify uncertainties through a structured and ethical process, while maintaining a competitive situation throughout the negotiation process.

An invitation to negotiate with one Tenderer or respondent should not preclude negotiation with others. At the same time, negotiations must **not** become a “Dutch auction” where one Tenderer or respondent is played off against another by using the lowest priced offer to seek a reduction in time or costs from other Tenderers or respondents, and then repeating the process with yet others.

Negotiators must manage the significant risks involved in the negotiation process and ensure they do not:

- (a) put any Tenderers or respondents at a disadvantage;
- (b) give a competitor who is not clearly in the lead a chance to improve an offer without giving the same opportunity to other short listed competitors;
- (c) commit the University by unintentionally entering into a binding contract with a Tenderer or respondent during the negotiation process, for example by:
 - (i) giving a Tenderer or respondent the impression that they are certain to win a contract. This can give rise to a claim for damages if the Tenderer or respondent ultimately does not win the contract; or
 - (ii) advising that an offer has been accepted before final approval is given.

There should be no material alteration to the scope of services for which the offer was obtained. If substantial change is required, it could effectively create a new offer and, in the interests of procedural fairness, it may be necessary to give all Tenderers or respondents the opportunity to revise their offers. If there is any doubt, advice should be sought from Manager, *UPCO* in the first instance or the University Legal Office.

Confidential records of negotiations must be kept, and points of agreement separately documented and confirmed with the other party. This information is to be placed on an appropriate University file for record retention and to meet archiving policy.

Activity	Responsibility	Approval
Negotiating the contract	A recommendation to negotiate, the strategy for negotiation, and the negotiation team would normally be included in the <i>Evaluation Panel</i> report. The team will usually consist of the <i>Project Manager/officer</i> , representatives of the end user, technical and financial experts may also be included as appropriate. <i>UPCO</i> and the University Legal Office resources may be required.	The <i>Authorised Delegate</i> approves acceptance of an offer, subject to the satisfactory negotiation of a contract.

20.12 Modification, Re-tendering or Cancellation of a Procurement Process

During the procurement process, if at any stage during the process the Evaluation Team, Committee and/or Delegate determine that a substantial modification, re-tendering or cancellation of the original market approach is required, you must contact *UPCO* immediately to seek advice on how to proceed, and understand what procurement; financial and/or legal implications/risks may exist.

21. CONTRACT FORMATION

The agreed terms and conditions for the supply of the goods or services must be included in a formal contract document and be signed by both parties.

The written contract must be an accurate reflection of the terms and conditions nominated in the request documentation and must take account of any matters of significance emanating from the post-evaluation negotiation process. It is important that consultation and involvement of *UPCO* or the University Legal Office has taken place during this process.

Contracts must be fair and reasonable for suppliers but, at the same time, they must protect the University and its interests, both in the performance of the contractual arrangement and against any possible civil action.

It is a requirement to include a copy of the draft contract in the Request for Tender (*RFT*), and where appropriate, the Request for Proposal (*RFP*). This enables respondents to see, and register their compliance with, the terms on which the University proposes to deal. Providing a draft contract should also assist in shortening the negotiation period once, a supplier is selected.

The University Procurement and Contracts Office (*UPCO*) have contract templates available that contain standard University agreement clauses that have been approved by the University's Legal Office. As with the standard conditions of tender or proposal, the draft contract clauses will need to be reviewed in each case, in consultation with *UPCO* and if warranted the University Legal Office.

In reviewing the draft contract, it is important to:

- (a) ensure that all variable details are completed and that contractual provisions clearly establish a legally enforceable obligation on the contractor; and
- (b) ensure that changes in University policy, law, practice and other relevant developments are taken into account.

Some special issues that may need to be taken into account include:

- (a) **Intellectual Property Rights:** Generally, the University would expect to own or have a licence for any intellectual property paid for and developed to meet its specific requirements. In some cases, the University may negotiate other arrangements, subject to legal advice.
- (b) **Common Law Liability:** Common law liability should apply in all University contracts unless, in special circumstances, the University agrees to an alternative arrangement.
- (c) **Confidentiality and Privacy:** There should be adequate provision made to protect confidential information and information that is covered under the privacy legislation that the University may disclose for the purpose of an agreement.
- (d) **Insurance:** Special insurance provisions may be required in some cases, subject to a proper *Risk Assessment*.

- (e) **Access and Security:** Special requirements may be needed in some cases.
- (f) **Payment of Workers Employed by Contractors:** The University can be liable for wages that have not been paid by a contractor unless it is clearly defined that the contractor is responsible.
- (g) **Guarantees:** In some cases, the University may need to require the contractor to provide security for performance. Commonly this takes the form of a bank guaranteeing that it will pay a specified amount in the event of default by the contractor. Other options include performance guarantees lodged by a parent or related company of the contractor, or director's undertakings.
- (h) **Liquidated Damages:** in some cases, it may be in the University's interest to provide for the recovery of an amount in lieu of damages that could result from a breach of contract by a contractor.
- (i) **Risk Management:** In addition to insurance and financial and performance guarantees, the contract may need to include provisions to cover project specific risks.

In all cases, the draft contract should be prepared in consultation with *UPCO* staff, who will consult with the University Legal Office where appropriate.

The requiring area, after consultation with and advice from *UPCO*, will prepare two copies of the contract for signature, and where there is a significant impact or change will, if advised by *UPCO*, seek clearance of the contract with the University Legal Office. The *Authorised Delegate* will sign the contract on behalf of the University.

After signing of the two original copies of the contract, one copy is provided to the other party and the University's copy of the contract is forwarded to Central Records for secure storage or placed on the University file for the subject. A copy of the contract is required to be made available to the Contract Manager/Administrator for day-to-day management purposes, but must be clearly marked "copy" and kept secure. The appointed contract administrator will photocopy and keep a copy of the contract for day-to-day management purposes.

Activity	Responsibility	Approval
Forming the contract	When negotiations are finalised, the negotiation team prepares the schedules and refines the draft contract (if necessary).	Where a University template contract is modified, <i>UPCO</i> advice should be sought. Approval of non-standard contract should be sought from the University Legal Office.
Entering into the contract	The <i>Project Manager/officer</i> advises the successful Tenderer and forwards two originals of the contract for signature.	After approval by the relevant <i>Delegate</i> .
Signing the	The successful Tenderer signs both copies of the contract and returns	The <i>Authorised Delegate</i> signs the contract (if within delegation).

contract	them. They are then submitted to the <i>Authorised Delegate</i> for signature.	
Secure storage of the contract	<p>The Project Officer returns one signed copy to the successful supplier/s.</p> <p>The University's copy of the contract is forwarded to Central Records for secure storage or placed on the University file for the subject. A copy of the contract is required to be made available to the Contract Manager/Administrator for day-to-day management purposes, but must be clearly marked "copy" and kept secure.</p>	

21.1.1 Setting Performance Targets (Service Levels)

For high value and complex projects, it is important to set targets and performance measures to encourage better management of the project and to achieve savings from improved purchasing outcomes.

Targets are the results by which the success of the purchase will be measured. They should be demanding but achievable, and capable of being measured. They should clearly reflect stakeholder expectations and wider University policy as well as the operational requirements of the purchasing process and subsequent contract. They must be able to be controlled and, ideally, they should be few in numbers.

Generally, targets focus on:

- (a) **reducing and containing costs**, for example:
 - (i) from informed predictions about cost movements in industry sectors;
 - (ii) negotiating lower offer prices, or agreements to implement strategies to avoid cost increases;
 - (iii) consolidating common requirements to make effective use of market leverage;
 - (iv) expecting suppliers to achieve improvements in the cost, quality and maintenance of their goods and services; and/or
 - (v) containing tendering costs through well managed tendering strategies.
- (b) **contractual performance**, for example:
 - (i) achievement of milestones;

- (ii) achievement within budget on a whole of life basis; and/or
 - (iii) acceptance test performance.
- (c) **internal customer service**, for example:
- (i) timeliness;
 - (ii) responsiveness; and/or
 - (iii) extent to which needs are met and value for money achieved.

To this list might be added general targets for reducing or eliminating complaints from unsuccessful Tenderers or respondents through well-managed open and transparent processes, and the elimination of instances giving rise to legal challenge, through careful planning and attention to probity and fair dealing.

Viewed objectively, these targets outline the critical measures of value for money, i.e., is within budget (and with savings if possible), meets performance expectations on time (end users are satisfied), through open and fair processes (Tenderers or respondents and the University community are satisfied).

Activity	Responsibility	Approval
Managing the contract	A Contract Manager/Administrator must be appointed to administer the contract and manage the relationship with the provider. This will normally be the <i>Project Manager/Administrator</i> , but may be an end user, depending on the nature of the requirement.	The <i>Authorised Delegate</i> of the requiring area.
Contract variations	The Contract Manager/Administrator is responsible for amending the contract to reflect agreed variations and amendments.	The Contract Manager/Administrator can approve minor variations subject to budget considerations or delegation. Any major changes in scope and/or budget must be brought to the attention of the <i>Authorised Delegate</i> .
Receiving goods and services	The Contract Manager/Administrator is responsible for ensuring that goods and services are received as specified in the contract. If goods and services are provided directly to end-users, the Contract Manager/Administrator will need to ensure appropriate information is	End users should certify those goods and services received are acceptable and meet the requirements of the contract, and report defects to the Contract Manager/Administrator.

	available to monitor and measure performance, and authorise payments.	
Paying the contractor	The Contract Manager/Administrator should ensure payments are made on time, and in accordance with the terms and conditions of the contract.	The receiving area for the goods and/or service or finance area make payments in accordance with the contract.

21.2 Advising the Results of a Tendering or Proposal Process

21.2.1 Notifying Contracts Awarded

UPCO or Facilities & Services, as the case may be, will publish the award of all contracts at the University on the University Internet home page after firm agreement has been reached with the *Preferred supplier* and the contract has been signed. The Manager, UPCO is to be notified by purchasing areas of the University where UPCO was not involved in the process.

21.2.2 Notification to Unsuccessful Tenderers or Respondents

Unsuccessful Tenderers or respondents to request documentation should be notified separately in writing and given the opportunity for a debriefing **after** firm agreement has been reached with the preferred supplier and the contract has been signed.

Debriefings should follow the evaluation criteria set out in the request documentation and against which the offers were evaluated, and indicate where and why the offer was deficient or not preferred.

Information about other offers must **not** be divulged. Requests for information under the *Freedom of Information Act (1982)* are required to be referred to the Manager, UPCO (mgr.contracts.office@anu.edu.au).

All debriefings must be documented and filed, and conducted by at least two people.



Sample pro-forma successful/unsuccessful tender letters can be provided by UPCO. Please send an email to contracts.office@anu.edu.au and sample documents will be sent to you.

Activity	Responsibility	Approval
Notification of successful/unsuccessful Tenderers	The <i>Evaluation Panel</i> is responsible for notifying successful and unsuccessful Tenderers.	Unsuccessful Tenderers should not be notified until the ANU <i>Delegate</i> and the successful Tenderer have signed a contract.

21.3 Administering the Contract

The companion guide to the Procurement Handbook is the [Contract Management Handbook](#). It is required that you refer to the Contract Management Handbook when undertaking a procurement process, and transition into management of the Contract; this will ensure that you have all relevant guidance material and documentation necessary to achieve a value-for-money outcome for the University.

Contract administration, which is as important as the purchasing process, involves monitoring performance and ensuring that both parties meet the commitments made in the contract. Successful contracts often depend on getting the relationship right. This requires the commitment of both parties to achieving the objectives set out in the contract and establishing and maintaining trust and mutual support.

Contract Administrators need to make sure that:

- (a) there is a sound understanding by both parties of all aspects of the contract and a clear understanding of roles and responsibilities;
- (b) good communication channels are in place;
- (c) communication between the parties is open, and working relationships are based on trust and mutual support;
- (d) risks are identified and events monitored to ensure problems do not occur or are dealt with quickly to limit their effect;
- (e) performance is measured against the targets and standards in the contract and action taken to report and remedy any deficiencies;
- (f) contract variations are negotiated to protect the University's interests, recorded in writing and approved by the appropriate *delegate*;
- (g) any failures or delays to honour commitments, e.g. late deliveries, or quality deficiencies, are followed up promptly;
- (h) disputes are resolved promptly and in accordance with the procedures set out in the contract;
- (i) receiving and acceptance procedures are followed; and
- (j) payments are made on time and in accordance with the terms and conditions of the contract.

Comprehensive and accurate records must be kept to establish and maintain an audit trail in relation to responsibilities, claims, payments, negotiations, agreed changes, incorrect deliveries, poor service and other significant activities. This information should be filed for latter retrieval if required.

University staff ordering goods or services under University *Preferred supplier* contracts should ensure that *UPCO* Contract Administrators are informed/involved in disputes with *Preferred suppliers* that are not resolved at first instance with the supplier.

22. MANAGING AND MEASURING PERFORMANCE

The University seeks to establish arrangements with its suppliers that are mutually beneficial, founded on trust and cooperation, and result in the achievement of value for money. Pro-active management and periodic measurement of performance, including Service Levels is essential to ensure that an arrangement is meeting these objectives and that commitments made by both parties are being honoured.

Activity	Responsibility	Approval
Measuring Performance	The Contract Manager/Administrator is responsible for monitoring and managing risks, and reporting on contractual outcomes in accordance with progress and review schedules.	The Contract Manager/Administrator should regularly report to end-users. The <i>Authorised Delegate</i> should approve reports of any major reviews.

23. GLOSSARY

<p>Authorised Delegate</p>	<p>Depending on the context this may be referring to an expenditure delegation (i.e. an authority to purchase goods or service on behalf of the university), or a tender delegation (i.e. authority to call for and accept tenders.</p> <ul style="list-style-type: none"> • 000240: Finance Delegation: Authority to call for and accept tenders (University-wide - including exemptions from tendering), limited or public, in line with University policies and procedures. • 000241: Finance Delegation: Authority to call for and accept tenders, limited or public, up to \$1m University-wide (excluding exemptions from tendering), in line with University policy and procedures. • 000220: Finance Delegation: Authority to purchase goods and services (including the signing of related purchasing contracts) within budget limit. • 000221: Finance Delegation: Authority to purchase goods and services (excluding the signing of related contracts) within budget limit. • 000222: Finance Delegation: Monthly expenditure via purchase cards, within budget limit. • 000223: Finance Delegation: Expenditure via online requisitioning (using University-approved provider), within budget limit. • 000227: Finance Delegation: Authority to purchase pool and research vehicles for ANU Fleet <p>For more information about delegations, please refer to http://info.anu.edu.au/ovc/Delegations</p>
<p>BAFO</p>	<p>Best and Final Offer</p>
<p>Business Case</p>	<p>A Business Case sets out the reasons for the purchase, the time frames involved and the expected whole of life costs and benefits. Refer 13.1 for further details.</p>
<p>Delegate</p>	<p>Depending on the context this may be referring to an expenditure delegation (i.e. an authority to purchase goods or service on behalf of the university), or a tender delegation (i.e. authority to call for and accept tenders. For more information about delegations, please refer to http://info.anu.edu.au/ovc/Delegations</p>
<p>EFT</p>	<p>Electronic Funds Transfer: the mechanism for transferring money between bank accounts electronically.</p>
<p>EOI</p>	<p>Expression of Interest - Refer section 20 for further details.</p>
<p>EP</p>	<p>Evaluation Panel - The group of individuals that will evaluate the offers in a tender process. Refer 20.11 for further details</p>

Evaluation Panel	Evaluation Panel. The group of individuals that will evaluate the offers in a tender process. Refer 20.11 for further details
F&BS	Finance and Business Services
ISO Network	The Industrial Supplies Office (ISO) Network manages a comprehensive database of Australian and New Zealand (ANZ) capability and can provide information on ANZ sources of goods and services
ISO9000	An externally recognised system of quality assurance. Refer 11.4 for further details.
OH&S	Occupational Health and Safety
Preferred supplier/s (panel)	Suppliers appointed by the University's Procurements and Contracts office as preferred providers of goods and services to the University. For further details, refer to 17.
Probity advisor	An independent (non-ANU) party tasked with managing probity issues associated with major procurement exercises
Probity Plan	A plan that ensures: <ul style="list-style-type: none"> (a) all prospective suppliers are given the same opportunity to submit an offer on the same terms; (b) information provided is not deceptive or misleading; and (c) the conditions and protocols published in the request documentation are adhered to, particularly when evaluating offers. Refer 20.4 for further details.
Procurement Plan	A plan detailing all aspects of a procurement process. Refer to 20.3 for further details.
Project Manager/officer	The Project Manager is usually the person in charge of co-ordinating the procurement process; a project officer may be a person that is part of the procurement team.
RFP	Request for Proposal - Refer section 20 for further details.
RFT	Request for Tender - Refer section 20 for further details.
Risk Assessment	A detailed assessment consisting of risk identification, control identification, risk treatment analysis etc. Refer 11.3 for further details.
Risk Register	A Risk Register is a document that succinctly summarises the risks involved in a procurement process. Refer to 11.2 for further details.

SOR	Statement of Requirement. The SOR should set out exactly what the University wants the Tenderer or respondent to provide. Refer to 20.7 for further details.
Statement of Requirement	Statement of Requirement. The SOR should set out exactly what the University wants the Tenderer or respondent to provide. Refer to 20.7 for further details.
Tender box	A box for receiving tenders located at The University's Procurement and Contracts Office.
Tender Evaluation Plan	This document summarises the evaluation methodology and evaluation criteria, refer to 20.6 for further details.
Tender number	All tenders should be register and assign a unique number by the University Procurement and Contracts Office. Refer to 20.2 for further details.
UPCO	University Procurement and Contracts Office, that sits within the Australian National University's Finance and Business Services division.