

Procurement Policy Process

Objective: This process outlines the principles and governance framework to ensure that the acquisition of goods and services across the University complies with a minimum set of governance standards whilst delivering fair value for money in a competitive environment.

This process excludes:

1. RMIT Student Union spending RMIT donated funds.
2. Services of authorised persons undertaking audits for the Victorian Auditor-General's office
3. Works of Art (include in tender waiver)
4. Engagement of barristers by the Legal Services Group
5. Other instances as detailed in the Purchasing process and referred to as Direct invoice process.

Definitions:

Bid	The submission received by a supplier during the quotation or tender process.
Direct negotiation	A procurement process in which a single supplier is approached to provide a bid and a value for money outcome is negotiated only with that supplier. Direct negotiations are not intended to avoid competition.
Expression of Interest (EOI)	A document that seeks preliminary information and interest from potential suppliers on their capability and willingness to respond by providing goods/services to the buyer. An EOI will often be followed by and RFT or RFP.
Purchases	Acquisition of Good and Services.
Request for Proposal (RFP)	A formal request to a supplier to provide a detailed submission for the price and methodology of providing goods or services. An RFP subtly differs from an RFT in that the buyer's requirement is usually less prescriptive and not as tightly specified.
Request for Quotation (RFQ)	A request to a supplier to provide a quotation covering the cost of providing goods or services prescribed in the RFQ. The purchasing thresholds determine if a RFQ is required based on the value of the goods or services being sought.
Request for Tender (RFT) Open Market	A formal request to a supplier to provide a detailed submission for the price and methodology for providing goods and services prescribed in the RFT. The information in an RFT is generally more prescriptive than in a RFQ and therefore seeks a more detailed response on the goods and services to be provided as well as overall cost factors. Unless otherwise specified such as a select tender, tenders are called for publically.
Request for Tender (RFT) Select	A variation to the open market RFT in that the suppliers requested to respond have been selected based on market knowledge rather than via public notice.

Variation	Is a change to an agreement. A variation to the original agreement may or may not have a price implication and could be changes such as: Extensions of time, extended scope, changes to the product or service type or additional works that are still within the remit of the original agreement.
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Process steps:**1. Principles and Commitments**

1.1. Procurement activities must apply the highest levels of governance and result in decisions that are defensible and justifiable.

1.1.1. Governance is achieved by applying the following principles:

- a) acting with integrity and impartiality;
- b) ensuring market equality by applying an appropriate level of competition and contestability;
- c) consistent and transparent processes;
- d) secure and confidential market engagement;
- e) identifying and managing conflicts of interest; and
- f) allocating appropriate capabilities to the procurement process.

1.2. RMIT is committed to the 'triple bottom line' of environmental, social and financial sustainability and is the signatory to a number of agreements which require the following responsibilities to be addressed;

- a) Access and inclusion
- b) The stimulation of Indigenous Business in accordance with the Guide
- c) Human rights
- d) Cultural and gender diversity
- e) Environmental sustainability
- f) Privacy and data protection
- g) Anti-corruption
- h) Industry Engagement

2. Category Management

2.1. The Strategic Sourcing and Procurement (SS&P) function provides category management to the key purchase categories in the University.

2.2. This strategic approach ensures that individual procurement activities are aligned to meet the overall objectives for the category.

2.2.1. Each category under management will have a category plan that has considered:

- a) Comprehensive spend analysis using RMIT and Vendor data;
- b) Internal stakeholder needs analysis;
- c) External market environmental analysis;
- d) Functional and operational deliverables from vendors; and
- e) Business improvement projects involving current vendors.

2.2.2. The objectives of the category plan are supported by individual sourcing events as detailed in the sourcing plan.

3. Sourcing

3.1. Sourcing refers to the process of identifying a supplier/s of goods and services. This includes approaching the market for bids against a defined statement of requirements, and the subsequent vendor evaluation, negotiation and award of contracts.

3.1.1. The sourcing process may seek bids via:

- a) Expression of Interest (EOI);

- b) Request for Tender (RFT) Open Market;
- c) Request for Tender (RFT) Select;
- d) Request for Proposal (RFP);
- e) Request for Quotations (RFQ); or
- f) Direct Negotiation

3.2. Sourcing events with estimated values above the tender threshold conducted by SS&P will have a procurement plan.

3.2.1. The procurement plan is a written plan with designated details to enable appropriate consideration and approval for proposed procurement activity and guides probity of the process. The procurement plan details:

- a) The objectives of the procurement;
- b) A description of the requirements and deliverables;
- c) The likely market approach
- d) Evaluation criteria, methodology and weightings;
- e) Details of the types of negotiation processes that may be undertaken;
- f) The roles, responsibilities and structure of people involved in the evaluation process (for more complex procurement this may include the evaluation panel structure, any specialist subcommittees, any individual specialist inputs i.e. probity and legal, and the capability/expertise of identified persons);
- g) Identification and mitigation of risk; and
- h) Probity considerations.

4. Tendering and Quotation Thresholds

4.1. The estimated value of the purchase will determine the minimum number of quotes or tenders (bids) that must be received. The estimated value of the purchase must:

4.1.1. Exclude GST; and

4.1.2. Consider the value of the entire agreement, including possible extensions.

4.2. The potential risk associated with the purchase should be considered and a higher level of process may be warranted than would otherwise be required based on the thresholds below.

All Purchases	
Where the amount to be expended is estimated to be:	Minimum quotation/tender (bids) required unless a policy waiver is approved:
\$5,000 or less	No quotation required.
Greater than \$5,000 and less than \$25,000	One written quotation.
Greater than \$25,000 and less than \$150,000	Three written quotations.
Greater than \$150,000	A tendering process must be conducted.

See further details as per Simplified Matrix.

5. Policy Waivers

5.1. Policy waivers may be sought to waive the requirement to obtain the minimum number of bids required.

5.1.1. Policy waivers must not be sought to avoid open competition

5.1.2. Policy waivers must be approved in line with RMIT's financial delegations policy.

5.2. Monitoring and subsequent reporting will identify if these requirements are breached.

6. Award

6.1. Award is the end stage of the sourcing process and establishes the basis for proceeding to engage with the supplier/s best able to satisfy the procurement requirements.

6.1.1. Notification or any representation to the successful and unsuccessful supplier/s must only be made after internal approval has been granted in line with RMIT's financial delegations policy.

7. Contract Register

7.1. Agreements made with suppliers must be recorded in the university's record management system TRIM.

8. Contract Management and Handover

8.1. Post finalisation of the contractual arrangements SS&P will handover arrangements to the contract manager/contract management team;

8.2. Ongoing vendor relationship management at a strategic level will be managed by the Category Manager responsible for that particular category.

9. Variations to agreements

9.1. Variations to agreements should not significantly change the scope of the contract.

9.1.1. If the variation will result in a significant change to the original scope, a new agreement should be established via the sourcing process and in line with tendering and quotation thresholds.

9.1.2. Extensions to an agreement via a variation should only be for the length of time that will allow for the procurement and/or implementation of a subsequent arrangement

9.2. A quotation must first be sought from the supplier for the proposed variation. Once obtained a contract variation must be documented.

9.3. Any variation to an agreement or contract variation regardless if there is a price implication should be documented in writing.

9.3.1. Variation documentation should include:

- a) Reference to the original agreement;
- b) Details of the scope, length and/or value of the variation;
- c) Revised price and or duration of the agreement ; and
- d) Effective date of the variation.

9.3.2. Variations must be approved internally by an officer with delegation to approve the revised contract sum, that is the value of the original agreement plus the all variations to date and including the variation being approved (in aggregate).

9.3.3. Where a purchase order existed for the agreement, it too must be varied to reflect the revised contract sum and approved within delegation, refer to the purchasing process, purchasing with a purchase order.

Supporting documents

Related policy: Financial Management Policy

Related documents:

- Purchasing Procedure
- Asset Management Procedure
- Revenue and Expenses Procedure
- Simplified Matrix