

# Procurement Policy

## Section 1 - Purpose and Scope

- (1) This Policy provides the overall framework and direction for the sustainable, systematic and disciplined performance, management and governance of procurement at The University of Queensland (UQ or the University).
- (2) Procurement encompasses the whole process of obtaining goods and services from the market. It includes:
- a. Assessing and understanding what needs to be acquired and where it can be sourced from;
  - b. Developing and adopting a strategy to engage with the market to meet identified demand;
  - c. Contracting with suppliers;
  - d. Processing purchase transactions; and
  - e. Managing supplier performance and relationships.
- (3) UQ has a significant annual procurement spend which supports, services and maintains its operations and a sizeable asset base. A strategically focussed and well-managed procurement function can significantly improve UQ's financial performance and overall value.
- (4) In order to meet compliance requirements, governance protocols and good business practices, UQ is required to use its procurement resources and purchasing power effectively, efficiently, fairly and with a high degree of responsibility and accountability.

### Scope

- (5) This Policy supports UQ's Procurement function in the delivery of value for money outcomes across all UQ's supplier spend. This Policy applies to all acquisitions of goods and services by UQ (including its controlled entities) from the market or third parties, and includes capital works and procurement activities that use research grant funding to purchase goods and services.
- (6) This Policy does not apply to transactions between UQ organisational units or between UQ and its controlled entities, and does not apply to payroll expenses, financing expenses including interest on debt, taxes and any regulatory payments such as electricity, land and water rates.
- (7) All stakeholders (including staff, students and contractors) who can affect or are affected by procurement decisions at UQ ('UQ Procurement Stakeholders') are required to comply with this Policy.

### Procurement Process Exemption

- (8) Where full compliance with this Policy is not feasible or not in UQ's best interests, a written application for exemption from following the procurement process may be submitted by the Procurement Coordinator to Enterprise Procurement for consideration. Such application will be in the prescribed form and in accordance with the conditions outlined in the [Procurement Procedure](#) and must adequately demonstrate the business need for the exemption.

## UQ's Procurement Obligations

(9) As a statutory body in Queensland, UQ is required to comply with the Queensland Government's [Queensland Procurement Policy](#) (QPP). This Policy is aligned with the Queensland Government procurement objectives set out in the QPP and implements UQ's obligations under the QPP.

## UQ's Procurement Framework

(10) The linked diagram encapsulates the [UQ Procurement Framework](#).

(11) The UQ Procurement Framework consists of this Policy and related procedures, forms, templates and guidelines. The framework outlines the broad governance and process requirements that UQ Procurement Stakeholders must comply with in order to ensure effective, efficient and consistent procurement activity across UQ.

(12) The framework is founded on the following key objectives (UQ procurement objectives) which are further described in this Policy:

- a. Ensuring a strategic focus in procurement.
- b. Seeking value for money for UQ.
- c. Ensuring responsible purchasing.
- d. Engaging with reliable and reputable suppliers.
- e. Ensuring effective governance and management of the procurement function.

(13) These objectives are implemented through key procedural requirements to be followed throughout the Plan, Source and Manage stages of the procurement lifecycle. Procedural requirements are set out in the [Procurement Procedure](#) and the [Probity and Integrity in Procurement Procedure](#), and reflected in the framework's forms, templates and guidelines.

## UQ's Procurement Objectives and Strategies

(14) UQ's procurement objectives are to:

- a. Advance UQ's strategic and operational objectives, including by pursuing viable sourcing opportunities and ensure that resources are acquired economically, used efficiently and managed effectively.
- b. Deliver value for money from procurement activities and outcomes, whilst ensuring agility in responding to the highly specialised and fast moving, competitive sector that UQ operates in.
- c. Engage in economically, socially, environmentally and ethically responsible procurement (sustainable purchasing).
- d. Purchase only from reliable and reputable suppliers and supply chains that are consistent with UQ's responsible and sustainable purchasing principles.
- e. Demonstrate effective procurement governance, through:
  - i. meeting all applicable compliance obligations relating to purchasing, including compliance with laws, regulations and contracts;
  - ii. ensuring integrity, probity, fairness, transparency and accountability in all purchasing decisions and activities; and
  - iii. effective management of procurement related risks.

(15) UQ will achieve its Procurement objectives through the following strategic approaches:

- a. Holistic and robust demand planning, including through aggregating UQ-wide procurement demand to identify and optimise procurement efficiency opportunities where feasible.

- b. Efficient, flexible and adaptable category-based procurement plans, sourcing strategies and processes.
- c. Effective and efficient category and supplier performance management and monitoring.
- d. Adopting procurement practices and appropriate systems that enable efficient and innovative solutions to meet University needs and challenges.

## Section 2 - Principles and Key Requirements

(16) This section outlines the principles and key requirements that apply to the procurement of goods and services across UQ. These principles and key requirements are in addition to the application of UQ's Values, [Code of Conduct](#), [Conflict of Interest Policy](#), general management controls and other UQ policies that impact procurement.

(17) To deliver effective and efficient procurement of goods and services and advance the identified UQ procurement objectives, UQ will adopt the following procurement actions and approaches.

### Part A - Strategic Focus

(18) Direct procurement resources, effort and processes towards advancing UQ's strategic and operational objectives. This includes:

- a. Enabling and ensuring UQ's interests and strategic objectives take precedence over the interests of other parties in all procurement decisions and activities.
- b. Adopting a category-based, centre-led procurement operating model with leadership and governance provided by Enterprise Procurement in collaboration with Category Owners.
- c. Aggregating and grouping UQ's total procurement under meaningful procurement categories to enable better planning and procurement, including achieving better leverage and efficient sourcing from demand and spend consolidation. The [Procurement Procedure](#) contains a list of Procurement Categories and Category Owners.
- d. Ensuring all procurement sourcing activities are appropriately planned and performed in a disciplined, cost effective and timely manner.
- e. Undertaking holistic and robust planning to understand UQ's demand profile for goods and services and using that information to inform procurement activities, as well as budgeting and financial management. Procurement planning will be undertaken in consultation and collaboration with relevant stakeholders to better inform procurement decisions and activities.
- f. Planning and tracking benefits arising from the procurement function and in particular major procurement sourcing activities, decisions and contracts, and monitoring to ensure benefits are realised.
- g. Where feasible, beneficial and legally permissible, collaborating, cooperating and forming alliances with other compatible organisations to further leverage UQ's buying power to deliver better outcomes for UQ and its primary stakeholders.

### Part B - Value for Money

(19) Ensure all procurement decisions and transactions deliver value for money. Value for money includes consideration of:

- a. Advancing UQ's objectives and priorities.
- b. Fitness for purpose as well as compliance with UQ's specifications for goods and services.
- c. Quality of goods and services.
- d. Credit worthiness and reliability of suppliers including in relation to warranties, service and support.
- e. Opportunities for further value-add benefits including in relation to efficiency, innovation and automation.

- f. Whole-of-life costs including transaction costs associated with the acquisition, use, holding, maintenance and disposal of goods and services (also known as Total Cost of Ownership).

## Part C - Responsible Purchasing

(20) Ensure all procurement practices reflect a commitment to sustainable procurement principles, including:

- a. Not engaging with suppliers who have supply chains that utilise modern slavery, as defined by applicable legislation, or suppliers who are from countries covered by applicable sanctions legislation. Refer to [Australia and Sanctions](#).
- b. Proactively ensuring that small and medium enterprises, as well as enterprises owned and operated by community groups such as people from culturally and linguistically diverse backgrounds, Aboriginal and Torres Strait Islander persons, and people with disabilities, are provided with a fair and reasonable opportunity to supply to UQ.
- c. Giving priority to the acquisition and use of goods and services that have a lower environmental impact over their product life cycle.
- d. Not procuring Dumped Goods or goods suspected of being dumped.

## Part D - Reputable Suppliers

(21) Purchase only from suppliers who are known to be reputable and reliable and who demonstrate corporate values and commercial practices that are consistent with UQ's responsible and sustainable purchasing principles. This includes:

- a. Prior to contracting, testing the market in a consistent manner without any bias, or perception of bias, so that potential suppliers have confidence in the outcome.
- b. Undertaking appropriate due diligence investigation of suppliers before engaging with them, to assess their ability, capacity, reputation and authority required by law to provide the goods or services reliably and professionally.
- c. Proactively managing supplier performance against contractual terms and conditions and agreed key performance indicators. Any significant unfavourable variances in supplier performance will be escalated to higher level management for prompt resolution.
- d. Collaborating with key suppliers for efficiency, innovation and improvements to UQ's procurement strategies, processes and systems.

## Part E - Effective Governance

(22) Establish and maintain effective procurement governance framework, principles and processes at UQ. This includes ensuring:

### Authorised Purchases

(23) Goods and services are purchased for authorised UQ purposes only.

(24) Only duly authorised staff, with appropriate financial, contractual and other applicable delegations (as per the [UQ Delegations Framework](#)), undertake procurement transactions including negotiating, executing and managing procurement contracts.

(25) Procurement plans and activities are not unnecessarily altered to circumvent this Policy or the [UQ Delegations Framework](#). Purchase Orders or contracts will not be split to bypass financial or contractual delegation limits.

(26) Only purchasing methods, contracting instruments, procurement systems and processes authorised or endorsed by Enterprise Procurement are used to buy goods and services. Any changes to procurement systems or procurement modules of larger systems, will only be made with the prior approval of Enterprise Procurement.

(27) Full compliance with any Special Conditions applicable to a category. Refer to the [Procurement Procedure](#) for these conditions.

### **Diligent and Transparent Decisions**

(28) All procurement decisions are based on relevant and reliable information, reflect sound judgment, are aligned with business strategies, objectives and priorities and are verifiable.

(29) All procurement-related commitments are made only after confirmation of the availability of approved budget. In ordinary circumstances, the raising of a Purchase Order will precede the delivery and receipt of goods and services.

(30) All suppliers are treated respectfully in a fair and consistent manner and protocols are in place to protect the confidentiality of suppliers' commercially sensitive information.

### **Compliance, Integrity and Ethics**

(31) All procurement activities, including decisions and decision-making processes, will be consistent with applicable legal, regulatory, contractual and policy obligations and accountabilities, and demonstrate sound ethical behaviour. In particular, those engaging in procurement transactions will ensure that:

- a. All contract documents, including any variations and extensions, are retained and appropriately managed.
- b. Integrity and ethical behaviour in accordance with UQ's Values and [Code of Conduct](#) are observed in all procurement activities.
- c. Actual, perceived and/or potential conflicts of interests relating to procurement are declared, recorded and effectively managed.

### **Risk Management**

(32) Procurement-related risks, including business continuity risks arising from exposure to certain commodities, suppliers and markets, are assessed and effectively managed in accordance with the requirements of the [Enterprise Risk Management Framework](#). Additionally, UQ will ensure:

- a. The allocation of risk between UQ and its suppliers is optimised through contract terms and other valid means.
- b. All procurement controls, and the level of effort required to give effect to those controls, correspond with and are proportionate to the nature and level of risks to be managed and the expected benefits from having those controls.
- c. Risks are formally assessed and demonstrably managed for all procurement with a value greater than \$1 Million (at individual activity, transaction or total contract level).

## **Section 3 - Roles, Responsibilities and Accountabilities**

(33) The following responsibilities and accountabilities assigned under this Policy are in addition to any other responsibilities and accountabilities the relevant parties may have.

(34) Any assignment of roles and responsibilities to an organisational unit is an assignment of roles and responsibilities to the Head of Organisational Unit, who may be assisted in the execution of the relevant responsibility

by appropriate Procurement Stakeholders.

Role	Responsibility
Chief Financial Officer	<ul style="list-style-type: none"> <li>Accountable for the procurement function at UQ.</li> </ul>
Enterprise Procurement	<ul style="list-style-type: none"> <li>Administering this Policy and providing overall leadership of the procurement function across UQ, enabling and ensuring effective and efficient procurement governance and risk management, and overall compliance with this Policy.</li> <li>Ensuring, with advice and input from UQ Legal Services, that UQ's procurement terms and conditions appropriately protect UQ's interests and are commercially reasonable.</li> <li>Monitoring and reviewing procurement plans, activities and recommendations and coordinating procurement activities across UQ based on their risk profile, criticality, value, sustainability and organisational and financial impact, as detailed in the <a href="#">Procurement Procedure</a>.</li> <li>Monitoring, in consultation with Category Owners, the performance of suppliers with whom UQ's total actual or estimated spend (annual or contract) is greater than \$5 Million.</li> <li>Fulfilling the role of a Category Owner for any categories assigned to Enterprise Procurement by the Chief Financial Officer.</li> <li>Providing support, training and advice to Category Owners on the development and implementation of Category Management Plans and related procurement strategies and working collaboratively with Category Owners to ensure a coordinated one-UQ procurement framework is maintained.</li> <li>Accountable for the Supplier Master File including ensuring there are effective controls to prevent any unauthorised or inappropriate changes to it.</li> <li>Owning and managing the UQeMarket eProcurement solution, including ensuring the relevance and reliability of its content and functioning.</li> </ul>
Category Owners	<ul style="list-style-type: none"> <li>Developing and implementing Category Management Plans and procurement strategies for each of their assigned categories.</li> <li>Assessing and effectively managing risks to UQ relating to or arising from procurement in their categories.</li> <li>Ensuring any actual, potential or perceived conflicts of interests related to procurement in their categories are disclosed and appropriately managed. Also, ensuring copies of all completed procurement-related Conflict of Interest declarations are promptly provided to Enterprise Procurement.</li> <li>Managing the process to select suppliers and negotiate, enter into, vary, or renew contracts for the supply of goods and services in their categories and managing associated supplier relationships.</li> <li>Managing consultants and contractors for their respective categories.</li> <li>Setting up pre-approved supplier panels where it is sensible and efficient to do so. Consulting Enterprise Procurement where the annual spend on the panel is expected to be greater than \$5 Million.</li> <li>Providing insights, assistance and advice to internal stakeholders regarding their categories.</li> <li>Maintaining all category related records as outlined in the <a href="#">Procurement Procedure</a>.</li> <li>Providing requisite information, support and opportunity to Enterprise Procurement to enable it to discharge its responsibilities under this Policy.</li> </ul>
Contract Delegate	<ul style="list-style-type: none"> <li>Ensuring all contracts executed by them are stored in a UQ approved record keeping system.</li> </ul>

Role	Responsibility
Procurement Coordinator	<p>(as applicable to their role)</p> <ul style="list-style-type: none"> <li>• Ensuring availability of budget before any procurement commitments are made.</li> <li>• Disclosing, in writing, any actual, potential or perceived conflicts of interest in relation to the procurement activity and their effective management of it. In relation to formal procurement processes, that can include a positive declaration of "no" conflict of interest.</li> <li>• Ensuring all procurement related risks have been identified and mitigating controls have been implemented and are effective. This includes formally assessing and effectively managing risks for all procurement activities with total estimated spend (annual or contract) greater than \$1 Million.</li> <li>• Consulting with relevant Category Owners and complying with the processes established by Category Owners for their categories, relating to supplier selection, contract negotiation and supplier management, and any other category specific requirements.</li> <li>• Effectively managing contract performance by suppliers and UQ.</li> <li>• Providing necessary information, records and support to Enterprise Procurement and Category Owners to enable them to discharge their responsibilities under this Policy.</li> </ul>
UQ Procurement Stakeholders	<ul style="list-style-type: none"> <li>• Complying with this Policy and associated procedures.</li> </ul>

## Section 4 - Monitoring, Review and Assurance

(35) Monitoring, review and management assurance activities in relation to procurement are undertaken at several different levels across UQ to provide confidence that all procurement activities and transactions are undertaken and managed in accordance with this Policy and other applicable governance requirements.

(36) Managers and Supervisors, including budget holders, Financial and Contract Delegates and Category Owners, will ensure all procurement activities in their areas of responsibility meet the principles and key requirements of this Policy. Actual or suspected breaches of this Policy must be promptly reported to Enterprise Procurement.

(37) Enterprise Procurement will review and provide annual assurance on the adequacy, efficiency and effectiveness of this Policy.

## Section 5 - Recording and Reporting

### Records

(38) In addition to keeping records of sourcing activities and purchasing transactions, the following specific records will be maintained under this Policy:

- All executed procurement contracts (including any extensions or variations to these).
- Procurement Contracts Register.
- Procurement Conflict of Interest Register.
- Copies of all procurement related Conflict of Interest Declaration Forms.

(39) Responsibilities for maintaining these records are as specified in section 3.

### Reports

(40) Quarterly reports will be produced for the University Senior Management Group by Enterprise Procurement, with

input from Category Owners and other UQ Procurement Stakeholders, showing:

- a. Reporting on performance measures prescribed in the [Procurement Procedure](#).
- b. Significant risks and challenges, and plans to manage them including:
  - i. Material breaches of this Policy.
  - ii. Systemic process or efficiency issues.
  - iii. Significant supplier performance issues.
  - iv. Significant business reliance on critical suppliers (e.g. sole suppliers) i.e. business continuity risks.
- c. Other applicable reporting as required.

## Section 6 - Appendix

Term	Definition
Category Owner	The role nominated in the <a href="#">Procurement Procedure</a> to be responsible for overseeing all procurement undertaken within a defined category of goods and services.
Category Management	The strategic aggregation of an organisation's requirements for goods and services into broad classes to identify and achieve additional savings, process efficiencies and other benefits.
Dumped Goods	Goods exported to Australia that are priced lower than their "normal value" (the comparable price in the ordinary course of trade in the exporter's domestic market) and which if purchased by Australian consumers, would cause, or threaten to cause material injury to an Australian industry.
Enterprise Procurement	The Enterprise Procurement team within the Finance and Business Services Division.
Procurement Coordinator	The UQ representative responsible for undertaking the procurement process, including seeking and evaluating quotes and documenting and presenting a recommendation for endorsement and approval of the purchase.
Procurement Plan	A document which describes the proposed sourcing approach to be undertaken to meet a given need for goods and/or services which includes documentation of business objectives, strategies, approximate budget, demand and supply analysis, risks, high level business requirements and other relevant information, which is considered prior to issuing a formal invitation to the market to supply the required goods or services.
Purchase Order	An official UQ purchase order issued from UQ's finance system that serves the following important functions: <ul style="list-style-type: none"><li>1. generates a general ledger commitment in UQ's finance system;</li><li>2. provides the supplier with UQ's terms and conditions of contract;</li><li>3. details the goods and services that UQ is purchasing; and</li><li>4. provides the supplier with UQ contact and delivery information.</li></ul>
Small and Medium Enterprise	A business employing less than 200 people as defined in the <a href="#">Queensland Procurement Policy 2023</a> .
Sustainable Purchasing	Sustainability means purchasing goods or services in a way that meets UQ's current requirements and promotes and protects economic, environmental, ethical and social outcomes.
Total Cost of Ownership (whole of life cost)	The end to end all inclusive cost of the planning, buying, managing (including disposal) of a specific good or service.
<a href="#">UQ Delegations Framework</a>	Includes the <a href="#">Delegations Policy</a> and various instruments of delegation and associated procedures.
UQ Procurement Stakeholders	All stakeholders (including staff, students and contractors) who can affect or are affected by procurement decisions at UQ.
Value for Money	The most advantageous combination of cost, quality and sustainability to meet UQ's requirements.





## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	20th November 2019
<b>Review Date</b>	13th November 2022
<b>Approval Authority</b>	Vice-Chancellor and President
<b>Approval Date</b>	20th November 2019
<b>Expiry Date</b>	Not Applicable
<b>Policy Owner</b>	Gail Jukes Chief Financial Officer
<b>Enquiries Contact</b>	Finance and Business Services