Procurement Policy for Victorian Government Schools

Procurement Division

FINAL v1

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http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx

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1. Policy Statement

The people of Victoria expect the public sector to act with integrity, accountability, ethics and transparency in performing all aspects of its various roles. This extends to procurement undertaken by or on behalf of Victorian Government schools (collectively "Schools"). This Schools Procurement Policy (the "Policy") aligns with the principles of the Victorian Government Purchasing Board (VGPB) where applicable.

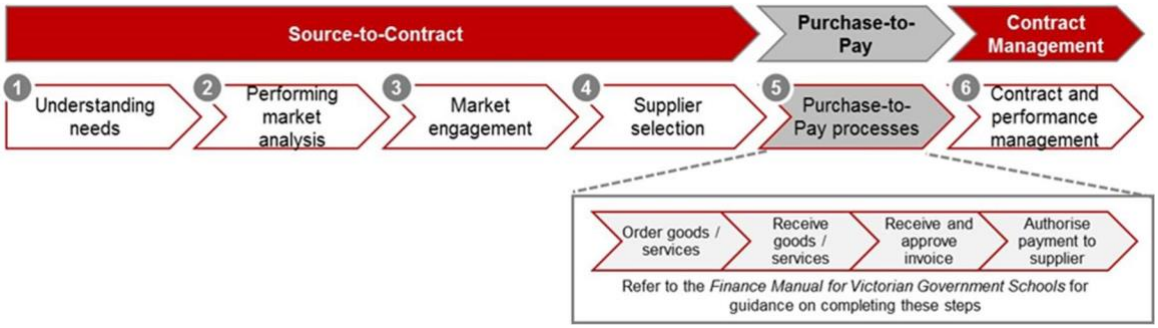
This Policy sets out the fundamental rules, behaviours and standards relating to procurement activities conducted by all persons for and on behalf of Schools.

1.1 Overview

The Policy has been developed by DET, in consultation with key stakeholders including Schools, to describe the requirements for all procurement activities carried out for or by Schools.

Procurement is the term used to describe the collective group of activities undertaken to obtain goods and / or services from third parties. The end to end procurement cycle extends from identifying the need for the goods and / or services through to contract management, as illustrated in the Standard Procurement Process in Figure 1 below. Detailed guidance on how to complete each Source-to-Contract and Contract Management step is contained within the Schools Procurement Procedure (the "Procedure") document, which must be read in conjunction with this Policy.

Figure 1: Standard Procurement Process



This Policy must also be read in conjunction with the Finance Manual for Victorian Government Schools which sets out the Purchase-to-Pay requirements of Schools in relation to Step 5 of the Standard Procurement Process.

Depending on the type of goods and / or services being procured and the commercial arrangements in place, the level of detail and time required for each process step will vary, however the sequence of activities will remain unchanged. In some cases, such as when an established contract is in place between the school and a supplier, the school may make repeated purchases from this

contract and therefore only the Purchase-to-Pay processes (Step 5) will need to be undertaken. In addition, contract and performance management will still need to be undertaken.

This Policy has been endorsed by the Department's Executive Board and (subject to the issuance of an appropriate Ministerial instrument) is mandatory for all Schools, including School Councils. This Policy takes precedence for Schools-based procurement activities; over any other policy, procedures, guidelines or materials.

1.2 Scope

This Policy applies to the procurement of all goods and / or services for all Schools, irrespective of value, unless otherwise stated.

1.3 Out of scope

This Policy does not apply to the following areas of spend:

- Procurement of construction works that falls under the Project Development and Construction Management Act 1994;
- Payments for or relating to the following: Payroll, Tax, Superannuation, Workers Compensation;
- Payments via grants, loans or sponsorship;
- DET Motor Vehicle Policy and related procedures;
- DET Travel Policy and related procedures; and
- Mobile Phones, Laptops and other electronic devices.

1.4 Related Documents

This document is to be read in conjunction with the following documents:

- Schools Procurement Procedure document;
- Finance Manual for Victorian Government Schools; and □ School Policy Advisory Guide – Purchasing.

2. Procurement Principles

All Schools procurement activity must be carried out in accordance with the key principles of:

- Value for money;
- Probity;
- Accountability; and □ Capability.

2.1 Value for Money

Value for money is defined as the making of procurement-related decisions based on a range of financial and nonfinancial factors to ensure that the goods and / or services procured achieve the optimal outcomes by balancing cost, quality and the ability to meet the required specification/s. Value for money must be a demonstrable consideration in all procurement activities.

2.2 Probity

Maintaining the public's confidence in the procurement activities of Schools is essential. The adherence to high standards of integrity and impartiality are the necessary preconditions to achieve good probity standards. For example:

- Integrity through evidence-based decision making;
- Avoid any activities which impinge, or could reasonably be seen to impinge on impartiality;
- Conduct procurement activity in the best interests of the State, with consideration of ethical use of taxpayer money;
- Conduct procurement activity without prejudice or unjustified preference;
- Decline gifts, gratuities or any other benefits which may be seen to influence procurement-related decisions; and,
- Conduct procurement activities without favour for suppliers with whom there is a personal or familial relationship.

Where a conflict of interest arises, the person or persons involved must act to undertake all steps necessary to limit risk and correctly manage the conflict of interest in accordance with the Conflict of Interest Policy and Conflict of Interest Framework.

2.3 Accountabilty

All Schools procurement activity must be carried out with the required level of accountability, as determined by the School Council. Only appropriately designated persons can procure goods and / or services and this procurement can occur only where the required approvals have been obtained. Refer to the Finance Manual for Victorian Government Schools for more information about approvals.

2.4 Capability

Persons undertaking procurement activities for Schools must be appropriately skilled to carry out the required procurement activities.

The Principal will be responsible for attesting that all persons at the school who undertake procurement activities are capable of undertaking these activities in accordance with this Policy. This capability attestation will be provided annually, in conjunction with the annual Financial Accounts attestation.

3. Determining the Market Engagement approach

The procurement of more complex goods and / or services may require a higher degree of procurement expertise and a more detailed market engagement approach. Complexity can be determined via a number of drivers such as value, criticality to the school, and uniqueness of specifications. However in Schools the value of the procurement activity will be the primary indicator of its complexity - i.e. the greater the dollar value the more complex the procurement is likely to be.

Schools must refer to the procurement thresholds listed in the Schools Procurement Procedure document for the minimum acceptable approach to engage the market (i.e. the minimum number and type of quotes, public tender etc.) based on the estimated total value of the procurement activity.

Schools must contact the Schools Procurement Branch (SPB) when they are undertaking procurement activities that require a public tender and when an exemption is required. Schools are also encouraged to seek advice from the SPB if they have queries related to the Market Engagement approach.

Any documents used when undertaking Source-to-Contract or Contract Management activities must be retained by the school to provide evidence that the procurement process was conducted in line with this Policy. Staff must also comply with their record keeping obligations under the Public Records Act (1973) when undertaking procurement activities.

4. Department Managed Categories

The SPB's role is to provide guidance and support to Schools when undertaking procurement activities.

The SPB is responsible for conducting Source-to-Contract and Contract Management for certain categories of spend, known as "Department-managed categories". A current list of Department-managed categories has been developed in consultation with Schools, and is detailed on the Schools Procurement Portal.

All procurement activities outside of Department-managed categories will be the responsibility of Schools.

Figure 2 below summarises the accountabilities of the SPB and Schools when procuring goods and / or services from each type of category. While consultation between Schools and the SPB may be required at each step, the SPB is available to assist Schools throughout each step of the procurement process.

Figure 2: Procurement accountabilities for category of spend

		Department-managed categories		All other categories	
Procurement Process Step		Schools	SPB	Schools	SPB
Source-to-Contract	1 Understanding needs	✓	✓	✓	
	2 Performing market analysis		✓	✓	
	3 Market engagement		✓	✓	
	4 Supplier selection		✓	✓	
Purchase-to-Pay	5 Purchase-to-Pay processes	✓		✓	
Contract Management	6 Contract and performance management		✓	✓	

4.1 Rules of Use

Rules of Use are documents established to provide guidance for users in their interaction with specific commercial arrangements. Upon completion of a Department-level procurement activity, the Rules of Use will be available on the Procurement Portal.

Exemption processes are detailed in the Rules of Use documents. Unless otherwise specified, a school is required to seek an exemption from the SPB if it wishes to purchase outside the contractual arrangements established for the Department-managed category. Criteria for exemption may include:

1. There is a material difference between the requirements of the school and the goods and / or services that the pre-selected suppliers can provide; OR
2. There is a reasonable expectation that the school should purchase from a non-pre-selected supplier in favour of local suppliers.

Where the school believes there to be reason for an exemption, the school must identify the appropriate exemption criteria and provide a detailed rationale to the SPB. The SPB will approve or deny the exemption request. If approval is granted, the school must undertake the procurement process in accordance with this Policy and Procedure. If the exemption is denied, the school must procure from one of the pre-selected suppliers from the relevant Departmentmanaged category. Escalation process for schools is detailed within the Procedure document.

5. Procurement Tools and Templates

A suite of tools and templates is available on the Schools Procurement Portal to support Schools to comply with this policy and undertake procurement activities efficiently. The Procedure document specifies the tools and templates that are mandatory for Schools to use for certain procurement activities. In all other cases, Schools can apply their discretion when determining which tools and templates to use for their procurement activities.

6. Contracting

Schools must use the legal contract templates provided by the Legal Services Division, which are located on the Schools Procurement Portal. The purpose of this is to minimise risk to both Schools and the Department. Schools should contact the SPB should they have any questions regarding the use of contract templates.

Schools must keep documentation for any arrangements entered into with suppliers. Refer to the Procedure document for additional contract management requirements.

7. Review Date and Governance of Policy

This Policy will be reviewed by the Department on or at least a 3-yearly cycle to ensure it complies with related legislative requirements, is fit-for-purpose for Schools and is achieving its targeted aims. It is to be signed by the Deputy Secretary of the Infrastructure and Finance Services Group and Executive Director, Procurement Division. The Policy is owned by the Procurement Division, Infrastructure and Finance Services Group, and supported by the Regional Services Group. Governance rules are detailed within the Procedure document.

The next review cycle is due for completion on or before: 30th January 2020

Version Control			
Version	Date	Revision Description	Owner
1	21/02/2017	Document creation	Procurement Division

8. Contact

The Schools Procurement Branch can be contacted via email: schools.procurement@edumail.vic.gov.au