

Procurement Policy 2019-20

Chief Financial Officer

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1 PROCUREMENT STRATEGY

1.1 The University's Procurement Strategy is to support the University's strategic objectives and value for money, (VFM), agenda by:

- Ensuring value for money is achieved through the efficient and effective use of University resources.
- Developing a strong procurement function that has the visible support of the University's Senior Management Team.
- Ensuring probity and regularity in the University's procurement activities.

1.1.1 The University's strategic objectives will be supported by the following specific procurement objectives. The University will:

- Identify and disseminate information and advice on good procurement practice.
- Improve the use of procurement management and information systems.
- Promote co-operative procurement arrangements across University Departments and Faculties, between institutions and with relevant consortia.
- Measure the performance and effectiveness of procurement by application of the sector's Procurement Value Survey (PVS).
- Promote procurement practices that recognise our environmental responsibilities and contribute to environmental sustainability, using our purchasing power to have a positive impact.
- Promote awareness of the Modern Slavery Act 2015 across our supply chains and to monitor potential risk areas.
- Improve training and skills of those involved in procurement.
- Analyse supplier expenditure and manage supplier relationships to minimise market and business risk, including the use of Service Level Agreements (SLAs) and Key Performance Indicators (KPIs).
- Promote the use of e-procurement to minimise transaction costs and improve efficiency.

1.2 Approach

1.2.1 We will seek to achieve continuous improvement in the following ways:

- continually assess our performance against the agreed performance indicators both at Senior Management Team and University Council levels
- benchmark our own performance against our performance indicators externally, and internally by breaking these down to academic and service function level
- investigate areas where the benchmarks suggest that we are underperforming or underachieving to establish how we can revise our practices and approaches to improve our performance
- undertake process improvement reviews in areas that have been assessed by management as falling short in terms of the benefit they are providing to the institution either currently, or into the future
- provide training and development opportunities in VFM thinking and appraisal techniques for all staff involved with procurement activity.

2 PROCUREMENT POLICY

2.1 The Procurement Policy is a part of the University Financial Regulations and as such is integral to the business processes of the University. It is important that the policy is understood and adhered to so that the University can deliver significant efficiencies and savings.

2.2 Sustainable Procurement Aims

2.2.1 As a major local business, and as part of the wider national Higher Education sector, the University of Chester's procurement decisions also consider the environmental, social and economic impact of activities through design, material selection, manufacture, transportation, usage and disposal options of the goods, services and works required.

2.2.2 The University's Procurement Policy aims to mitigate the effects that the University's activities have on the environment, and to use our purchasing power to create positive impact. To achieve this, we will:

- Support local skills and capabilities.
- Seek to reduce direct and indirect greenhouse gas emissions across our estate and projects under our control;
- Embed zero waste thinking in all aspects of our operations and supply chain;
- Aim to procure products directly, or through our supply chain, from recognised responsible sources.
- Audit the University's spending in order to identify, and where possible, encourage best practice across our supply chains;
- Encourage and persuade suppliers to operate better production processes, supply more environmentally friendly products and help spread improvements throughout the supply chain;
- Provide guidance and training to encourage staff involved in purchasing to adopt more sustainable purchasing policies to reduce costs and the environmental impact of goods and services we buy;
- Consider suppliers' environmental performance and whole life costs.

2.3 PRINCIPLES OF VFM

2.3.1 The University has a duty of care to ensure that public funds are managed correctly and that value for money for all purchases is sought. To do so, we must ensure the best use of the resources we have available in order to achieve the desired output and maximise the benefit achieved from that output.

2.3.2 Objectives of VFM

- To appraise the institution's operational effectiveness and increase the efficiency and effectiveness of our systems and processes that seek to fulfil the corporate plan.
- To embed efficiency and effectiveness, maintaining costs at affordable levels throughout the institution.
- To balance economic, social and environmental factors towards meeting sustainability aims, as part of our strategy.
- To challenge current practices and approaches in order to improve performance and position the institution to meet future challenges.
- To apply the lessons learned from investigations and reviews in order to maximise value for money.

2.4 Responsibilities

2.4.1 The responsibility for VFM lies with all members and staff of the University of Chester and is not restricted to those with resource or financial responsibilities.

2.4.2 The University Council is required to satisfy itself that VFM is being sought and achieved from the use of public funds. The University Council has determined that the University should extend this principle to all its funds.

- 2.4.3 The Audit & Risk Management Committee is required, under the Office for Students (OfS) Audit Code of Practice, to satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee is required to relay its view on the arrangements to the University Council in its annual report.
- 2.4.4 The Senior Management Team has the executive responsibility to put in place arrangements that will ensure VFM is being sought. The Senior Management Team (and the Secretary to the University Council /Audit & Risk Management Committee) have a responsibility to keep the University Council and Audit & Risk Management Committee advised of VFM issues (for example, the publication of relevant advice or reports). To help discharge this responsibility, the University has established and maintains a 'VFM Steering Group' that will be responsible for providing advice to the Senior Management Team on VFM matters.
- 2.4.5 The VFM Steering Group will be presented with a performance plan to identify and monitor how the University is meeting its VFM objectives.
- 2.4.6 Managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed.
- 2.4.7 All staff should endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement.
- 2.4.8 The Higher Education Procurement Value Survey (PVS) Annual Return will be the model used by the University to capture all procurement efficiencies. It is the responsibility of the Procurement Manager via the Chief Financial Officer to provide OfS annually of the efficiencies achieved by the University if required.

2.5 Reporting

- 2.5.1 The Value for Money Steering Group will produce an annual report detailing key developments and achievements.
- 2.5.2 The Audit & Risk Management Committee will receive a progress report at each of its meetings to enable progress against the performance improvement plan to be monitored. The Committee will also receive details of the institution's performance through receipt of the annual report from the Value for Money Steering Group.
- 2.5.3 Any findings and recommendations arising from VFM activities will be fed into the annual operating review, through the SMT. Progress against all actions arising from VFM activities will be tracked through to resolution by the SMT.

2.6 Authority to Purchase

- 2.6.1 The deployment of the University's resources is the responsibility of the University Council exercised through the Planning & Resources Committee.

- 2.6.2 Reporting to the Chief Financial Officer, the Procurement Manager is responsible for:
- ensuring that the University's Procurement Policy and procedures are known and observed by all who are involved in purchasing for the University;
 - advising on matters of University purchasing policy and practice;
 - advising and assisting faculties and departments where required on specific departmental purchases;
 - establishing appropriate supply arrangements on behalf of University faculties, departments and budget centres to meet their value for money obligations;
 - the drafting and negotiation of all large-scale purchase contracts undertaken by the University, in collaboration with the responsible faculty or department;
 - ensuring that the University's procurement activities comply with legislative and regulatory requirements.
- 2.6.3 The University operates a devolved procurement procedure whereby authority to commit funds is delegated to heads of department and designated budget holders (authorised persons) supported by central monitoring and specialist accounting and procurement advice.
- 2.6.4 In exercising this delegated authority, authorised persons are required to observe the University's relevant policies and procedures. The names of all such authorised persons specimen signatures and expenditure limits must be lodged in advance with the Finance Department. Such persons may be given authority to sign orders and/or approve for their head of department, committing departmental funds, or to sign and/or approve invoices authorising payment for goods received or services rendered, subject to adequate segregation of duties within the relevant department.
- 2.6.5 Deans/Heads of Department are responsible for procuring the goods and services they require within defined budgets. Purchasing authority may be delegated to designated budget holders within a department. In exercising this delegated authority, budget holders are required to observe the University's policies and procedures regarding the authorisation of expenditure and procurement.
- 2.6.6 No one is authorised to commit the University without first ensuring there are sufficient funds to meet the purchase. This practice applies to all purchases regardless of the source of funding.
- 2.6.7 In addition, only bona fide expenditure, as outlined in the financial procedures, may be authorised from University funds.
- 2.6.8 The University requires all budget centres and grant holders, irrespective of the source of funds, to obtain goods, services and works that meet the most economically advantageous criteria consistent with quality and delivery requirements and in accordance with sound business practice. Factors to be considered in determining most economically advantageous are noted in the procurement procedures, and it should be noted that "most economically advantageous" does not necessarily mean "lowest price".

University Buyers' Network

- 2.6.9 The University Buyers Network comprises of staff from across the University who undertake purchasing duties as part of their role.
- 2.6.10 Being a member of the group and participating within it enables group members to network with colleagues from other faculties and departments. It also allows members of staff to explore, share best practice, and utilise each other's purchasing experience.

- 2.6.11 The Network provides a forum for members to raise issues regarding purchasing. Members can provide feedback on supplier's performance and share information from meetings with respective faculties and departments.

2.7 NWUPC Category Group Representatives

- 2.7.1 Nominated University Buyers will represent the University on the NWUPC Category Groups. It will be their responsibility, through the University Procurement Manager, to ensure the circulation of NWUPC information to interested purchasers within the University and also to provide feedback to the NWUPC from all University areas who purchase under the relevant categories.

2.8 General Principles

- 2.8.1 The University requires all authorised persons, irrespective of the source of funds, to obtain supplies, equipment and services that meet the most economically advantageous criteria so as to achieve best value for money.
- 2.8.2 Procurement thresholds apply to the anticipated contract value if the contract term is less than 4 years; or for recurrent requirements, are based on the estimated total expenditure from the last 4 years (Appendix 1).
- 2.8.3 The value of procurement is based on the overall value of the total requirement and not the value of individual contracts. It is not permissible to disaggregate a procurement into smaller constituent requirements so as to avoid undertaking the appropriate tender process or to avoid seeking quotations, tendering or a full European procedure.

2.9 Failure to Comply

- 2.9.1 Failure to comply with the University's procurement policies and procedures may result in the University incurring unnecessary or excessive expenditure. This may result in disciplinary procedures against the individual(s) concerned.

3 PROCUREMENT PROCEDURE

3.1 Establishing Appropriate Procurement Procedure

- 3.1.1 When seeking "quotations" or undertaking a "tender" process, the determination of most economically advantageous offer should take into account the "whole life" of the products or services being supplied, such as those outlined in Appendix 3.
- 3.1.2 The value of procurement is based on the overall value of the total requirement and not the value of individual contracts. It is not permissible to try and break down procurement into smaller constituent requirements so as to avoid undertaking the appropriate tender process or to avoid undertaking a full European procedure.

3.2 Pre-Quotation/Tender Due Diligence:

- 3.2.1 All departments and staff must ensure:
- they have obtained the necessary approval prior to purchase and that sufficient budget is available to meet the expenditure;
 - reasonable and sufficient timescales have been allowed for a fully compliant procurement procedure to be conducted and to enable tenderers to be able to provide a quality response to the quotation/tender documents.

- 3.2.2 Prior to obtaining quotations or conducting a tender exercise, staff are requested to liaise with the Procurement Manager to identify whether:
- an existing corporate contract is already in place;
 - the requirement can be met by national consortium frameworks such as: NWUPC, or CCS and if so, to conduct a "further competition", to allow contracts to be "called off";
 - When purchasing under a framework, staff should always mention the framework name and reference number when obtaining quotes. The framework details should also be included on the purchase order to ensure the University has evidence of using the framework and to ensure the purchase has benefitted from framework terms and discounts.
 - collaborative contracts exist amongst other public sector organisations that are also accessible to the University.
- 3.2.3 Should it be necessary to undertake a new quotation/tender exercise, prospective suppliers can be identified either through advertising at a local, regional or national level or by approaching known suppliers. If there are few suppliers, the market should be searched; where there are many suppliers' justifiable restrictions should be placed on the tenders.

Information on suppliers may also be obtained from:

- trade directories,
 - trade journals
 - specialist departments' libraries
 - NWUPC website
- 3.2.4 It is recommended that the Procurement Manager is contacted to give advice on the selection of prospective suppliers.
- 3.2.5 Where deemed potential regular/annual requirements, please liaise with Procurement Services as there may be the potential to obtain better value for money by aggregating requirements and scoping a corporate or term contract.

3.3 Responsibility for Specification

- 3.3.1 It is the responsibility of the budget holder responsible to draw up the specification. Either the Budget Holder or Departmental Section Manager is regarded from this point as the "project leader" and will be responsible for ensuring compliance with all aspects of the tendering procedure.
- 3.3.2 The guiding principle is the provision of an equitable specification covering expected quality and manufacturing standards, service level standards and functionality which allows all tendering suppliers to quote on equal terms. The inclusion of brand names in the specification is strictly prohibited.

3.4 Further information is provided within Appendix 3.

3.5 Quotations

- 3.5.1 "Quotation" refers to procurements made up to £49,999, which are sought and managed by the individual Department/Faculty. When seeking quotations, verify the terms and conditions that would apply and ensure these meet with our University's requirements, prior to actually committing to a Purchase Order. Advice should be sought from both the Procurement Manager and the University Secretary before agreement is given to any amendments to contractual terms and conditions.

3.5.2 Quotations should be obtained for all purchases over a specific value as shown in Appendix 1.

3.6 Tenders

3.6.1 "Tenders" is a term used for procurements of £50,000 or more, conducted via Procurement Services working with the faculty or department and using the e-tendering portal, In-Tend.

3.6.2 A formal tendering procedure must be initiated for all goods, services and works that are likely to exceed the threshold value shown in Appendix 1 A, unless identified as an exception, (Section 3.18).

3.6.3 For all tenders, at least 3 suppliers must be invited to tender. Exceptionally, where fewer suppliers are in a position to supply the required goods or services, please liaise with the Procurement Manager for advice.

3.6.4 In all cases of formal tender, the advice and assistance of the Procurement Manager, who will manage the tendering process, must be sought. The University's Terms & Conditions of contract will apply to all tenders.

3.6.5 The tendering process must be applied consistently and all staff involved with tendering, must be able to verify that during their involvement, the tendering procedure has been adhered to.

3.6.6 Any person involved in the tendering process who has a personal interest in any tender must declare this at the start of the process. Failure to do so could result in disciplinary action.

3.6.7 Under no circumstances should any member of staff take action to deviate from the stated tendering process, without the express approval of the Chief Financial Officer. Any breach of the procedure must be reported to the Chief Financial Officer and the staff concerned may be subject to disciplinary action.

3.7 The Invitation to Tender Document

3.7.1 Invitations to tender must be issued via Procurement Services. All tender documents will be published, issued and returned via the In-Tend e-tendering portal.

3.7.2 The Invitation to Tender Documents (ITT) must include:

- the specification and any drawings;
- the University terms and conditions of tender
- any special instructions or additional terms.
- University tender forms and templates are available from portal:
<https://portal1.chester.ac.uk/procurement/Pages/formsandtemplates.aspx>

3.8 Tender Returns & Access to Tender Documents

3.8.1 Tenders will be published and returned via the University e-tendering portal In-Tend.

3.8.2 The faculty or department project lead will advise Procurement Services of staff to be attached to the tender on In-Tend, who will then liaise with Procurement Services to respond to any clarification questions.

3.8.3 In exceptional circumstances printed tender submissions may be permitted. Please liaise with the Academic Secretary or the Procurement Manager where applicable.

3.9 Tender Opening

- 3.9.1 All tenders are to be opened by one of the Academic Secretary, Procurement Manager, Chief Financial Officer or in their absence the University Secretary & Director of Legal Services.
- 3.9.2 In exceptional circumstances when printed tender submissions are permitted, then such tenders will be opened by 2 of the following: any member of the Senior Management Team; Chief Financial Officer; Academic Secretary and Procurement Manager.

3.10 During the Tender Process

- 3.10.1 During the tendering process, details of tenders must be kept confidential and not be disclosed to anyone outside the University.

3.11 Tender Evaluation

- 3.11.1 The budget holder making the purchase is responsible for overseeing the evaluation of tenders. Interviews and/or clarification meetings may be conducted as part of the evaluation process.
- 3.11.2 Suppliers are selected upon evaluation of price and quality criteria as detailed within the quotation and/or tender document. The supplier/s selected must satisfy the most economically advantageous criteria, which may not necessarily be based upon being the lowest priced.

3.12 Tender Award Decision:

- 3.12.1 The Department/ Faculty must provide Procurement Services, with details of the Tender Analysis/Report using the Evaluation Matrix workbook which will be prepared by Procurement Services. The matrix must identify the ranking position of all tenderers, breakdown the evaluation scores against the tender criteria and confirm as to whom the award is to be made. Include information that further substantiates the decision in the "Comments" cells which support the analysis of the tender documents and awarded scores. The comments are a vital record of the panel's scoring decisions and will help inform feedback to tenderers. Information provided will be ratified by a member of Procurement Services and/or Chief Financial Officer, prior to the tender being awarded.
- 3.12.2 A tender other than the most economically advantageous shall not be accepted until the Chief Financial Officer or Procurement Manager has considered the tender analysis report. The Planning & Resources Committee will receive a report on exceptions, which shall detail the reason for the exception.
- 3.12.3 Depending on the value of the contract, it may be necessary for the University to conduct a formal risk assessment and financial investment appraisal. Queries regarding this matter should first be made with Procurement Services or the Chief Financial Officer.

3.13 Contract Award

- 3.13.1 Contract awards must be in writing.
- 3.13.2 Award letters are to be approved and authorised by the Chief Financial Officer, or in their absence; the University Secretary & Director of Legal Services. Until authorisation has been confirmed, details of the tender evaluation and proposed award decision must remain confidential to the University and not be disclosed to tenderers.
- 3.13.3 Building/major works contracts are the responsibility of the Planning & Resources Committee.

- 3.13.4 Contracts awarded following a tendering process shall not be varied without the prior consent of the Policy Committee.
- 3.13.5 Contract signature limits shall be in accordance with expenditure authorities set out in section 6.06 of the Financial Regulations.
- 3.13.6 Contracts greater than expenditure authority limits and up to £1,000,000 must be signed by one of the Vice-Chancellor, University Secretary or Chief Financial Officer. Contracts with a value greater than £1,000,000 must be signed by one of the Vice-Chancellor, University Secretary or Chief Financial Officer plus one University Council member of the Policy Committee or the President of the University Council.

3.14 De-briefing Unsuccessful Suppliers

- 3.14.1 Procurement Services will write to all unsuccessful tenderers advising them of the award of contract and thanking them for their participation. Any de-briefing of unsuccessful tenderers must be managed and co-ordinated by Procurement Services in collaboration with the project lead.

3.15 Re-tendering

- 3.15.1 It is permissible to re-tender a contract or prospective purchase if it was impossible to select a winning tenderer from the offers received. Those selected must be given equal treatment. There must be no advantage given to any supplier requested to re-tender although it is permissible to advise the suppliers of the general reasons for the re-tender. It is not permissible to re-tender if there is a clear winner purely in the hope of driving down a price. All processes carried out in tendering must be followed in the case of re-tendering.

3.16 Post Tender Negotiation

- 3.16.1 Following selection of the winning tender it may be permissible to enter into post tender negotiation with the preferred supplier only. This may cover any aspects of the prospective contract including price, payment terms, delivery, terms and conditions of contract. Any such negotiations may only be conducted by the Procurement Manager in liaison with the project lead.

3.17 Single Supplier Sourcing

- 3.17.1 Single sourcing occurs where there is only one supplier who is capable of supplying the goods or service. This situation should be avoided if possible.
- 3.17.2 In exceptional circumstances, where this is the case, if the value of the order is less than the EU threshold value, a single tender or quotation may be permitted but must be supported by a single supplier justification. The single supplier justification will not apply to purchases that exceed the EU threshold value. Such purchases are, without exception, subject to the EU tender procedures.
- 3.17.3 In some cases, the broadening of the specifications or the adoption of a new specification will result in more suppliers being able to satisfy the requirement. Where the use of a single supplier is inevitable, care should be taken to ensure overall best value for money is being achieved; for example, by checking suppliers' price lists and benchmarking with industry price indices.
- 3.17.4 For purchases that are externally funded, any conditions imposed by the funding body must also be adhered to in addition to the University Procurement Policy.
- 3.17.5 Please liaise with the Procurement Manager for further advice.

3.18 Exceptions to Tendering

3.18.1 The tendering process is not necessary in the following circumstances:

- A valid corporate contract exists for the goods, services and/or works to be procured.
- Franchise fees or Tuition fees to other Colleges, Universities.
- Research Contracts, ESF Contracts.
- Student Examination fees, Registration fees and College Corporate fees e.g. Nursing, UCAS fees.
- Overseas agents commission fees.
- Payment of Grants to appropriate bodies.

Exceptions to Quotations & Tendering

3.18.2 The following authority must be sought:

3.18.3 For under £50,000 expenditure, to allow less than 3 quotations, initial approval must be sought from the Procurement Manager, who will then obtain formal authorisation from the Chief Financial Officer or the Vice Chancellor.

3.18.4 For between £50,000 and below EU Threshold expenditure, to allow less than 3 tenders, initial approval must be sought from the Procurement Manager, who will then obtain formal authorisation from the Chief Financial Officer or the Vice Chancellor, with derogation from the Deputy President of the University Council. All derogations will be reported to the Planning & Resources Committee.

4 FRAMEWORK AGREEMENTS

4.1 A Framework Agreement is a pre-tendered agreement with an approved supplier or suppliers under which buyers call off their requirements by asking for quotes or running a mini-tender (further competition) and then placing a purchase order. A framework agreement sets out the terms and conditions under which specific purchases (call-offs) can be made throughout the terms of the agreement. Before "calling off" from a framework, it is important to establish:-

- that our University is eligible to use the framework, by being named on the OJEU notice and/or framework documentation;
- that the particular framework will meet with our University's requirements;
- the framework period is valid.

One of the advantages of using a Consortia Framework agreement, such as NWUPC's, is the potential savings available because of aggregated volumes and economies of scale, which may prompt appointed suppliers to offer more competitive prices. As each project will have a unique set of requirements, the focus must be in ensuring that our University's requirements can be met. It is imperative to consider the "scope" and therefore the "suitability" of a particular framework to determine whether or not it may indeed meet our University's project needs. As members of NWUPC, NWUPC should be your first consideration. Before undertaking a tender process, a full options and sourcing appraisal must be conducted.

4.1.1 Framework agreements may be awarded for different "Lots", (categories), and may be to a single provider or several providers for the same goods, works or services.

- 4.1.2 When the Lot or framework has been awarded to more than one supplier there are two ways in which a call off-off contract can be awarded:
- When the particular Lot or framework has been awarded to only one supplier and the terms set out in the framework are sufficiently precise to cover the particular call-off, the University can contract with that supplier without further competition.
 - Where the terms laid down in the framework agreements are not precise enough or complete for the particular call-off, all those suppliers within the Lot or framework capable of meeting the particular requirement must be invited to “tender” or “quote” (i.e: via a further competition). ***It is not compliant use of a framework to only seek one single quotation/tender where they are one of several approved suppliers on it.***
- 4.1.3 Specific conditions, such as the evaluation criteria to be applied to a particular framework/Lot, will vary amongst frameworks. These conditions must be referred to in order to establish whether the University’s requirements can be met.
- 4.1.4 In all instances, the principle of seeking "best value" applies and we should avoid a "single supplier justification", unless in exceptional circumstances.
- 4.1.5 Organisations that set up a number of frameworks available for the University to use include:
- **North Western Universities Purchasing Consortium (NWUPC)**
- The University is a member of the North Western Universities Purchasing Consortium (NWUPC).
- The University requires that University buyers give backing to any contracts organised by the North Western Universities Purchasing Consortium, (NWUPC), where deemed to provide overall best value. Details of these contracts can be located on the NWUPC website.
- Please remember: When purchasing under a framework, staff should always mention the framework name and reference number when obtaining quotes. The framework details should also be included on the purchase order, to ensure the University has evidence of using the framework and to ensure the purchase has benefitted from framework terms and discounts.
 - **Crown Commercial Service (CCS)**

4.1.6 Please contact Procurement Services for further advice.

5 UNIVERSITY PURCHASING CONTRACTS AND AGREEMENTS

- 5.1.1 There are a number of purchasing contracts and agreements awarded by Procurement Services which should be adhered to by all authorised purchasers. Additionally, the University supports, wherever possible, purchasing arrangements made by various public sector consortia as discussed in section 4 above
- 5.1.2 Procurement Services will maintain the University's procurement portal, accessed through the intranet. The website will contain information on regular University suppliers and information on many other purchasing and supply matters. Departments must, wherever possible, procure goods and services from contracted suppliers.
- 5.1.3 Notification of any suppliers offering better value for money than the University contracted suppliers should be referred to the Procurement Manager prior to order placement. Before referring to the Procurement Manager, buyers must consider the whole-life cost of the specification and procurement process, (as identified in Appendix 3.).

6 EUROPEAN UNION TENDERS

- 6.1.1 The EU Procurement Directives set out the legal framework for public procurement. They apply when public authorities seek to acquire goods, services, or works. The Directives have been implemented into national law in the UK by Regulations. Latest Regulations came into force on 1st January 2016 to implement new procurement Directives. Due to the Directives being part of UK law, when/ if the UK leaves the EU the public procurement procedures will remain either exactly the same or be subject to minor changes, such as a UK advertising portal in place of the Official Journal of the European Union (OJEU).
- 6.1.2 Their purpose is to open up the procurement market and to ensure the free movement of goods and services within the EU.
- 6.1.3 All tenders for goods and services where the resultant contract is expected to be for an amount over the thresholds shown below, must by law, be tendered through OJEU. It requires contracting authorities to advertise in OJEU. Deans of Faculty/Heads of Department must liaise with the Procurement Manager where the Directive becomes relevant to the purchasing process.
- 6.1.4 All University tenders that exceed the EU thresholds will be administered by Procurement Services.
- 6.1.5 The Directive is applicable in cases where the value of a type of supply equals or exceeds laid down thresholds. At 1.1.2018, these are:

Supply Contracts	221,000 Euro	=	£181,302
Service Contracts	221,000 Euro	=	£181,302
Works Contracts	5,548,000 Euro	=	£4,551,413

All values exclude VAT and relate to the full life of the contract. These are likely to be revised from 1.1.2020

6.2 Choice of procurement procedure

6.2.1 The time allowed for responses or tenders depends on which procedure is used. The three most frequently used procurement procedures are:

- The **Open Procedure**, under which all those interested may respond to the advertisement in the OJEU by tendering for the contract;
- The **Restricted Procedure**, under which a selection is made of those who respond to the advertisement and only they are invited to submit a tender for the contract. This allows purchasers to avoid having to deal with an overwhelmingly large number of tenders;
- The **Competitive Dialogue with Negotiation Procedure**, under which the purchaser may select one or more persons with whom to negotiate the terms of the contract; conducted in compliance with the OJEU.

6.3 Selection & Award Criteria for European Tenders

6.3.1 The Regulations set out detailed criteria that are designed to avoid discrimination on grounds of origin in a particular Member State and ensure that all suppliers or contractors established in countries covered by the rules are treated on equal terms. The criteria cover:

- Selection stage – the rejection or selection of candidates based on evidence that they are not suitable on specific grounds, including bankruptcy, criminal conviction or failure to pay taxes. Certain offences now require, in normal circumstances, a mandatory exclusion.
- Award stage - how requirements for supply of goods, services or works must be specified, avoiding brand names and other references which would have the effect of favouring or eliminating particular providers, products or services – and the requirement to accept equivalent specifications.

6.4 Award of European Tenders

6.4.1 Upon conclusion of a tender process, contracts must be awarded on the basis of “the most economically advantageous to the contracting authority”. A contract award notice must be placed in the Official Journal within 30 days after the award. The notice must include information concerning the company to whom the contract was awarded and the contract value. Contract and award notices must also be placed on Contracts Finder.

6.5 Externally Funded Procurement Projects

6.5.1 As a minimum, any conditions imposed by the funding body must also be adhered to, by reference to the funder’s latest policy and guidance documents.

6.6 Externally Funded Procurement Projects – After Funding Has Ended

6.6.1 In ERDF funded projects, once the funding linked to a tender has ended, if the goods or services are still in use then the usual University procurement routes can be used for parts and maintenance etc. This includes the use of consortia frameworks.

6.7 Payments to Charities

6.7.1 The University is a registered charity and as such cannot make donations to other charities. However, it is permissible to purchase goods or services from another charity.

LIMITS WITHIN THE FINANCIAL REGULATIONS

Appendix 1

Petty Cash: single item payment	£150
Bad Debt Write-off limits are as per the Debt Policy. The Vice-Chancellor shall inform the Audit & Risk Management Committee of bad debts written off that exceed:	£20,000
Quotations: All purchases not tendered	£4,999

<p>Goods, Services & Works <i>These values exclude VAT (Not Externally Funded)</i></p> <p>(For requirements that are renewable annually, thresholds are based on estimated total spend from the last 4 years).</p>	<p>£4,999 & under: Minimum of one quotation.</p> <p>£5,000 to £49,999: Minimum of three quotations.</p> <p>£50,000 to below EU Threshold: Minimum of three tenders</p> <p>E U Procedure Thresholds: At 1.1.2018, these are:</p> <table style="margin-left: 20px;"> <tr> <td>Supply Contracts</td> <td>221,000 Euro</td> <td>= £181,302</td> </tr> <tr> <td>Service Contracts</td> <td>221,000 Euro</td> <td>= £181,302</td> </tr> <tr> <td>Works Contracts</td> <td>5,548,000 Euro</td> <td>= £4,551,413</td> </tr> </table>	Supply Contracts	221,000 Euro	= £181,302	Service Contracts	221,000 Euro	= £181,302	Works Contracts	5,548,000 Euro	= £4,551,413
Supply Contracts	221,000 Euro	= £181,302								
Service Contracts	221,000 Euro	= £181,302								
Works Contracts	5,548,000 Euro	= £4,551,413								
<p>The University may, but shall not be obliged, to advertise sub-OJEU threshold procurement opportunities, unless required by external funding bodies.</p>										
<p>Externally Funded Procurement Projects</p>	<p>As a minimum, any conditions imposed by the funding body must also be adhered to, by reference to the funder's latest policy and guidance documents.</p>									
<p>Pre-Quotation/Tender Due Diligence: Department/Faculty must ensure that:-</p> <p>a) sufficient budget is available to meet the anticipated contract expenditure and where appropriate, have obtained any necessary pre-approval prior to commencing a tender process;</p> <p>b) reasonable and sufficient timescales have been allowed for a fully compliant procurement procedure to be conducted. Timescales should consider the needs of suppliers and the evaluation process.</p> <p>c) any known or potential conflicts of interest which may influence a specification or award decision must be declared prior to obtaining quotations or conducting a tender</p>										
<p>Tender Returns & Opening: All tenders must be returned via the University's e-tendering portal, In-Tend and are to be opened by one of the Academic Secretary, Procurement Manager, Chief Financial Officer or in their absence the University Secretary & Director of Legal Services.</p>										

Tender Evaluation & Award Decision:

Department/ Faculty must provide Procurement Services, or in their absence; the Chief Financial Officer, with details of the Tender Analysis/Report using the Evaluation Matrix workbook which will be prepared by Procurement Services. The matrix must identify the ranking position of all tenderers, breakdown the evaluation scores against the tender criteria and confirm as to whom the award is to be made. Include information that further substantiates the decision in the "Comments" cells which support the analysis of the tender documents and awarded scores. The comments are a vital record of the panel's scoring decisions and will help inform feedback to tenderers. Information provided will be ratified by a member of Procurement Services and/or Chief Financial Officer, prior to the tender being awarded.

Tender Award:

Award letters are to be approved and authorised by the Chief Financial Officer, or in their absence; the University Secretary & Director of Legal Services. Until authorisation has been confirmed, details of the tender evaluation and proposed award decision must remain confidential to the University and not be disclosed to tenderers.

The table below summarises the VFM responsibilities of all University staff:

ROLES	RESPONSIBILITIES
Planning & Resources Committee	<ul style="list-style-type: none"> • University Council • Ensure VFM from public funds and deployment of University's resources
Audit & Risk Management Committee	<ul style="list-style-type: none"> • OfS Audit Code of Practice • Ensure risk and audit compliance in VFM activities
Senior Management Team	<ul style="list-style-type: none"> • Executive responsibility for VFM
Secretary to University Council / Audit & Risk Management Committee	<ul style="list-style-type: none"> • Inform University Council and Audit & Risk Management Committee of VFM issues
Chief Financial Officer	<ul style="list-style-type: none"> • Finance Department, accounting and financial management • Chair of VFM Steering Group • University Financial Regulations • Making payment to suppliers
Procurement Manager <i>(reports to Chief Financial Officer)</i>	<ul style="list-style-type: none"> • Procurement Services • University wide procurement • Procurement strategy, policy & procedures • VFM Steering Group & Plan
Deans, Departmental Heads, Budget & Grant Holders	<ul style="list-style-type: none"> • Observe procurement & VFM procedures • Procuring within defined budgets
Managers	<ul style="list-style-type: none"> • Maintain awareness and adherence to procurement and VFM practices in own operational areas
Staff	<ul style="list-style-type: none"> • Seek and maximise VFM • Bringing to management's attention opportunities for procurement improvement or VFM initiatives
University Buyers Network	<ul style="list-style-type: none"> • Observe procurement & VFM procedures • Disseminate good practice, advising on and suggesting opportunities for improvement
NWUPC Category Representatives	<ul style="list-style-type: none"> • Feedback opportunities for improvement to NWUPC • Disseminate NWUPC contract and supplier performance information to Departments/Faculties

1.0.0 The specification should include all factors that would enable an award to the most economically advantageous tenderer. It should consider the “whole-life cost” of the entire requirement and can include:

- Essential & Desirable Criteria
- Minimum Criteria which **must** be met (should be reasonable and achievable)
- Delivery Lead Times and Special Delivery Requirements
- Installation & Set Up
- Length of Warranty or period of free maintenance
- Maintenance costs
- Checks to ensure that the selected supplier has the capability to supply and maintain the selected system effectively. References should be sought from other customers of the supplier
- Future upgrade of system, equipment or software
- Spares/Replacements and costs of such parts
- Decommissioning costs
- Disposal Costs - Eventual disposal and replacement cost, the likely sale or scrap value
- Energy Usage - Running costs, (e.g. spares, consumable items, fuel, water, electricity)
- Sustainability & Environmental – including the source of material of construction, energy usage, harmful emissions, working practices, materials used in maintenance or operation and appraisal of the environmental impact of the equipment or service being offered
- Adaptations & Refurbishment costs (associated with any building work), including the cost of any required building or services alterations. Please liaise with the Estates & Facilities Department
- Training Costs
- Labour costs (i.e. variations in costs of operating the equipment)
- Health & Safety Issues
- Commercial & Legal Risks
- Terms of Payment
- Foreign Exchange Risks and costs
- Service Delivery
- Invoicing & Account Management
- Supplier Relationship Management
- Firmness of Price (Fixed)
- Actual Price - including a breakdown of the stated cost of the equipment/service (excluding VAT if applicable)
- Terms and conditions of contract offered ensuring that areas such as warranty, equipment performance or service level guarantees, payment terms, spares availability and delivery insurance are covered. Advice should be sought from both the Procurement Manager and the University Secretary before agreement is given to any amendments to contractual terms and conditions
- The cost of the procurement process itself, which should not be disproportionately high in relation to the value or importance of the subject matter

1.2.0 Advice may be sought at all times from the University Procurement Manager.

THE PURCHASING PROCESS

Appendix 4

- 1.0.0 All goods and services must be purchased using either the Business World finance system or Purchasing Card. All orders must be raised excluding VAT and must state clearly the quantities, prices, discounts and any special terms of supply. The University does not undertake to accept liability for the payment of any invoice unless the goods have been supplied in response to an official order authorised by an approved signatory.
- 1.1.0 Before a purchase order can be raised the supplier concerned must have been registered on the University's Finance System. Departments must, wherever possible, use corporate contracts.
- 1.2.0 In cases where it is necessary to register a new supplier, departments are required to:-
- obtain the supplier's remittance information, payee name, bank account and other important information – please see Request for Bank Details Template on portal. This must be provided on the supplier's letter-headed stationery or included in an email, evidencing the source/sender of the information;
 - complete the online new supplier request form which will be approved by designated members of Procurement Services and Human Resources, where applicable.
- 1.3.0 The online New Supplier Request Form is accessible from Procurement Services portal page from this link: <https://portal1.chester.ac.uk/procurement/Pages/newsupplier.aspx>. The Finance Department will create the new supplier on Business World and the requesting department will be notified when the account has been set up. 'User Guides' are accessible from this link: <http://portal.chester.ac.uk/SitePages/Finance.aspx>
- 1.4.0 University standard terms and conditions of purchase are invoked by reference on the face of all orders.
- 1.5.0 All orders must be approved by the appropriate authorised signatory in accordance with the current University approval limits, which may be varied from time to time by the Vice-Chancellor.
- 1.6.0 Expenditure on a single item in excess of £1,000.00 shall require the approval of the Dean of Faculty or other Senior Officer with appropriate authority. Expenditure above £10,000.00 requires the authorisation of a member of the Senior Management Team or appropriate member of the Senior Leadership Team. Expenditure above £20,000 requires the authorisation of the Vice-Chancellor or the University Secretary.
- 1.7.0 It is a mandatory requirement that the person authorising an invoice for payment must be different from the person who has certified receipt of those goods (segregation of duties).
- 1.8.0 It is essential that accurate prices are quoted on purchase orders. Prices should be based on a quotation, tender, contracted prices or a valid price list.
- 1.8.1 Note: Omitting the purchase price is equivalent to a promise to pay a sum of money to be determined by the supplier. Including the price gives both parties to the contract the opportunity to repudiate on the basis of price. This is an important safeguard. Furthermore, accurate pricing on orders facilitates payment reconciliation and ensures accurate commitment accounting.

- 1.9.0 Retrospective orders must be avoided and if necessary, restricted to low value orders (£4,999 or less). A confirmation order should be created immediately after the commitment has been made and must be forwarded to the supplier without delay. It should be clearly marked “confirmation” to avoid a second delivery of the same goods/further provision of the service.
- 1.10.0 In the event of a complaint against a supplier that necessitates the withholding of payment, this complaint must be promptly and clearly communicated to the supplier in writing by the Dean of Faculty/Head of Department. Copies of any relevant correspondence should be sent to the Chief Financial Officer and Procurement Manager for information and to the Finance Office, Purchase Ledger section. Telephone complaints do not constitute adequate notice to the supplier, who may continue to press for payment to the point of litigation. The Procurement Manager can advise or assist in particular cases.
- 1.11.0 The University of Chester is only eligible for zero rating of certain supplies, after providing the supplier with a zero rating certificate, specifically:
- i) Laboratory equipment and consumables for use in medical research and medical training only (this does not include animal research);
 - ii) Some types of advertising;
 - iii) Some types of printing
- 1.12.0 Under the VAT Act 1994 Schedule 8 VAT may be zero rated on the purchase of certain medical, scientific, computer, video, sterilising, laboratory or refrigeration equipment of use in medical or veterinary research, training, diagnosis or treatment. This legislation also applies to the servicing or repairs of eligible equipment provided it was originally purchased VAT zero rated. A VAT exempt certificate will be completed, signed and attached to the purchase order by the Finance Department before forwarding to the supplier. It is imperative that the Finance Department is informed by the faculty/department prior to the purchase order being forwarded to the supplier. Detailed guidance notes for the zero rating of VAT and the specific certificates that must be used are available from the Finance Department.
- 1.13.0 Applications for duty relief on goods imported from non-EU countries are handled through the Finance Department (i.e. the imports can be zero rated). Relief may be applied to scientific instruments and apparatus imported for use in medical/veterinary research or medical training. Spare parts and accessories for such equipment may also be eligible for duty relief. Donated medical equipment imported for medical purposes may also be eligible for duty relief (VAT notice 340, issued May 2017). When purchasing equipment that might fall within this category, please contact the Finance Department.
- 2.0.0 **Purchase Order Placement**
- 2.1.0 For goods and services available from competing suppliers, at least 3 quotations must be sought when the value of the supply exceeds £4,999 (excluding VAT). This requirement is not applicable to purchases already tendered for, such as following an award of a corporate contract, or following a further competition from a consortia contract, whereby the “most economically advantageous tender” would have been appointed and thus deemed to represent best Value for Money.

- 2.2.0 **Ordering from North Western Universities Purchasing Consortium – (NWUPC)**
- 2.2.1 **For Orders between £5,000 to £49,999, (£6,000 to £59,999 including VAT):-**
As the University is a member of NWUPC, staff are encouraged to first seek quotations, from suppliers listed on frameworks.
- 2.2.2 **For Orders above £50,000, (Above £60,000 including VAT):**
Orders are only to be raised, following the award of a further competition, from a consortia framework, unless direct award has been permitted. Please refer to Procurement Services for advice.
- 2.3.0 **Values in Purchase Orders:-**
- Order values must exclude VAT. Where possible, the order should be itemised accordingly, e.g. if goods are for £80,000 and it is for 4 items @ £20,000 each, in the “Value” box, enter 20,000 and in the “Quantity” box, enter “4”.
 - For Services that are for £80,000 and work is carried out as per a schedule over a number of months, then the schedule of work completed should be reflected in the order and broken down e.g. £10,000 per stage completed over 8 months – in the “Value” box, enter 10,000 and in the “Quantity” box, enter “8”.
 - This will ensure that costs can be allocated and apportioned correctly to the budget code and payment is made when work has been completed depending on which stage has been completed.
 - Please refer to the ‘User Guides’ ‘Requisitions/Purchase Orders’ on portal for full details of requirements: <http://portal.chester.ac.uk/SitePages/Finance.aspx>
- 3.0.0 **Raising Purchase Orders on the Finance System**
- 3.1.0 For Audit purposes, when raising purchase orders on the Finance System, please state within the order, in the internal text page:-
- **Where Quotations have been obtained** - ‘3 quotes obtained.’
 - **Where Tenders have been conducted** – ‘Tendered via Procurement, tender reference (e.g.: 2019–Jan-01)’. Also, include the award date, if you have these details.
- 3.1.1 Quotes/tenders do not need to be forwarded to Finance but are to be kept in by the requisitioning department/faculty for audit purposes.
- 4.0.0 **Receipting Goods/Services on the Finance System**
- 4.1.1 Only “RECEIPT” orders WHEN goods/ services/ works have actually been received or carried out, UNLESS the order is for future dated travel or for future dated conferences that require payment in advance.
- 4.1.2 Please ensure all goods/services have been receipted on the Finance System before the scheduled payment run dates (list of dates are available from Finance Department).
- 5.0.0 **Payment Processing**

- 5.1.0 For purchases where “quotations” have been sought, the order raised must state this and the applicable quote/reference number obtained.
- 5.2.0 Where quotations are not available, a written explanation must be provided to the Chief Financial Officer, who will consider varying this requirement. Approval must have been received in writing from the Chief Financial Officer before the order is placed.
- 5.3.0 For purchases where “tenders” have been conducted via Procurement Services, confirmation that the order relates to a contract award from a tender process must be passed to the Finance Office, with the approved invoice, for the supply.
- 5.4.0 Once an order is raised within the Finance System, it is routed to the approver to approve. Once approved, the order is transmitted to the requisitioner who can then send the order onto the supplier. Finance are currently working with faculties and departments on a pilot project for appropriate Purchase Orders to be emailed directly from Business World to suppliers after approval.
- 5.5.0 The University does not undertake to accept liability for payment of invoices unless goods have been supplied against an official purchase order; or they are invoices relating to exceptions e.g. for utilities, rent and rates, that have been authorised and processed in accordance with procurement procedures. In situations where a liability has been improperly accrued to the University, it reserves the right to recover the cost from the offending individual.
- 5.6.0 There are four mechanisms for purchasing goods and services:
- Purchase orders.
 - Small petty cash purchases.
 - Approved supplier’s websites.
 - University purchasing card within the relevant card limit.

The University purchasing card programme, operated by NatWest is managed and monitored by the Finance Department. Purchasing card holders have delegated authority to purchase goods or services for and on behalf of their department using the purchasing card payment mechanism. The regulations concerning the use of purchasing cards are available from the Finance Department.

The benefits of purchasing cards are considerable:

- Cards allow holders to respond to the University’s purchase demands quickly and efficiently, without unnecessary administrative burdens.
- With the reduction in the amount of purchase orders raised by using the card, there is a subsequent reduction in the number of invoices to be matched.
- The volume of routine, non-added value tasks is reduced.

Purchase card holders are required to code and upload receipts in respect of transactions in a timely manner and at the latest at the end of each calendar month. Failure to undertake this could result in a purchasing card being withdrawn.

- 5.7.0 Telephone orders are not allowed unless via University Purchasing Cards.
- 5.8.0 The University will constantly review its purchase ordering procedures to take advantage of any e-procurement developments. The use of online ordering and e-procurement can improve ordering methods and provide transaction efficiencies.

6.0.0 **Exception - Payment in Advance**

6.1.0 With regard to terms of payment, the University will not normally pay for goods and services in advance.

6.2.0 The main exceptions to this are:

- maintenance contracts which are normally paid annually in advance;
- small value purchases such as journal subscriptions and goods or services;
- large value contracts with stage payments subject to achievement of project milestones and/or protected by a bank guarantee. In these instances, departments must contact the Procurement Manager who will undertake negotiations with the supplier on behalf of the University;
- special cases, not falling within one of these exceptions, must first be discussed with the Procurement Manager.