Foreword

The University has adopted the Scottish Government’s Procurement Journey which is a procurement methodology which facilitates best practice and consistency in buying practices across the Scottish public sector as well as universities.

This guide (2nd edition) is compulsory reading for all staff who are directly or indirectly involved in purchasing goods and services as part of their role working for the University.

It is every budget holder’s responsibility to ensure all staff under their management understand and comply with this and any other related guidance.

All the purchasing systems and procedures are designed to ensure we achieve value for money in an effective and legally compliant manner.

It is vital that all of us involved in buying on behalf of the University regardless of the source of funding are well informed and carefully apply this guidance to avoid any risk of non-compliance.

Good procurement practice and above all achieving value for money is dependent on a partnership between buyers and the Procurement Team and this guidance is intended to provide the framework for that partnership.

So welcome to the University's Procurement Journey, as ever we welcome your feedback to help us improve this guidance and our services – bon voyage!

David Campbell
Head of Procurement
August 2012
March 2014 (2nd edition)
1 Introduction

As we set out on our procurement journey it is useful to have an overview of a number of key aspects that we will pick up on as we proceed through this guide.

Public Procurement law requires that the University’s buying practices must be open and transparent to the supplier community and suppliers must be treated fairly and equitably.

Public Procurement as explained within this guidance has distinct procedures which are quite different from the private sector and personal purchasing.

If in any doubt please contact the University Procurement Team.

The University Procurement Team advises all the University's schools, institutes and services as to how to go about purchasing the right goods and services for their needs and ensure compliance with Scottish and European Union law.

The University has access to a large number of contracts or frameworks let via various Purchasing Consortia.

Where no suitable relevant contract or framework is available, Procurement will advise staff on carrying out a compliant Invitation to Quote (ITQ) or Invitation to Tender (ITT).

Depending on the size and complexity of the requirement such ITQ’s and ITT’s will require quality and price criteria that will allow us to objectively score supplier bids.

Once we have chosen a supplier from an existing contract or framework or from having conducted a compliant ITT or ITQ we then need to ensure a Purchase Order is issued.

Only heads of school or equivalent (Requisition Approvers) have the authority with Procurement to issue orders and only via Agresso.

In addition the University makes extensive use of Purchase Cards for low value purchases; a significant % of which are spent against existing compliant contracts.

All procurement activities must be carried out in accordance with the University’s Code of Ethics: Purchasing which details the responsibilities and the required standards of behaviour of all staff involved in purchasing on behalf of the University.

When the University lets a contract or makes use of a contract or framework let on our behalf depending on the value or criticality of the contract we may setup regular contract management meetings.

Finally the Procurement Team welcomes any queries and or feedback to help us improve your use of procurement processes and systems. In addition from time to time we will canvas your views via other mechanisms such as surveys or questionnaires.
2 Public Procurement

The University is not strictly speaking, part of the Public Sector, however because it is majority funded by the public purse it does have to comply with public procurement regulations.

All public sector procurement must comply with European and Scottish procurement law. Procurement law does not allow contracts to be awarded on the basis of the location or size of a supplier.

The Treaty on the Functioning of the European Union includes the following Principles with regards to public procurement:

- **Transparency** - contract procedures must be open and contracts should generally be publicised;
- **Equal treatment and non-discrimination** - all potential suppliers must be treated equally;
- **Proportionality** - procurement procedures and decisions must be appropriate for the contract in question;
- **Mutual recognition** - qualifications and standards from other Member States should be accepted.

These principles form the basis for the European Procurement Directives which set out detailed rules for the purchase of goods, services and works by public bodies.

The University’s own thresholds may vary over time but currently it is expected that all purchases up to £5K will require some benchmarking via 2 informal quotes. Where the value of a requirement is in excess of £5K then a formal ITQ process is required, the complexity of which will depend on the complexity and or value of the requirement. The help and advice of the Procurement Team will vary according to the complexity and the buyers needs.

The University complies with public procurement law by ensuring that all relevant ITT’s are advertised by the Procurement Team in **Public Contracts Scotland**, the Scottish Government’s web portal where all public contracts for services and equipment over £50K must be advertised.

The University also has to observe the advertising thresholds of the Office of the Journal of the European Union (the **OJEU**) - all values are net of VAT:

<table>
<thead>
<tr>
<th>OJEU Thresholds ¹</th>
<th>Supplies</th>
<th>Services</th>
<th>Works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other public sector including universities</td>
<td>£172,514</td>
<td>£172,514</td>
<td>€5,186,000</td>
</tr>
<tr>
<td></td>
<td>€207,000</td>
<td>€207,000</td>
<td></td>
</tr>
</tbody>
</table>

Please note all threshold values are cumulative over the life of a contract and should not be disaggregated to avoid the appropriate purchasing process.

¹ The current thresholds are effective from 1st January 2014. Thresholds are revised once every 2 years.
3 The University Procurement Team

The Procurement Team are led by the Head of Procurement a professionally qualified member of the Chartered Institute of Purchasing & Supply and as such is the University’s expert on all matters relating to purchasing.

The Procurement Team advises all the University’s schools, institutes and services regardless of the source of funding on how to go about purchasing the right goods and services in compliance with Scottish and European Union law and at the same time achieve value for money and mitigate any risks of non-compliance.

The Procurement Team advises staff on available contracts and where necessary advises staff on carrying out an Invitation to Quote or Invitation to Tender depending on the size and complexity of the requirement.

4 Purchasing Consortia

There are a range of organisations in the higher education and wider public sector that let contracts on behalf of institutions such as the University.

The rationale behind these arrangements is that by pooling with other bodies requirements we can achieve better value for money as well as reducing the burden on buyers within the University and the Procurement Team.

The University may have access to the following collaborative purchasing organisations and contracts:

Scottish Procurement, Government Procurement Service (formerly Buying Solutions), APUC and other UK Higher Education purchasing consortia: SUPC, LUPC, NWUPC, HEPCW, NEUPC and TUCO.

The University as a member of APUC aims to support the use of the contracts and frameworks let by APUC and usually only uses other consortia contracts or frameworks when there is no appropriate APUC contract available.

APUC (Advanced Procurement for Universities and Colleges) Limited is the procurement centre of expertise for Scotland’s 60 universities and colleges. It is a private limited company, owned by its client institutions and established in response to the McClelland Report: 'Review of Public Procurement in Scotland', which made wide ranging recommendations for public procurement reform.

Contact the Procurement Team for advice on the use of particular contracts and frameworks.
5 Invitation to Quotes (ITQ) and Invitation to Tender (ITT)

5.1 Quick Guide ITQ & ITT

**Goods or services**
- **Less than £2,000?**
  - (Excluding VAT)
  - **NO**
  - **YES**
    - Use frameworks if possible (2) - always check with Procurement for advice on frameworks

- **Goods or services**
  - **Less than £10,000?**
    - (Excluding VAT)
    - **NO**
    - **YES**
      - As above frameworks else conduct an Invitation to Quote (ITQ) + request a minimum of 2 formal quotes from suppliers.
      - Seek advice from Procurement on ITQ you may need quality criteria

- **Purchase is less than £50,000?**
  - (Excluding VAT)
  - **NO**
  - **YES**
    - As above but contact Procurement at outset to plan an ITQ process if possible (2) + complete PPA1 with Procurement. Request up to 5 quotes

- **Purchase is less than £172,514?**
  - (Excluding VAT)
  - **NO**
  - **YES**
    - As above, ensuring you contact Procurement **before** beginning any planning for a tender of this value

**Procurement will oversee a review of any such a purchase and will give advice on supplier & contract management if a term contract**

**Purchases must only be made via P CARD or Agresso**

- Failure to comply with procedures is a disciplinary issue
- *Some Facilities and Library Orders are ordered via approved subsystems - consult Procurement for details*
5.2 Invitation to Quote (ITQ)

Below is a schematic of what a quotes process can consist of and depending on the value and complexity of the intended purchase the content of the individual stages of an ITQ can vary accordingly. In the first instance contact the Procurement Team.

5.2.1 Prepare a brief

See the Scottish Government’s guidance; “Prepare a brief” and if you have any resulting queries please contact the Procurement Team.

5.2.2 Identify Suppliers

One reason to contact the Procurement Team at the outset is to get them to advise as to the availability of an existing contract that might meet your needs either via a consortia contract (see section 4 above) or a locally let contract on behalf of the University.

If the above proves negative the Procurement Team may be able to help source competent suppliers through contacts in the sector and you can use your own contacts in the sector as well as desk research such as web searches to identify a suitable number of suppliers.

5.2.3 Prepare Quotation Documents

A template of the front page of an ITQ is available on the Procurement Journey. Your actual requirement should have the following characteristics:

- **Be proportionate** – if a requirement is very low in value and straightforward such a simple list of equipment then a decision based on price only may be adequate. For more complex requirements you should also include some quality criteria such as a functional or technical specification. All scoring criteria must be transparent to the potential bidders and be detailed within the requirement. The allocation of marks should be transparent and commensurate with their importance.

- **Keep your requirement clear and concise** - avoid brand names. For service type requirements such as a consultant ensure the wording of your requirement uses words such as, “demonstrate how you would meet ….” and/or “illustrate with recent examples of similar requirements”, to ensure you get detailed responses and not just yes or no responses.

- **Adhere to strict deadlines** – issue your ITQ and set a deadline date & time for returns usually by email.
5.2.4 Receive & Evaluate Responses

**Open bids with a colleague** and record the bids and where necessary score the quality of the bids and agree the winner based purely on the scoring criteria issued with the requirement.

Do not engage in any additional bidding round or share any bidder’s prices. Once complete, inform all the suppliers as to the outcome. Where an ITQ has included quality criteria as well as price you must use the Price Scorer available from Procurement which provides proportionate scoring.

The University awards the maximum price score to the lowest priced tender and other bids are awarded scores relative to the lowest price bid. The formula used is as follows: $\text{Maximum score available} \times \frac{\text{Lowest Price}}{\text{Tenders Price}}$

For example 3 bids are submitted, £20,000 (Bid 1), £30,000 (Bid 2) and £40,000 (Bid 3) where price has a maximum score of 40:
Bid 1 scores 40 Bid 2 scores 26.67 Bid 3 scores 20

5.2.5 Notify Suppliers of Outcome

Suppliers should be notified promptly of the outcome of an ITQ process and where unsuccessful it is a requirement to give brief, useful and objective feedback.

See [Contract Award Letter](#) for an example of the style of communication which can be sent by mail or email.

At the same time as the above, unsuccessful suppliers should be notified using the [Unsuccessful Quotation Letter](#).

It is essential that all feedback is documented for audit purposes and based on the objective criteria used to evaluate the quotation. De-briefing provides suppliers with positive constructive feedback to help improve their performance in future competition. It can also provide an opportunity for suppliers to suggest improvements to our procurement processes.

5.2.6 Retention of Documents

Retain bids documentation for the period of the resulting contract or 1 year whichever is the longer period.

5.2.7 Contract Management

Depending on the value or criticality of the contract the supplier's performance should be managed during the contract and the buyer should ensure that the goods/services are delivered in line with the performance or service level expectations i.e. Quality/Service/Cost/Delivery identified in the original quotation.
5.3 Invitation to Tender (ITT)

Below is a schematic of what a tender process can consist of and as with a quotes process depending on the value and complexity of the intended purchase the content of the individual stages of an ITT can vary accordingly.

All tenders will be managed by the Procurement Team who will follow the guidance in the Scottish Government’s [Procurement Journey](#) as necessary.

As buyers in schools and services your main input into a tender process will be to provide the detailed input into the specification or requirement element of the tender.

Given that the Procurement Team’s role is to lead any tender process it is not the intention here to expand in detail on all aspects of the Procurement Journey. We will however go into some detail of the start of a project to give buyers a good understanding of the need to plan with the Procurement Team at the very outset to ensure a successful outcome.
5.3.1 Start

The first thing to realise at the outset of any tender requirement is that a public tendering process is onerous and the University as a public body must conduct the tender process to exacting standards and in compliance with Scottish and EU law.

Thus the need to engage with the Procurement Team at the very earliest possible planning stage and it is the Procurement Team who will therefore working with the school or service who will manage the entire tender process.

At the outset of any process the first consideration is whether we can meet our needs by buying less or, indeed, not buying at all. The University needs to make the best use of its assets; both equipment and human resources, and thus another initial consideration at the outset of a procurement project, should be whether we can share equipment.

Thus as the Procurement Journey suggests we need to consider such questions as:

- Have alternatives to procuring being considered and discounted and do you have a budget?
- Is there a robust documented business case supporting this procurement?
- Will this expenditure stand up to public scrutiny?
- Have the Procurement Team been involved in the development of the business case to help cost options, enable flexibility, minimise risk and/or inform decisions regarding the route forwards?
- Are you aware of opportunities to buy your specific requirement through existing collaborative contracts and do you know how to access them?

Again the Journey highlights the “natural break points” within the Procurement Journey that can be used as review points for sign off and approval to proceed to the next stage of the process.

Suggested review and sign off points are:

- At project initiation
- After Initial Opportunity Assessment
- For approval of strategy including budget
- For approval of Contract Notice, PQQ and / or ITT
- At Contract Award stage
- At Implementation stage

As stated above once you have engaged with the Procurement Team you can begin to plan the way ahead and ensure the best possible outcome in terms of value for money and legal compliance.
5.3.2 Develop Strategy through to Contract Implementation

As explained above the Procurement Team’s role is to manage the tender process from the outset with input on the requirement/specification from the school or service. The Procurement Team will lead and manage the tender process through to contract implementation advising at all steps along the journey to contract implementation.

5.3.3 Contract Award

The Procurement Team will ensure that any completed tender process is awarded compliantly and in particular will ensure the relevant legislation is followed where appropriate including the requirements of the European Procurement Directives.

A contract award recommendation report will be prepared by Procurement and authority sought to award the contract.

5.3.4 Contract Implementation

In order to ensure the smooth implementation of a particular contract a number of steps require to be undertaken which begin with communication to the users of the new contract through to Supplier/Buyer events where useful.

The post award meeting with the successful bidder is a key element and sets the scene for the term of the contract which leads into the contract and supplier management stage.

5.3.5 Contract & Supplier Management
When the University lets a contract or makes use of a contract or framework let on our behalf depending on the value or criticality of the contract in conjunction with the client department we may setup regular contract management meetings. These meetings are designed to ensure the successful delivery of the contract and their frequency and content need to be proportionate.

We would typically agree to the frequency and duration of contract review meetings and agree at an early stage some performance indicators to provide some objective measurement of the contract performance.

Contract review meetings also allow sharing of ideas and provide an impetus for improved use of a contract.

Over the term of a contract such meetings can be mutually beneficial and helps ensure that the University is well informed and prepared for the renewal tender when it arises.

The Procurement Team will advise and work with those relevant staff where required.
6  Requisitions and Purchase Orders

6.1  Standard requisition and order process

The University has only two approved routes for buying goods and services, purchase orders and purchase cards - see section 7.

Each area of the University has usually at least 2 trained requisitioners who can raise requisitions via the Agresso system. It is the requisitioners’ responsibility to ensure that the appropriate procedures have been followed in selecting the particular supplier and goods or services. The requisitioner attaches the relevant quotes or tender summary and any other relevant information to the requisition before submitting to the relevant approver.

Only heads of school or equivalent (Requisition Approvers) have the authority in conjunction with Procurement to authorise the conversion of requisitions into orders and issue orders electronically and only via Agresso. All requisitions must be raised well in advance and before the goods or services are to be delivered.

Suppliers can only proceed to supply the University once they are in receipt of a valid order issued via Agresso.

6.2 Engaging a sole or individual trader (e.g. consultant, master class or temporary expert)

Where a school, institute or service wishes to engage a sole trader or individual trading under their own name there is an additional process that needs to be followed, in conjunction with the above standard requisition procedure.

Please note the default method of payment for individuals is via Payroll.

Only if particular individuals wish to be engaged as a supplier then follow the below additional steps as part of the requisition and order process again well in advance of when the goods, service or equipment are required and ensure as above in 6.1 that the appropriate quotes process etc. has been carried out.

6.2.1 Complete the Employment Status of individuals Pro Forma

Having completed a compliant quotes process and selected an individual to be appointed as a supplier please ensure the engager of the individual completes an Employment Status of Individuals Pro Forma and attached this to the requisition.

On receipt of the requisition by Procurement we will contact the individual (sole trader) and take them through the HMRC Employment Status Indicator (ESI) tool and questionnaire. The ESI tool enables the Procurement Team to check the employment status of an individual as to whether s/he is employed or self-employed for tax and National Insurance contributions (NICs).
Please note that each individual engagement must be subject to the ESI process to ensure compliance with HMRC and to avoid this risk of substantial penalties and tax falling due to the University and individual school, institute or service at a later date.

For clarity there is no legal status of self employment and just because a sole trader is ostensibly “self employed” does not necessarily mean that each individual engagement will be a self employment.

If the ESI process decides that the individual is self employed for a particular engagement then the requisition will in due course be approved as an order and issued via Agresso. Where the process finds the engagement of the individual would constitute an employment the requisition will be cancelled and Payroll/HR must be contacted to see how the individual can be contracted and paid via Payroll.

6.3 The Importance of Order Compliance

It is a breach of the Financial Regulations to order by letter, email, phone or fax.
An official order issued via Agresso constitutes a contract and no other instrument can substitute for an order.
Such a failure to adhere to the Financial Regulations may result disciplinary action although every attempt will be made to amend such behaviour by offering advice and guidance in conjunction with the relevant head of school or equivalent.

In order to amend poor practice we require the form Record of non-compliance with order procedures to be completed and attached to the relevant requisition.

6.4 Invoices not related to a valid purchase order

In cases where invoices are received without a valid Agresso issued order number the invoice will be returned to the supplier.

The supplier will be advised that the University will not accept invoices unless they are in receipt of a valid order and have entered the order number on their invoice.

The supplier will also be reminded to only accept an order sent via Agresso and not by letter, email, phone or fax.
7 Purchase Cards

Purchase cards enable the purchase of low value goods and services and are used in conjunction with Card BackOffice (an electronic statement tool). All access to Card BackOffice accounts are password controlled.

Training & guidance is provided and conditions of use are issued to each cardholder to ensure the appropriate use of the cards.

Amongst other requirements the card holder is responsible for submitting all original receipts (original VAT receipts within EU) along with the paper card statement to the card approver to allow the approver to validate and approve the online statement as well as the approver signing the paper statement.

Any misuse or inappropriate use of cards by anyone other than the cardholder will result in the card being cancelled and other appropriate actions including disciplinary action.

Please remember to use contracts wherever they are in place – we have a large range of consortia arranged contracts and frameworks as well as local contracts.

If in doubt please contact the Procurement Team who will advise.
8 Code of Ethics: Purchasing

1 Summary Statement

It is the policy of the University to maintain the highest standard of integrity in all business relationships including those relating to the purchase of goods and services.

The University as a public body is subject to continuous scrutiny as to the conduct of its activities including purchasing and therefore any staff involved in any aspect of purchasing, directly or indirectly, must be vigilant and comply with this code.

2 Fraud

All staff involved in financial transactions must guard against fraud and malpractice. If a member of staff suspects fraud in relation to the purchase of goods or services he/she must report their concerns immediately to the Head of Procurement.

3 Conflict of Interest

Where a member of staff, their partner, relative or close friend holds any form of employment or other position such as director or consultant with a supplier or potential supplier of the University they must immediately bring this to the attention of the Head of Procurement and distance them self from any such purchasing decision and inform any relevant colleagues dealing with such a purchase.

4 Detailed Code

4.1 Treat all suppliers and potential suppliers fairly and equally and ensure the information given to all suppliers is true and fair and not designed to mislead before a contract is awarded.

4.2 Declare to the Head of Procurement any personal interest which may impinge upon, or might reasonably be deemed by others to impinge upon, their impartiality in any matter relevant to their purchasing duties.

4.3 Respect the confidentiality of information received in the course of a tender or quotes process – in particular do not divulge pricing in order to solicit matching or improved bids.

4.4 Refuse any offer of hospitality other than that which the University might reasonably reciprocate - for example a moderately priced business lunch.

4.5 Refuse gifts or inducements from suppliers other than items of small and token value such a business diaries or calendars

4.6 While bearing in mind the advantages to the University of maintaining a continuing relationship with a supplier, avoid any arrangement which might in the long term, prevent the effective operation of fair competition.

The code can also be viewed on the Finance & Commercial Services Intranet under Procurement, Procurement Strategy and Policies.