



CORPORATE POLICY AND PROCEDURES FRAMEWORK

PROCUREMENT POLICY

| | |
|--------------------------------------|---------------------|
| ELT manager | Director of Finance |
| Responsible officer | Director of Finance |
| Date first approved by BoM | 28 June 2012 |
| First Review Date | June 2013 |
| Date review approved by BoM | 17 December 2015 |
| Next Review Date | December 2018 |
| Equality impact assessment | |
| | |
| Further information (where relevant) | |

| Reviewer | Date | Review Action/Impact |
|---------------|--------------|--|
| Alan Ashworth | March 2012 | Amended 5.0 Thresholds Value & 6.0 Standard Purchasing Procedure to conform with the Financial Regulations & the introduction of the new PECOS Purchase Ordering System. |
| Alan Ashworth | October 2015 | Amended 5.0 Thresholds Value & 6.0 Standard Purchasing Procedure to conform with new PECOS arrangements, EU Regulations & the Procurement Reform (Scotland) Act 2014 Amended 6.2 & 6.3 – The introduction of a Procurement Officer. Amended 9.2 upping of value for Formal Tenders. Amended 9.3 – insertion of latest EU limits. Amended 10.2 –New Threshold |
| | | |

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

PROCUREMENT POLICY

Contents

| | |
|---|----------|
| 1.0 Purpose..... | 3 |
| 2.0 Policy | 3 |
| 3.0 Scope | 3 |
| 4.0 Responsibilities..... | 3 |
| 5.0 Thresholds Value | 4 |
| 6.0 Standard Purchasing Procedure..... | 4 |
| 7.0 Urgent Purchasing Procedure..... | 6 |
| 8.0 Obtaining Quotes | 6 |
| 9.0 Tendering Process | 6 |
| 10.0 Non Competitive action | 8 |
| 11.0 Legal Obligations | 8 |
| 12.0 Environmental Issues | 8 |
| 13.0 EU Tendering..... | 9 |
| 14.0 Breach of Policy | 9 |
| 15.0 Review of Policy | 9 |

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

1.0 Purpose

1.1 This policy sets out the legal framework within which all procurement in West Highland College UHI should be undertaken, and identifies the key practices that will ensure effective procurement within the College.

1.2 Effective procurement of goods and services is based on best “fit” and value for money, but having due regard to propriety and regularity. Value for money is defined as the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user’s requirement.

1.3 The College has a central purchasing procedure that must be followed at all times. An official purchase order must be used for all purchases, as detailed in the College Financial Regulations.

2.0 Policy

All purchasing activity in West Highland College UHI must be undertaken in accordance with public procurement regulations, and will be based on the achievement of best ‘fit’ and value for money. The Purchaser must demonstrate propriety and due diligence at all times during the purchasing process.

3.0 Scope

3.1 This policy applies to all staff working on behalf of West Highland College UHI. All types of purchasing must be supported by a pre-determined budget agreed by the Director of Finance.

3.2 This policy should be read in conjunction with the College Equality Diversity & Inclusion Policy and its separate Disability, Race and Gender Equality Schemes.

4.0 Responsibilities

4.1 The Director of Finance is responsible for managing and updating this policy.

4.2 The Senior Management Team is responsible for ensuring that College Management adheres to the policy and managers for the effective operation of this policy within their departments/faculties.

4.4 The Director of Finance is responsible for the day-to-day management of all records associated with the purchasing process, including division of responsibility.

4.5 The Finance Administrators and nominated departmental/faculty staff, are responsible for receiving requisitions, generating official purchase orders, obtaining value for money, receipting goods and arranging delivery of the goods to departments or faculties as appropriate.

4.6 The Finance Administrators are responsible for receipting invoices, by matching the invoice to the purchase order/goods received note and arranging payment to suppliers.

4.7 Staff who have purchasing authority must adhere to the standards of ethical behaviour and due diligence during their procurement activities.

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

4.8 All West Highland College UHI staff are responsible for following these policy guidelines.

5.0

| Thresholds Value | Action | Approval |
|---|--|--|
| < £1,000 | Telephone or Written Quote | Budget Holders |
| £1,001 to £2,500 | Minimum 2 Written Quotes | Head of Facilities or Curriculum Managers |
| £2,501 to £5,000 | Minimum 3 Written Quotes | Senior Managers |
| £5,001 to £12,500 | Minimum 3 Written Quotes | Principal |
| £12,500 to £172,514 | 3 competitive quotations via the Public Contracts Scotland Portal. | Finance & General Purposes Committee for detailed review. Board of Management for summary review and approval |
| >£172,514 Aggregated over 4 year period | *EU Regulations (goods and Services) | Board of Management |
| > >£4,322,012 Aggregated over 4 year period | *EU Regulation (works) | Board of Management |

£12,500 per annum or a £50,000 one off spend * Procurement Reform (Scotland) Act 2014 requires a tender exercise to be completed via Public Contracts Scotland

£25,000 contract award without competition must be approved in advance by the Scottish Funding Council

£100,000, for external consultancy contracts, aggregated over 4 years must be approved , in advance, by the Scottish Funding Council

6.0 Standard Purchasing Procedure

6.1 Purchase Order Requisitions Purchasing Policy West Highland College UHI

| | |
|------------------------------|-----------------------------|
| Purchase Order Requisitioner | Maximum Self Approval Limit |
| Budget Holder | £1,000 |

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

| | |
|--|---------|
| Facilities Manager or Curriculum Manager | £2,500 |
| Senior Manager | £5,000 |
| Principal | £10,000 |

6.2 New Supplier Details

New supplier details should be received from the Requisitioner addressed to the Procurement Officer who will confirm details. The Procurement Officer will arrange for the supplier to be set-up in the electronic procurement system (PECOS) and the Finance Administrator will set up the Finance System. The Procurement Officer will ensure that the approvals accord with the delegated authority matrix, and give due regard to clear segregation of duties, and confirm that supplier payment details are directly received by the Finance Administrator .

6.3 Purchase Order Requisitions (POR)

A formal request should be input into the PECOS system to source the most appropriate goods and/or services. The Procurement Officer will then arrange for supplier details to be entered into the procurement system (if not already on the system). For more specialised items, the requesting faculty/section will provide the item specification. Once set-up, these items are sent for approval, and then automatically despatched to a suppliers back office for processing.

6.4 Official Purchase Order Requisitions

All staff with appropriate authority to raise PORs or to approve PORs, are individually responsible for ensuring that all orders are processed through the PECOS procurement system, ensuring that resultant official purchase orders are used for all college purchase transactions.

6.5 Goods Receipting

The Finance Administrators and nominated department/faculty staff are responsible for receipting and matching goods received against the official purchase order retained in the system. Goods received should be marked against the purchase order accordingly. Once receipted, all transactions will be interfaced with the College's financial system.

6.6 Services Receipting

When the supplier completes the service to the satisfaction of the requisitioner, the requisitioner will receipt the order, if they have the delegated authority to do so. If they do not have this authority, then they will inform the Finance Administrator who will receipt on their behalf. Once receipted, all transactions will be interfaced with the College's financial system.

6.7 Invoices

All supplier invoices should be directly received in the Finance department. The Finance Administrators will (within the financial system), check that the goods/services have been received, then match the invoice against the official purchase order. Any invoices received in the Finance department without an official purchase order will be returned to the supplier with a request to obtain an official purchase order number from the member of staff ordering the goods/services.

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

6.8 Payment

Once the goods or services and invoice have been received, the Finance Administrator will make payment to the supplier. Payment by BACS is the preferred method of settlement.

7.0 Urgent Purchasing Procedure

7.1 Urgent Purchase Orders

When it is necessary to arrange urgent supply and there is no time to input details in the procurement system, a verbal order may be given. This will primarily relate to work within the Estates Section for reactive maintenance, and the Training/Commercial Kitchens for food purchases. It is normal for “blanket” type purchase orders to be set up for purchases from regular suppliers. Once these “urgent” purchase orders are arranged, normal requisition details must be entered in the procurement system, and as normal processed for approval.

7.2 For non-regular supplies, the requisitioner should obtain prior approval (read: Thresholds, paragraph 5) before proceeding. As stated in paragraph 7.1, the supplier should be given an official purchase order number, the name of the person raising the order and the delivery point address. The subsequent POR must be entered in the PECOS procurement system and marked “confirmation of verbal/telephone order – do not duplicate”, and annotated with a clear description of the purchase. The item should be processed for approval as normal.

8.0 Obtaining Quotes

8.1 Receiving quotations is a relatively straightforward exercise of seeking a price, and delivery time for goods and/or services that are easily specified. Requisitioners are responsible for obtaining, annotating on the procurement system and filing quotes and retain these for internal audit purposes.

8.2 The Principal or Senior Managers may obtain quotations for goods and/or services with a more complex specification. However, they may refer the quotes to the Finance Administrator to conclude the transaction and record the contractual information (Purchase Order Requisition) on the Financial System, if required.

9.0 Tendering Process

9.1 The objective of using a tender procedure is to obtain the best “fit” and the best value for money (VFM). The goods/service shall be of the right quality, available at the right time, fit for their intended purpose and affordable.

9.2 For values in excess of £12,500, a minimum of 3 formal tenders should be sought via Public Contracts Scotland Portal. Formal tenders are different from quotes because the College department/faculty should fully explain its requirements/specifications to tenderers and may often assess information other than price (such as CVs) before awarding work.

9.3 If the estimated value of the contract is in excess of £172,514 EU policy and procedures will need to be followed. Specifications should be sent to the Director of Finance who will issue the tender using the most appropriate route, in accordance with Public Sector Procurement directives. On receipt of tenders, these will be financially evaluated, then this may involve using staff from APUC Ltd to assist with the process or using existing framework agreements sent to the department/faculty

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

for technical evaluation. Once the technical evaluation is complete, the results should be used to conclude the award and notify unsuccessful tenderers.

9.4 Where the tender interest is likely to be high, applicants may be required to complete a pre-qualification questionnaire in order to be considered. The questionnaire will require information on areas such as the applicant's company size, experience, technical abilities, CVs and company accounts. Each item from each company will be scrutinised and assessed against criteria that have been agreed in advance for the particular contract. This should include economic viability.

9.5 Invitations to tender consist of a letter and package of documents stating the College's terms and conditions. The package includes several sections:

9.5.1 Section 1

The bidder's declaration that he understands the College's requirements and his warranty that the bid is made in good faith; a form to confirm if the tenderer will not be able to comply with any of the College's requirements and the costed implication of any non-compliance, the College is at liberty to reject non-compliant bids. Finally, Parent Company Guarantee – The College needs to understand the relationship that the tenderer has with its parent or subsidiary companies, including who will perform the contract, who carries the power of decision making, and will the parent company take over the performance of the contract in the event of the subsidiary ceasing to trade.

9.5.2 Section 2

Comprises the College's general conditions of contract in the interests of protecting public money. Tenderers should not include their own terms and conditions when submitting tenders or bids.

9.5.3 Section 3

Comprises the price schedule. Where relevant and possible, the College will consider "whole life" costs of all purchases to determine what is good VFM. It is therefore very important that prices are submitted in the same format as the College's schedule form, which will vary from contract to contract.

9.5.4 Section 4

The specification or "Scope of Work" contains the particular requirements of the contract. College staff will make this as clear, concise and unambiguous as possible. If you have to make assumptions in a tender, they should be clearly stated so that bids can be compared fairly on a "like for like" basis.

9.5.5 Section 5

Includes the Administration Instructions including a section for the tenderer to complete.

9.6 The evaluation of tenders should be performed by a small panel of College staff but may include experts from outside agencies or the Board (this is the Evaluation Team); the end user will always be included. Each panel member should evaluate the bids individually by reference to their own copy of the information before the group meets to discuss the bids and agree a final shortlist. Each member should start the evaluation with a different tender to ensure no tender is unfairly disadvantaged because it is particularly lengthy or brief. All tenders are scored and a shortlist is produced before prices are considered.

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

9.7 Where possible the likely dates for presentation should be included in the invitation to tender. Only short-listed tenderers are invited to present their tender to the Panel. At the presentation, marks are awarded for areas such as communication and their ability to work as a team. The scores are added to the ones awarded for the bid. It is essential for the College to ensure that the final contract agreed constitutes the best VFM possible and incorporates everything that has been agreed with the winning tenderer.

9.8 Any outstanding issues have to be clarified in writing and will be referred to in the Form of Agreement or the Letter of Acceptance that the tenderer receives at the end of the process. This will form part of the Post Evaluation Review.

9.9 Public sector procurement rules and EC Regulations clearly forbid “Dutch Auctions” – where several tenderers are asked in turn to improve their offers or risk losing the contract on cost grounds.

9.10 The EC rules require that unsuccessful parties are offered a debrief, which is also encouraged as a matter of College policy. This should help the tenderer to submit better work in the future. No information can be given about any other bids, as this is commercially confidential.

10.0 Non Competitive Action (NCA)

10.1 It is West Highland College policy that goods, services and works must be bought by genuine and effective competition. NCA is only granted in exceptional circumstances. It is strictly limited to situations where competition is not deemed appropriate

10.2 The Director of Finance must be consulted about any proposal to award a contract without competition before using the Single Source Justification Application for NCA. For NCA procurements up to £12,500 (excluding VAT), approval must be obtained in advance by at least Director. All requests to proceed with NCA for procurements over £10,000 must be approved in advance by the Board of Management.

10.3 In all cases the guiding principles are that NCA approval is by someone other than the Budget Holder who will undertake the procurement to ensure adequate separation of duties. The NCA justification and approval must be formally recorded.

11.0 Legal Obligations

11.1 The College attempts to ensure that, if a contractor breaches certain types of legislation, such as anti-discrimination and Health and Safety, it will have a contractual effect as well as being illegal. This is therefore a specific requirement of the College’s Conditions of Contract.

11.2 On no account should any member of staff procure goods or services on behalf of a non-affiliated organisation, using the College systems and money.

12.0 Environmental Issues

12.1 These will affect each contract differently. Where possible, the College will draw the bidder’s attention to any areas of particular environmental concern relating to the product or service being sought. Credit will be given where bidders show that they

Procurement

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

have taken any detrimental impact on the environment into account and minimised it as far as possible.

13.0 EU Tendering

13.1 There are specific rules relating to the timetabling of EU Procurement exercises, depending on whether the College chosen procedure is “Open” or “Restricted”, and whether the marketplace has been previously advised of the probable likelihood of the tender within the forthcoming year by issue of a Prior Indicative Notice (PIN).

13.2 The College preferred method is to use the “Restricted” procedure.

13.3 All suppliers who request tender documentation will be invited to submit a tender. There is no pre-qualification questionnaire or short listing stage prior to invitation to tender.

13.4 A two stage approach is adhered to in which the College invites interested suppliers to undergo a pre-qualification assessment before a settled number of invitations to tender are issued.

13.5 Please refer to the Director of Finance for EU tendering authority and procedures.

14.0 Breach of Policy

14.1 Any breach or non-compliance with this policy must, on discovery, be reported to the Director of Finance who may discuss the matter with the College Principal and/or other College Directors or Finance & General Purposes Committee, as may be appropriate in order to determine the proper action to be taken.

14.0 Review of Policy

14.1 This policy should be reviewed whenever changes affect it or in 2018, whichever is the earlier.