

Policy	Finance 1
Issue No	1
Issue Date	01/01/13
Review Date	01/01/16
EIA	
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PROCUREMENT POLICY

1. INTRODUCTION

1.1 This document details Edinburgh College's Procurement Policy and will support the values adopted by the College by:

- Maintaining the highest ethical standards linked to procurement matters;
- Promoting and advancing diversity and equalities as an integral part of the College's procurement strategy;
- Promoting sustainable development by adopting appropriate procurement strategies;
- Acting fairly towards suppliers;
- Achieving value for money;
- Working in partnership in terms of public procurement; and
- Complying with its legal obligations in relation to procurement, including the requirements of the EU Procurement Directives.

1.2 The Policy will support the College's key objectives as set out in the College Strategy by ensuring the sustained integrity of procurement processes.

2. SCOPE

2.1 This Procurement Policy applies to all purchases made by the College including those funded from both capital and revenue budget. The Policy must be adhered to by all staff involved in procurement activity and should be read in-conjunction with the following College documentation (which must also be adhered to by all staff involved in procurement):

- Procurement Procedures
- Financial Regulations
- Purchasing Card Procedure
- PECOS User GuideS
- Business Travel and Expenses Policy

2.1 Procurement support and advice is available from the College's Procurement Section. This advice is more effective at the inception stage of any proposed procurement. All enquires are welcome for any level of spend.

2.2 Failure to adhere to this Procurement Policy may lead to disciplinary action being taken against the member of staff.

3. LINES OF RESPONSIBILITIES

3.1 The Director of Finance will be responsible for the College's procurement policy and strategy.

3.2 The Director of Finance will be responsible for managing the development of the College's procurement systems, processes and procedures and for ensuring cross college compliance. The Director of Finance will also be responsible for agreeing delegated purchasing authority (DPA).

3.3 The Procurement Section has operational responsibility for:

- Procurement systems, processes and procedures;
- Determining & promoting best practice purchasing arrangements; and
- Leading high value high risk corporate procurement exercises.

4. CONTRACT VALUE

4.1 The value of a contract has important legal consequences, particularly in relation to the EU Procurement Directives/Public Contracts Scotland Regulations. It is for this reason that the Procurement Procedures Manual must be referred to at the outset and followed by all staff undertaking any procurement.

4.2 Unnecessary small value orders should be avoided as the acquisition cost of raising a Purchase Order, according to the Government Procurement Service, is at least £28 per transaction.

5. LEGAL OBLIGATIONS

5.1 The College will fully comply with its legal obligations under the EU Procurement Directives/Public Contracts Scotland Regulations.

5.2 This requires contracts with the following values to be advertised in the Official Journal of the European Union and tendered in full compliance of the requirements of the EU Procurement Directives:

Supplies	Services	Works
£173,934.00*	£173,934.00*	£4,348,350.00*

*Effective from 01 January 2012 to 31 December 2013

5.3 It should be noted that a limited number of Services are exempt from the full EU Directives, however these still have to be tendered competitively. In such circumstances the Procurement Section must be contacted prior to commencement of the procurement for guidance.

5.4 As these thresholds also apply to existing contracts, the 'rolling forward' or extending contracts without a call to competition must only be taken following full consultation with the Procurement Section, as this may result in the contract exceeding the stated threshold by the accumulated value. With the introduction of EU Remedies Directive (which came into force on 20 December 2009) suppliers can easily, and at minimal expense, raise an action in the Sherriff Court (with the potential for the case to be escalated to the Supreme Courts or the European Court), have the awarding of a contract award postponed and if found to be non-compliant, have it set aside and be awarded damages. The contractor who had thought that they had been awarded the contract can also claim for damages and the College has to restart the tender process all over again. It is for these reasons that contracts must be managed and controlled

via established procedures as detailed in the College's Procurement Procedures. This not only presents the College with potentially significant financial implications but also the adverse publicity that could accompany any legal challenge.

- 5.5 In addition to its legal obligations in relation to the undertaking of procurements which exceed the EU Thresholds, the College is legally required to advertise all contract opportunities where the value exceeds £50,000 (but is below the EU Threshold) on the Public Contracts Scotland web-portal. Additionally, the College has a requirement to undertake such procurement exercises in accordance with the Scottish Government's Procurement Journey.
- 5.6 Suppliers who feel that they have been unfairly treated in relation to below threshold procurements can also raise the legal action referred to at 4.4 against the College, and in all cases suppliers can now raise grievances directly with Procurement Scotland through the Single Point of Enquiry (which can lead to a full investigation being carried out by the Scottish Government in relation to the procurement conducted by the College).

6. VALUE FOR MONEY

- 6.1 Before any financial and/or contractual commitment is entered into all factors determining value for money (rather than price alone) must be taken into account and the contractual risk to which the College may be exposed must be managed.
- 6.2 The following factors will be taken into account during procurement exercises to assist the College in achieving value-for-money:
- Right quality of product or service – Product Specification;
 - Right quantity of product or service – Product Specification
 - Products or services supplied at the right time – Source of Supply;
 - Products or services supplied at the right place – Source of Supply; and
 - Right price for the product or service – Source of Supply

7. SEPARATION OF DUTIES

- 7.1 To ensure propriety, members of staff will perform different roles. These roles should never be carried out by the same person. The three key roles are therefore:
- The Budget Holder ensures that the proposed purchase fully complies with the College's procurement procedures;
 - The member of staff who receives the goods/services and authorises the invoice for payment; and
 - The member of staff who processes the invoice for payment (Finance Office).

8. GOVERNMENT PURCHASING CARDS (VISA)

- 8.1 For one-off purchases of goods and/or services costing under £1000+VAT the College promotes the use of a Purchasing Card (Visa/Mastercard) which substantially reduces the acquisition cost. It avoids the need for the College to set up a supplier on the Finance system in order to process the payment of a supplier and for the user to complete and submit a 'New Supplier Form'. Payment is also executed in 4 days as opposed to our normal payment period.

8.2 All purchases made using a Purchasing Card must be carried out in accordance with the College's Purchasing Card Procedures.

9. USE OF e-PROCUREMENT (PECOS)

9.1 The PECOS eProcurement system must be used for placing purchase orders where the required supplier has been set up on the system.

9.2 Where a supplier has not been set up on PECOS the Procurement Procedures Manual must be referred to and followed without exception.

10. CENTRAL AND EXISTING CONTRACTS

10.1 Where a central contract exists for the provision of required goods and/or services (run by such bodies as APUC, Procurement Scotland, and the Government Procurement Service) these must be used (unless agreed otherwise by the Procurement Section) for the following reasons:

- *Competitive pricing*, benefitting from economies of scale and greater negotiating resource in compliance with the EU Procurement Directives (for spending above the EU Thresholds);
- *Dealing with authorised and vetted sources of supply*. Suppliers on such contracts have been vetted for financial, insurance liability and trading references. They will also have been assessed on their Health and Safety, Quality, Corporate and Social Responsibility (covering Diversity and Equality and Sustainability) policies and procedures both for the supplier themselves and their supply chain;
- *Redress*: the central contracting authority will have issued the contract under Government Terms and Conditions which would be properly weighted towards the buying authority in question (the College). Should there be problems that cannot be addressed locally the College can go to the contracting authority to intervene on its' behalf provided we have adhered to the contract terms. The supplier risks losing a greater proportion of business and future business for reported poor performance and is expected to take a different position to that of dealing with a single College;
- An existing central contract provides a lot of information on technical standards etc. and facilitates dialogue with approved suppliers generating a more informed procurement decision; and *Cost avoidance*. In utilising these contracts the College is not required to undertake its own fully compliant tender exercise. This not only reduces the workload of the Colleges Procurement Section, but also the staff time required from the functional area that has the requirement.

10.2 While Central Contracts are not mandatory, as a publicly funded body the College must have exceptional reasons for not taking them up and must be able to justify its' claim of getting value for money for public funds while incurring the additional costs and time involved and the attendant risks in undertaking a separate fully compliant competitive procurement process.

11 TERMS AND CONDITIONS

11.1 All Contracts undertaken by the College or Purchase Orders raised against non-central contracts must only be entered into under the College's Terms and Conditions of Contract and must be subject to Scots Law, unless agreed otherwise by the Procurement Section.

11.2 All Purchase Orders raised against collaborative frameworks agreements/contracts must only be raised against the terms and conditions used by the purchasing consortia which awarded the framework/contract.

12 COVER ORDERS (RESTROSPECTIVE PURCHASE ORDERS)

12.1 The practice of using cover orders runs counter to the public procurement policy as well as the College's Financial Regulations and must not be undertaken unless they have been approved using Single Source Justification as detailed in the College's Procurement Procedures.

13 ACTING FAIRLY TOWARDS SUPPLIERS

13.1 Members of staff involved in arranging a contract will ensure the process is carried out in an appropriate manner, consistent with this Policy and other associated College policies & procedures. This will include:

- Ensuring adequate and appropriate publicity is given to contract opportunities. This should normally involve, as a minimum, placing details of the contract opportunity on Public Contracts Scotland website;
- Adhering to the College's Procurement Policy;
- Adhering to the College's Procurement Procedures;
- Adhering to the College's Financial Regulations;
- Adhering to the College's Purchasing Card Procedure;
- Providing feedback to unsuccessful tenderers; and
- Paying suppliers for goods and services normally within 30 days of the date of an invoice (however earlier settlement terms can be agreed with Suppliers should this prove beneficial to the College).

14 ETHICAL STANDARDS

14.1 To maintain the highest ethical standards across the College, members of staff involved in procurement will:

- Abide by the College's Anti-Bribery & Corruption Policy (as detailed in the College's Financial Regulations); and
- Abide by the College's Code of Conduct as well as the policy on accepting/providing gifts and hospitality (as detailed in the College's Financial Regulations).

15 EQUALITY OF OPPORTUNITY¹

15.1 The College has a statutory duty, as defined by the Equalities Act 2010, to advance equality of opportunity in all of its functions, including procurement. The College remains responsible for meeting its obligations under the various statutes even when an external contractor provides one or more of the College's functions. Members of staff involved in procurement will take account of the following key objectives when taking forward purchasing decisions:

¹ The college is an equal opportunities organisation and aims to reflect the diversity of British Society. We welcome and support staff, students and visitors irrespective of race, ethnic origin, religion, age, sexual orientation, disability and gender.

- Ensuring all contracts are delivered in a way which is non-discriminatory and advances equality of opportunity for the College's staff, students, the general public, and businesses;
- Ensuring that the goods, works, and services provided by contractors cater for all users' needs;
- Ensuring that the College complies with the [Scottish Government's Supplier Charter](http://www.scotland.gov.uk/Topics/Government/Procurement/Selling/Suppliers Charter) <http://www.scotland.gov.uk/Topics/Government/Procurement/Selling/Suppliers Charter2> , and
- Ensuring that local suppliers and Small to Medium Sized Enterprises (SMEs) have equality of opportunity when bidding/tendering for College contracts.

16 SUSTAINABLE DEVELOPMENT

16.1 A key element in public procurement is the achievement of value for money. Members of staff involved in procurement as well as end-users will play an important part in meeting the College's sustainable development objectives through the development and use of goods and services, which are environmentally preferable. The related key objectives are:

- Conserving resources (e.g. energy, water, wood, paper), particularly those which are scarce or non-renewable - while still providing a safe and comfortable working environment;
- Reducing (and avoiding wherever possible) waste through re-use and recycling and by using refurbished and recycled products and materials where such alternatives are available;
- Phasing out of ozone-depleting substances and minimising the release of greenhouse gases, volatile organic compounds, vehicle emissions and other substances damaging to health and the environment;
- Requesting, wherever possible, that suppliers propose 'ethically traded' products (guidance on including this must be obtained from the Procurement Section in advance of obtaining quotations/raising a Purchase Order);
- Ensuring that local suppliers are not precluded from the College's procurement supply chain;
- Ensuring that any products derived from wildlife such as timber and leather goods are from sustainable sources, and comply with EC and international trading rules such as CITES (the Convention in International Trade in Endangered Species); and
- Working with suppliers to promote awareness of the College's sustainability objectives.

16.2 Members of staff involved in procurement will be required to take into account the impact of waste and waste disposal prior to making a purchasing decision. If waste cannot be avoided, then value should be recovered from the waste and only if that is not an efficient solution should the waste be disposed of by means which minimise risk to the environment and to human health.

17 WORKING IN PARTNERSHIP

17.1 The College will work in partnership with other public sector bodies to maximise the benefits arising from collaborative procurement. In particular the College is committed to working in partnership with:

- APUC
- Procurement Scotland
- The Government Procurement Service

17.2 The College will embrace collaboration through the use of Central Contracts, however where a Central Contract is not available to the College and there is the potential of joint contracting with other Colleges and Universities to obtain more competitive rates via economies of scale, this should always be considered prior to any procurement exercise.

18 PROCUREMENT AUDITS

18.1 Planned and random procurement audits will be undertaken by the Procurement Section and/or the College's internal auditors to ensure that the College's Procurement Policies and Procedures have been followed.

19 REVIEW OF PROCUREMENT POLICY

19.1 As a minimum, this Procurement Policy will be reviewed by the Director of Finance on an annual basis.

20 EFFECTIVE DATE

20.1 This policy is effective from 1 January 2013 and supersedes all previous policies and procedures related to the College procurement process. This policy will be reviewed every three years, or earlier if changes affect it in any way.