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The University of Chichester

Procurement Policy

2022

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# Introduction

The University is a substantial purchaser of goods and services across its teaching, research and pastoral activities.

The University’s Board sets out its requirements for procurements within the University’s Financial Regulations. The Regulations require all budget holders to obtain supplies, equipment and services at the best value for money consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

# Responsibility

The University has a devolved procurement structure. The management of procurements, decision making, and compliance with applicable law and policy are the responsibility of the relevant department budget holder.

This document is intended to give clear guidance to staff services who are engaged in procurement/buying activities.

All University non-payroll expenditure is covered by this policy. It is essential that this policy is followed when committing University funds. It is the responsibility of all Budget Holders to draw these Regulations to the attention of all staff likely to become involved with the procurement of goods, services or works.

Failure to observe this policy, other University policies or regulations, or failure to comply with applicable law, will jeopardise the procurement process and may lead to it being challenged in court. Breach of the law may have implications for access to government funding (such as student finance and research funding) for the University as a whole. Individual failures may lead to disciplinary action being taken in accordance with the University’s [Disciplinary](https://www.chi.ac.uk/app/uploads/2022/01/Disciplinary-Policy-and-Procedure-2022-25.docx) Policy and [Procedure](https://www.chi.ac.uk/app/uploads/2022/01/Disciplinary-Policy-and-Procedure-2022-25.docx).

Further guidance is available via the Procurement Officer.

# Regulatory Requirements

The rules for predominantly publicly funded organisations on purchasing goods, services and works in England, Wales and Northern Ireland are set out in the Public Contract Regulations 2015.

Now that the United Kingdom has left the European Union, it should be noted that regular amendments are made to the legislation via Procurement Policy Notes. These are published on the Government’s [website](https://www.gov.uk/government/collections/procurement-policy-notes#2022).

Currently the Government are reviewing public procurement law and are looking to implement legislation. The University intends to revisit this guidance in due course to take account of any changes in public procurement law or policy once it has been passed.

The Office for Students (OfS) is the independent regulator of higher education in England, and require universities to demonstrate that all students from all backgrounds receive value for money. The OfS also seek to ensure value for money for taxpayers. The OfS periodically issues Value for Money (VfM) strategies and other guidance, which should be followed as appropriate.

# University Regulations and Policy

All those involved in procurement activity must comply with the University’s applicable Policies and Regulations. Without limitation, these include the University’s [Financial Regulations](https://www.chi.ac.uk/app/uploads/2022/09/University-of-Chichester-Financial-Regulations-2022-v1.3.docx); the [Anti-](https://www.chi.ac.uk/app/uploads/2022/03/Anti-Corruption-Anti-Bribery-Policy-2022-2025_2.docx) [Corruption & Anti-Bribery Policy](https://www.chi.ac.uk/app/uploads/2022/03/Anti-Corruption-Anti-Bribery-Policy-2022-2025_2.docx) and the [Fraud Response Plan](https://www.chi.ac.uk/app/uploads/2021/10/Fraud-Response-Plan-October-2021-v2.docx).

The University’s requirements relating to declarations of interest must be complied with. These are set out in the [Financial Regulations](https://www.chi.ac.uk/app/uploads/2022/09/University-of-Chichester-Financial-Regulations-2022-v1.3.docx) (section 11) and by the University Secretary’s Office.

The University recommends that staff follow the Chartered Institute of Purchasing and Supply (CIPS) Professional Code of Ethics which can be found on the [CIPS website.](https://www.cips.org/employers/services/ethical-services/corporate-code-of-ethics)

# Best Procurement Practice

The Procurement Officer should be consulted for advice and assistance at an early stage when procurements are being considered. This is to ensure that advantage is taken of any favourable existing supplier agreements or in-house expertise (subject to the spend thresholds).

All procurements are made at the most advantageous whole life cost consistent with their specifications which must include technical standards, quality and reliability. Where possible, procurements should also take-into-account the University’s ethical standards and focus on social, economic and environmental considerations.

Fair, competitive processes for quotations and tenders are employed in evaluating VFM. The total cost must include all whole life costs for example, installation, commissioning, servicing or maintenance for the life of the contract.

Whole life costing includes all related costs to be taken into consideration for example annual maintenance, consumables, running costs and costs/profits of disposal, not just the initial cost price of the item. For a full definition of life-cycle costing as defined within the Public Contract visit the government [website](https://www.legislation.gov.uk/uksi/2015/102/regulation/68/made).

Where existing contracts are in place, these should be used in the first instance, subject to any restrictions within the original procurement parameters.

Where a new contract is required, procurement via a relevant, accessible framework agreement is preferred (for example, via consortia such as SUPC, or the Crown Commercial Service). Frameworks are generally faster to access and easier to manage that an in-house process, and obtain better terms from suppliers. Budget holders should consult with the Procurement Officer prior to using any framework to ensure it is used appropriately.

If the University’s requirements cannot be met within a framework, a bespoke process can be used, as set out in the Financial Regulations and in accordance with the guidance below.

# University Procurement Thresholds

Advice must be sought from the Procurement Officer for any procurement valued above £24,999 before any preliminary discussions are entered into with potential suppliers.

Where the University is managing its own procurement process (i.e., an existing contract is not available, and no suitable framework is accessible), the following procurement thresholds apply, as per the Financial Regulations:

*(The following values are cumulative totals for the life of the contract, not annual costs)*

|  |  |
| --- | --- |
| *Total Value* | *Minimum Process* |
| **<£5,000** | Value for money must be ensured. |
| **≥£5,000 and**  **<£25,000** | At least three written quotations must be obtained. |
| **≥£25,000 and**  **<£50,000** | All items will require three formal competitive tenders, administered  via the Finance Department. |
| **≥£50,000 and**  **<£500,000** | All items will require not less than four competitive tenders, administered by the Finance Department. This provision will be overridden if the expenditure is subject to procurement regulations (see Financial Regulation 25.7). The award of contracts **≥£250,000** must  be reported to the Governors’ Finance and Resources Committee. |
| **≥£500,000 and**  **<£1,000,000** | All items will require not less than five competitive tenders, administered by the Finance Department. The award of contracts shall  be reported to the Governors’ Finance and Resources Committee. |
| **≥£1,000,000** | The requirements for purchases ≥£500,000 will apply, but all contracts  over £1,000,000 must also be approved by the Board. |

* 1. These are total amounts (inc. VAT), even if the supply will run over more than one financial year.
  2. The thresholds represent minimum requirements, but departments may opt for more stringent procedures if this will optimise VFM or help address inherent risk in contract no matter their value.
  3. Under no circumstances should procurements be split to fall below a particular threshold. Full details of the above are available on the [procurement Staffnet page.](https://mailadminchiac.sharepoint.com/sites/staffnet/Dept_Procurement/SitePages/The-Procurement-Processes.aspx)

A quotation is a straightforward price and delivery exercise. A tender is a formal detailed exercise of obtaining sealed bids for higher value, higher specification and/or special terms and conditions against an appropriate specification.

The University is subject to Public Contracts Regulations 2015, which require purchases above certain thresholds to be put out to tender. Public Contracts Regulations 2015 apply to most higher education institutions and cover works, services and supplies. The Regulations apply whether it is intended to procure goods by purchase, lease, rental or hire purchase (with or without an option to buy). The thresholds relate to the cost of the item or service plus maintenance and any other support services that will be given by the supplier for a fee, over the life of the contract. The current thresholds (including VAT) under the Public Contracts Regulations 2015 are:

* + - £213,477 for services and supplies
    - £5,336,937 for works
    - Read the government policy [document](https://www.gov.uk/government/publications/procurement-policy-note-0921-thresholds-and-inclusion-of-vat) for more information.

The thresholds set by the Public Contract Regulations 2015 (PCR15) supersede the University’s own procurement thresholds contained in the Finaincial Regualtions and shown in clause 5.2.

If a procurement reaches the above thresholds, the guidance of the Procurement Officer must be sought and followed throughout the process.

# Devolved Procurements

While departments of the University have a significant degree of devolved operational management, procurements are always undertaken on behalf of the University and in its name. Budget holders act on behalf of the University as a whole and may expose the University to liability if they do not follow the appropriate processes.

When scoping a procurement, consideration should be given to whether the products and services procured are required by one department only, or whether the process might have wider applicability. In some cases, it will be most appropriate for a procurement to be undertaken centrally for multiple departments. In others, one department may take the majority of the benefit of a procurement, but should ensure that other departments that may wish to rely on the same contract are consulted and involved.

Where the agreement is to be used by more than one department and the procurement is not managed centrally, the lead devolved procurer should:

* consider the needs of other user departments, and
* inform the Procurement Officer of the procurement to ensure coordination of the process for the benefit of the wider University.

Fragmentation of ordering amongst a wide range of suppliers for similar goods/supplies reduces:

* the scope for competitive negotiations,
* opportunities to improve product or service quality, and
* harms effective supply chain and category spend management.

Devolved procurements should therefore be aggregated wherever practicable to produce benefits in negotiating the most competitive terms, achieve VfM and simplifying arrangements for maintenance, service and repair at an organisational level.

# Anti-Slavery

The University has a zero-tolerance approach to modern slavery and is committed to acting ethically and with controls to take steps to ensure modern slavery is not taking place anywhere in its own business or in any of its supply chains.

For further information relating to our Modern Slavery Act 2015 compliant statement can be found on our [Policies & Statements page.](https://www.chi.ac.uk/about-us/policies-and-statements/legal-risk-and-governance/)

Staff must look out for signs of modern slavery in our supply chain, particularly in risky commodity areas, and challenge or report concerns. Staff may notice irregularities that suggest modern slavery. Staff must report all suspicions or observations to their department head and the Procurement Officer who will investigate further.

Wherever applicable, the University will seek to include, in its tendering activity and contracts, specific obligations to comply with applicable laws relevant to the nature of the service including and not limited to the Modern Slavery Act 2015, Bribery Act 2010, General Data Protection Regulation (GDPR), Health & Safety at Work Act 1974, The Equality Act 2010. We expect that our suppliers will hold their own suppliers to the same standard.

# Purchase Orders and Contracts

The University must not issue a purchase order or commit to a contract until this policy has been properly complied with.

For lower-value procurements (<£50,000) at normal levels of risk, the University’s standard terms and conditions for purchasing are preferred. These are available on the University’s [website](https://www.chi.ac.uk/about-us/policies-and-statements/finance/) and the [Procurement Staffnet page.](https://mailadminchiac.sharepoint.com/sites/staffnet/Dept_Procurement/SiteAssets/SitePages/Dept_Procurement/UoC-Purchasing-Terms---Conditions.docx?web=1)

The standard terms and conditions are drafted to be broadly applicable, but should be reviewed by the procuring department in each case to ensure they are appropriate.

Bespoke contract terms can be produced in collaboration with the Legal Office for high-value, strategic or high-risk projects.

Prior to being awarded, contracts not utilising our standard terms should be reviewed by the Legal Office to ensure the included terms are acceptable to the University.

In all cases, procurers must review the applicable conditions of contract carefully and, if need be, seek advice from the Procurement Officer or the University Legal Office. Procurers must ensure that they are familiar with, and capable of complying with, the University’s obligations as defined in the applicable terms. Of particular importance are terms relating to health and safety practices, insurance, or legal liability.

A purchase order must be raised and authorised before any commitment is made to the supplier (including (without limitation) confirmation of a quotation, signature of contract terms, or commencement of delivery). Under no circumstances should the raising and approval of the purchase order be left until receipt of invoice.

Contracts awarded by individual departments must be notified to the Procurement Officer so that they can be made available for use by all other areas of the University. Copies of contract must be sent to the Legal Office and the Procurement Officer.

# Procurement Cards

Procurement Cards enable staff to make purchases against a card which has been issued for their use. The cards have restrictions relating to types of purchase and monetary limits; these may vary between card holders.

Procurement Cards are issued with the approval of the Finance Department to specific staff for the purchase of low value items.

Cardholders are required to sign an agreement for use of the cards which specifies (inter alia):

* cardholders are responsible for uploading any receipts to HSBC MiVision portal (or provided to Finance upon returning a pre-paid card);
* cardholders will use the cards solely for the purpose of University expenditure and under no circumstances for personal expenditure;
* expenditure must be made within approved budgets;
* items purchased using cards will be delivered to University locations only and to a named member of staff;
* cards will be returned to the Finance Department upon retirement/ termination of employment with the University;
* cardholders cannot share their card or card details with others (including other members of University staff); and
* The card is **NOT** be used for the following purposes:
  + used for categories of expenditure where a University preferred supplier is in place
  + used to register for Apple Pay, Google Wallet, or other similar service
  + used to purchase Traveller’s cheques
  + used to withdraw cash without prior permission from Finance
  + used with suppliers already set up in the finance system, where a PO can be raised
  + used on a personal Amazon or personal PayPal accounts
  + used for the purchase of petrol or diesel for use in a private motor vehicle
  + used to purchase travel or accommodation
  + used to purchase gifts for staff members
  + used to purchase any form of alcohol
  + used to pay gratuities
  + used for departmental outings
  + used for charitable donations
  + used to make payments for individuals
  + used to pay subscriptions for staff without prior permission from Finance

If a cardholder does not provide evidence for the card transactions and provide correct coding information within 3-months of purchase, the Finance Department reserves the right to withdraw the card.

Expenditure is internally audited on a regular basis.

The full details relating to Purchase Card Procedures are on [Staffnet](https://mailadminchiac.sharepoint.com/sites/staffnet/Dept_Finance/SitePages/Purchase-Cards.aspx), contained within the [Financial](https://www.chi.ac.uk/app/uploads/2021/09/Financial-Regulations-2020-v1.2-002.docx) [Regulations](https://www.chi.ac.uk/app/uploads/2021/09/Financial-Regulations-2020-v1.2-002.docx) at clauses 25.3 and 25.4, and provided within the Purchase Card Information Pack (received along with the purchase card).

# Payment of Supplier Invoices

As set out in the University’s terms and conditions of business:

* all invoices should be sent to accountspayable@chi.ac.uk;
* payment of invoices will be 30 days from the date of the invoice; and
* suppliers are required to put the University order number on their invoices. Failure to adhere to these requirements may result in delayed payment.

# Single Source Contracts

Where goods and services are only available from a single source or limited number of suppliers or from an appointed agent where manufacturers control the pricing structure, competition should be actively encouraged by inviting potential suppliers to enter the market by adjusting specifications where possible. Guidance on when this may be appropriate is set out in the Public Contract Regulations 2015.

Where it is not possible to invite potential suppliers to enter the market, it may be appropriate to negotiate directly with the single source supplier or limited number of suppliers without holding a formal tender exercise, but only where:

* The works, services or supplies can only be performed by a particular supplier because competition is absent for technical reasons; and
* No reasonable alternative or substitute exists, and the absence of competition is not because of an artificial narrowing of competition.

It is at the discretion of the Chief Operating Officer whether, and in what circumstances single source contracts may be awarded.

# Contract Management

The procuring department must ensure that service levels are agreed with the supplier, clearly stated in all quotation and tender documents, and incorporated into the contract terms.

The procuring department should assign a contract owner to oversee management of the contract during its lifecycle. The Contract owner should ensure routine and sufficiently regular contract review meetings are held to ensure the agreed service level agreements (SLAs) and key performance indicators (KPIs) have been met.

Procurers should ensure that sufficient mechanisms are in place in the event of service levels/key performance indicators not being met such as service credits or contingency plans for non-delivery.

# Evidence Retention

All records of the Public Contract Regulations tendering process must be adequately documented and the evaluation process must be transparent for monitoring value for money and audit purposes. All documents must be available for the period of the agreement, plus any extension period(s), plus seven years.

It is the responsibility of the procuring budget holder that conducts any in scope tendering process to ensure all records are available and comply with the Public Contract Regulations. All such records should be sent electronically to the Procurement Officer and recorded in the procurement database for storing as evidence for audits.

Any details of supplier agreements with the University should never be disclosed to third parties without prior consultations with the Procurement Officer or Legal Office as appropriate.

# Procurement Working Group Purpose and Objectives

The University has convened a Procurement Working Group, which is chaired by the Director of Finance and includes representatives from Finance, Legal and other relevant departments.

The Procurement Working Group is tasked with overseeing, supporting and monitoring University procurement activity, to maximise best value and to guide coherent and legislatively compliant buying.

The following are the objectives of the Procurement Working Group:

Objective 1: Provide optimum Value for Money (VFM) for all aspects of University expenditure through sourcing, supply, performance monitoring and embedding a VFM ethos in everyday management decision making.

Objective 2: Develop effective buying and supplier management skills and knowledge across the University through the promotion of good practices, through awareness raising and training.

Objective 3: Maintain an oversight of all proposed buying activity, monitoring significant procurement projects and ensuring that there is effective governance throughout the lifetime of any contracted suppliers.

Objective 4: Support the Capital Projects and Monitoring Group in ensuring that the business case for any planned expenditure includes robust market analysis, and that the procurement is compliant with the University’s financial regulations to ensure that the approach taken is proportionate and likely to achieve best value.