



FINANCIAL PROCEDURES

Section 2 – Purchasing Policy and Procedures

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Section 2: Purchasing policy and procedures

- 2.1. The flowchart on the Procurement intranet pages sets out the University procurement process – for further details on each step contact the Procurement Office for more details.
<https://www.aber.ac.uk/en/finance/information-for-staff/procurement/>

- 2.2. It is the University's policy to support wherever possible the purchasing arrangements made by the Higher Education Purchasing Consortium Wales (HEPCW) or other consortium agreements to which Higher Education institutions in Wales have access providing these offer value for money (which can be tested as required by benchmarking). Details of current HE sector framework agreements are provided on the HE Contracts website at:
<https://www.hecontracts.co.uk/>
<https://www.gov.uk/government/organisations/crown-commercial-service>

Links to other framework websites are available via the Procurement Office.

2.3. HOW PROCUREMENT IS TO BE CARRIED OUT

2.3.1. Introduction

This section of the Financial Procedures is intended to help staff maximise the value for money that the University obtains.

The rationale for this is that, more than ever before, universities must nowadays be able to show that they spend money wisely. HEFCW, the National Audit Office and many other external bodies take an interest in university procurement, particularly when public money is being spent. We as taxpayers should also expect our money to be used wisely and well, and when we have purchasing responsibilities we can do something to make sure that it is.

2.3.2. Procurement within the University

Day-to-day procurement responsibility is delegated to Senior Budget Managers and they, in turn, may delegate to other staff. Procurement within the University is subject to the general supervision of the Director of Finance and Corporate Services and may be scrutinized by internal or external auditors.

General queries on purchasing and on sources of supply may be directed to the Procurement Office.

Briefly,

- Senior Budget Managers are responsible for ensuring that procurement is carried out in a professional manner and that the correct procedures are followed
- By those who are authorised to commit funds.
- Within the limits of their financial authority.

The University's procurement policy is to obtain the best value for money at the lowest administrative cost and to be able to demonstrate effectiveness in procurement.

These aims will be achieved by the use of a devolved procurement structure and by the use of local and national purchasing agreements negotiated by organisations such as HEFCW (these can be found on the HE Contracts website at: <https://www.hecontracts.co.uk/> or the Government Procurement Service (Crown Commercial Services) or the National Procurement Service for Wales (NPS). Where purchasing agreements exist, they are to be used unless a clear benefit, such as better value for money can be shown. It is extremely important to use framework agreements where practicable and where good value for money can be secured as Welsh Government have powers to challenge the development of local arrangements (or use of competing frameworks) in lieu of adopting prevailing 'all Wales' cross sector framework agreements.

All requests to establish new Procurement Framework Agreements (outside of the public sector schemes to which the University is a member, for example the Higher Education Purchasing Consortium for Wales (HEPCW), (CCS) or (NPS) must be first subject to a value for money exercise, which should clearly demonstrate the benefits, risks and financial implications of the Agreements. Approval must be obtained from the **Finance Strategy Committee** in all instances. 'Establish' in this context includes adopting/joining a framework to which the University is not a member, at any point during its lifetime.

It should be remembered that value for money does not mean lowest cost. Value for money is the optimum combination of whole life costs and quality to meet the user's requirements. Whole life costs include the administrative costs and fitness for purpose to the University associated with the procurement.

Welsh Procurement Cards should be used where appropriate and within individual limits, to minimise the processing costs of transactions. Where the Welsh Procurement card is not used, a Purchase Order should always be raised when placing an order with a supplier, irrespective of whether another form of contract is in place. Orders should also be raised for services such as software maintenance or insurance.

This requirement is waived for certain expenditure as set out below:

- Utility Bills.
- permits,
- fees, tolls and licenses
- Expense claims.
- Transactions paid by Direct Debit.
- Emergency situations (e.g. veterinary emergencies lift entrapment & release etc.).
- Memberships and contributions.
- Digital advertising
- Conditional fees based on performance outcome.
- Student Stipend payments
- Certain overseas payments as determined by the relevant payment profile
- Other miscellaneous scenarios encountered by the payments team (at its discretion).

The University's standard payment terms are 30 days from invoice date and this must not be varied on any proposed transaction valued in excess of £10,000 excluding VAT (either singularly or in aggregate) without the prior consent of the Director of Finance and Corporate Services.

2.4. THE PROCUREMENT PROCESS

2.4.1. Before proceeding to purchase externally, four things should be established:

- that the desired goods or services are not already available elsewhere in the University;
- that the desired goods or services are necessary for operational requirements;
- that sufficient authorised funding exists; and
- that the University does not already have access to a pre-tendered framework or contract in place that could provide the goods or services, neither could the requirement be met via an internal service provider.

If the purchase is for equipment or other capital assets greater than the capitalization limit of £10,000 excluding vat then a capitalrequest form must be completed and approved consistent with the primary and secondary financial delegations of authority. A capital request form is however not required for capital asset proposals which are to be acquired as part of already approved external funding e.g. equipment to be procured as part of external research grant funded projects, approval of which by the funding sponsor will have included formal appraisal of proposals for capital asset acquisitions typically at the time of grant application submission.

2.4.2. The University appreciates that from time to time there will be a requirement to single source goods and services. In such instances, all applications in excess of £5,000 and up to £50,000 excluding VAT must be sent to the Director of Finance and Corporate Services (Director of Estates for construction related matters) for consideration, using a single tender aaction (STA) form available from the Finance Department web pages. A copy of the STA should also be provided to the University's Procurement Manager.

All STAs excluding construction matters must be sent to the University's Procurement Manager (or nominee) who will coordinate and submit for consideration by the Executive. Given that the diary commitments of senior executive officers, all STAs (irrespective of value) should be submitted at the earliest opportunity to minimise the prospects of delay.

2.4.3. When EU Procurement Directives apply, any contract of supply to a publicly funded organisation for goods or services with a value greater) than the relevant threshold <https://www.ojec.com/thresholds.aspx> must be advertised in the Official Journal of the European Union (OJEU) and tenders must be sought. The same applies to contracts for works with a value greater than the relevant works thresholds.

2.4.4. Whenever a contract meets the criteria for advertising in the OJEU, the Procurement Manager must be consulted at the outset. Devolved purchasers are not permitted to make their own OJEU arrangements, other than the Director of Estates. Note – 2.4.5 below means this should already be covered.

2.4.5. All proposed procurements in excess of £50k excluding vat should be reported to the Procurement Manager at the earliest opportunity to ensure a value for money procurement process is established from the outset. The Procurement Manager will provide progress reports to the Executive at the outset and regularly afterwards on all such qualifying purchases as and when required by senior management.

2.4.6. Subject to 2.3.2 all orders must be documented in advance of receiving any goods, services or works, via an approved Purchase Order. The Finance Department may conduct a review of departments issuing purchase invoices and not raising purchase orders, and where a department cannot provide evidence that an order has been raised and the goods have been received, payment of the invoice may be postponed while an investigation is conducted.

2.4.7. **Tendering Thresholds**

All contracts outside an HEPCW or similar framework agreement are to be made on the basis of competitive tender or quotations as set out in the table below. It is critically important that all purchases are correctly valued at the outset; see the aggregation guidance previously issued by the procurement Manager (also on the procurement web pages) or consult the Procurement Manager directly as required.

Where quotations and tenders are obtained, in accordance with the limits set out below, these should be retained on file for a period of no less than 6 years after contract termination with a note giving the reasons for the selection of the preferred quotation/tender. Written debrief reports should be prepared for all unsuccessful suppliers on all procurement exercises exceeding £25,000 excl VAT (and optionally below this value as deemed appropriate) advising all suppliers who submitted a bid why their bid was unsuccessful, outlining also the characteristics and relative advantages of the preferred/winning bidder. Contact the procurement team for further advice as needed.

The following limits apply in respect of quotations or tenders, except:

- those through existing frameworks where the competition requirements of the specific framework (buyers guide) should be followed.
- those requirements that are variations to existing contracts; see below.
- for WEFO purchases consult the Procurement Manager as additional procedures apply.

There is a general requirement to openly advertise all procurements over £25,000 EXCL VAT, typically via either the OJEU or sell2Wales (as applicable). Any dispensation from having to meet this requirement must be obtained in writing from the Executive (or their nominee)

Total (NOT annual) Contract Value	Procurement Method	Additional Notes
Ex VAT		
£1000 - £5,000	Minimum 1 written quotation received	Additional (i.e.: 2 or 3) written quotations should be sought, where it appears that the benefits of competition are commensurate with the administrative and other costs involved. It is considered good practice to obtain written quotes for all purchases irrespective of value. WEFO are likely to look for a written quotation regardless.
£5,001 - £10,000	Minimum 2 written quotations received	Additional (i.e.: 3) written quotations should be sought, where feasible within time and market constraints.
£10,001 -50,000	Minimum 3 written quotations received	Where feasible within time and market constraints three written sealed bid competitive tenders should be sought as opposed to quotations (Advertising on sell2wales to be used for all over £25k purchases unless waiver approved to the contrary).
£50,001+	Minimum 3 Competitive Sealed bid Tenders received	Please refer to Procurement Manager for tender procedure guidance. EU Procurement Directives will apply for over threshold requirements

EU Procurement Directives apply to Aberystwyth University

Additional written quotations above the minimum stated in the table above may be required if the work is the subject of an insurance claim.

Note:- (Contracts must not be split to avoid these limits)

Where the minimum number of quotations or tenders is not achieved, an evaluation of received bids may not be conducted. No evaluation may be concluded or completed nor an offer of contract made or purchase order placed where the value of the proposed purchase is in excess of £5,000 excluding vat & competition is sought but only one bid is received, without the prior authorisation of the University Executive or Director of Finance and Corporate Services (consistent with Financial Delegations of Authority), which must be sought via a written request submitted to the Director of Finance and Corporate Services (Director of Estates for construction related) or the University Executive consistent with the thresholds contained in the financial regulations financial delegations of authority section.

Contract Variations (including extensions)

Contract variations are generally only permitted where they are catered for in the original contract. Such variations should also be considered when originally valuing the contract (even if the variation may not subsequently be adopted) to determine which financial procedures must be followed to award the original contract. An existing contract should not be extended by more than 40% of its original value in total. The contract variation may increase or decrease the amount of services/goods provided, increase/decrease the contract length or widen or narrow the scope of services/goods (providing this has been allowed for in the contract drafting).

In the event that variations cannot be priced from the tendered contract rates, benchmarking should be used wherever feasible to ensure variations offer value for money. Proposed variations to existing contracts should be approved in accordance with summary of primary and secondary delegations in the financial regulations. Any variations to previously approved expenditure specifically related to capital proposals are subject to the approval requirements in Appendix B of the Financial Regulations, in respect of the cumulative total of any proposed variations in excess of 5% off the capital project expenditure originally agreed (financial regulations, Appendix B, clause 3). In any event, care is needed where a variation substantially alters a requirement beyond that contemplated in the original contract, especially where the variation also results in the overall contract value exceeding the applicable EU procurement threshold for goods, services or works in aggregate. Legal advice on the risk of such a variation may need to be sought before any approval can be granted. Staff should contact the Procurement Manager in such cases, in the first instance.

Details of the procedure for tendering may be obtained from the Procurement Manager. Permanent records must be kept of all tenders either by the Procurement Manager or the devolved purchaser, as applicable these may be in either electronic or paper form. It is advisable to record all such tender activities in a tender schedule, for audit inspection. Some funders may require original paper copies and if this is the case care should be taken to ensure that they are available if required.

An individual supplier awarded more than £50,000 (net of VAT) work through non-competitive arrangements in any one University financial year may be subject to a value for money review by the Procurement Manager. An exception to this is in respect of approved contract variations to existing pre-tendered contracts where such variations are catered for in the original contract as above.

2.4.8. **Building Contracts and Appointment of Construction Related Consultants**

All building/construction related procurements must be authorised in accordance with the financial regulations financial delegations of authority section , and utilise Constructionline or similar industry recognized body as part of any pre-qualification process during the overall tender process, as determined from time to time by the Director of Estates.

Contracts for building works shall embody the terms of the current editions of one of the following as appropriate to the nature of the work being undertaken:

- (i) the RIBA Small Building Works contract.
- (ii) the General Conditions of Contract recommended by the Institutions of Electrical and Mechanical Engineers and the Association of Consulting Engineers.
- (iii) the General Conditions of Contract recommended by IMechE and IET.
- (iv) the Joint Contracts Tribunal Standard, Intermediate or Minor Works Contracts.
- (v) the appropriate contract from the New Engineering Contract Version 3 suite of contracts.
- (vi) any other form of contract which has first been approved by the Director of Finance.

2.4.9. **Appointment of Consultants**

Consultancy services shall be defined as:-

The provision to the University of objective advice and assistance relating to the strategy, structure, management and operations of an organisation in pursuit of its long-term purposes and objectives. Such assistance may include the supplementary identification of options with recommendations; the provision of additional resources; and/or the implementation of solutions.

Consultancy services may reasonably be differentiated from advisory services, these being the provision of advice typically for specific legal, financial, employment and regulatory advice – most of which deal in the facts or the interpretation of facts and are a substitute for the lack of knowledge within the organisation.

An advisor substitutes, a consultant supplements.

The engagement of consultancy services by end users shall be, in each case, complimented by the completion of a Request to Employ Consultants Form (downloadable from the Finance Office web pages) which shall be duly authorised in accordance with Schedule B of the Financial Regulations (primary and secondary delegations).

A request to employ form will not be required for:-

- (i) Advisory services as defined hereunder.
- (ii) Engagements where the consultants are to be paid from an externally funded Research Grant, as it is assumed that the Sponsor already approves their employment.

2.4.10 **Separation of Duties**

Segregation/separation of duties is an important control procedure. Therefore, the following should be observed:-

Checklist for Orders and Contracts

1. The order should be signed/authorised by someone competent (as determined by the relevant HoD/Institute) who understands the requirement and has been given the delegated authority to confirm orders consistent with University Financial Regulations Appendix B (Primary & Secondary financial delegations of authority). Competency in this context shall reflect the judgement of said relevant HoD/Institute, with a record of said competent persons held 'locally' in each Institute or Department for audit scrutiny.
2. All goods should be received and checked for correctness.
3. The checking and certification of invoices is undertaken electronically in accordance with ABW workflow protocols.
4. A competent member of the Finance Office payments team should check the payment of invoices.

This separation will ensure that individuals are fully protected against misunderstandings and will be consistent with electronic workflow configurations in the ABW Enterprise System.

The officer responsible for authorising the order or contract must confirm the following actions:

1. The correct documentation has been prepared.
2. Financial approval has been obtained.
3. Contractual approval has been obtained.

Unless objectively justified to the contrary, purchase orders should be entered into the ABW system to ensure appropriate authorisation to proceed is granted.

Checklist for tenders

1. Each bid evaluation panel shall comprise of at least 3 (three) competent persons.
2. Any declarations of personal interest must be recorded and such person/s must not take any part in the evaluation process.
3. If not using the etenderwales or sell2wales systems, a tender opening sheet should be completed and at least 2 (two) individuals should be present at the tender opening. Electronic systems should be configured to ensure two individuals or an 'opening committee' unlock each tender exercise after the deadline has passed.
4. If not using the etenderwales or sell2wales systems a tender report should be compiled which covers such matters as number of bids received, any pre-evaluation checks made and by whom, the results of the bid evaluation and recommended contract award.
5. The recommended contract award must be checked by someone competent who understands the requirement and is senior in role and position, typically being the chair of the evaluation panel.
6. Whenever possible the scoring of all price/cost related matters in tender documents should be undertaken by the etender software without any human intervention (beyond checking tender prices for abnormalities and/or arithmetical errors).
7. Whenever possible tender proposals shall be evaluation in series i.e. each area is scored and formally 'signed off' before the next element of the evaluation commences. Cost/price information should, wherever possible, remain confidential until all other evaluation scores are finalised, checked and recorded.

It is considered good practice to ensure an evaluation panel of at least 3 competent persons is convened for all purchases over £25k excl vat which are to be subjected to competition.

2.4.11 Adding New Suppliers/Vendors to ABW

The procedure for adding both UK based and International suppliers to ABW and/or amending existing supplier master file records is as contained on the Finance Office Web Pages (supplier forms). This process will require the necessary permissions to access on create records in ABW. If you do not have such access, a link to provide same can be found on the above-mentioned supplier forms web page.

This process will ensure that the risk of duplication, fraud and process accuracy errors are minimised and must be always followed. Please note these new vendor process will require appropriate security checks on entered data and as such end users should take account of this should take account to this in terms of the time needed to complete the process. Such checks are an internal audit requirement.

2.5. UNIVERSITY WELSH PROCUREMENT CARD

- 2.5.1 A University Welsh Procurement card is provided by the University to those departments where a justifiable and objective need has been identified. These cards are issued to authorised employees on the recommendation of the Accountable Budget Manager and subject to the approval of the Deputy Director of Finance. These cards operate like a credit card and the University pays by direct debit monthly for the previous month's expenditure.
- 2.5.2 The University will operate its card programme in accordance with its procurement card policy document.
- 2.5.3 The University requires employees to complete a procurement card transaction log for all claims for expenditure incurred on the Welsh Procurement Card. The log can be downloaded from the Finance Office web pages (forms) should show the same details as if it were a normal claim using the reimbursement form. No private expenditure must be charged to the University Welsh Procurement card and this will be dealt with immediately as a disciplinary matter consistent with the policy document. Receipts must be made available on request for authorization or audit purposes. Cardholders should retain receipts and transaction logs locally for six years for audit and tax purposes. The Welsh Procurement card must also be returned when a member of staff leaves the University's employment and subsequently destroyed by the Finance Department. The card holder will be expected to liaise with the procurement team and HR to ensure card transactions will not continue after their contract of employment has expired and any card details held online must be deleted from the outgoing employees accounts, as applicable, as at the point that the contract of employment ends.
- 2.5.4 Cardholders and authorisers who fail to reconcile their transactions within the same month as the purchase occurred may face their card being temporarily or permanently suspended consistent with the card policy. Card transactions will be sent by workflow in ABW (or any other system as the University dictates) to the appropriate delegated authority for authorisation. Accountable Budget Controllers' claims require the authorisation of the Vice-Chancellor, Director of Finance and Corporate Services.
- their line-manager within the Executive or as otherwise determined by the card policy. The Vice-Chancellor's card transactions shall also be authorised consistent with the card policy and accountability protocols thereto.
- 2.5.5 The Director of Finance and Corporate Services reserves the right to refuse to issue a Welsh Procurement card if it is considered inappropriate.
- 2.5.6 The Director of Finance and Corporate Services also reserves the right to withdraw a Welsh procurement card from anyone to whom it has been issued.
- 2.5.7 Accountable Budget Controllers, Senior Budget Managers and cardholders are reminded that the cardholder is responsible for the custody and security of the card at all times. Cardholders will be personally responsible if the card is delegated to other individuals and misused.

