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1. A GUIDE TO PURCHASING - INTRODUCTION

The purpose of this manual is to establish a framework for a common approach to ‘Purchasing’ within the University of Huddersfield.

It documents the aims, principles, individual roles and objectives of Purchasing within the University.

An efficient purchasing strategy can contribute significantly to the business of the University and all individuals involved in purchasing should work towards this goal.

Please note that, throughout this document, words importing the masculine also import the feminine.
2. THE AIMS

The aims of purchasing are as follows:

2.1 Compliance with Financial Rules

All purchases will be made in accordance with the University’s Financial Rules and Procedures. Furthermore all procurements will be EU compliant and obtained where possible through a competitive process.

2.2 Value for money.

When purchasing goods or services for the University each purchaser has a responsibility to obtain the best value for money. The University currently consumes over £38 million per annum on the supply of goods and services from a supplier base of 2,000 companies. If value for money is to be attained and customer satisfaction is to be achieved the university must do this in a controlled procurement environment which takes advantage of any collaborative ventures that are open to the University to use. Furthermore every purchase made by the university must take into consideration environmental and social factors so that a sustainable supply chain is available now and in the future.

The value for money strategy for the University requires that an Annual Procurement Performance report is submitted to the Audit Committee by the Director of Finance.

2.3 The purchased goods or services must be ‘fit for purpose’.

Before making the decision to purchase any particular goods or service, consideration must be given as to its suitability for the required purpose. It is no good buying a Rolls Royce when a Mini will do and vice versa. When making the decision to purchase, consideration of the whole life cost of the product or service is of paramount importance. The lifetime cost of an item includes the cost of consumables, maintenance, warranties and guarantees and the need to guard against obsolescence. Procurement should consider a cradle to grave approach when purchasing goods and services.

2.4 Control Expenditure
An important part of any purchasing policy is to control expenditure. In order to achieve this:

1. Identify whether the purchase is necessary, taking into consideration that which is already available within the University.

2. Identify the type of goods or service to be purchased and apply the best method of purchasing practice, e.g. for items of trivial value, use a procurement card or call-off order or petty cash.

3. Monitor purchase costs and ensure that they are being kept within the financial budget.

4. Plan and control the expenditure over the financial year.

5. Before purchasing any commodity, check that it is not held in any of the University’s stores.

6. Encourage partnerships with major suppliers and work to reduce costs whilst maintaining a high standard of service.

7. Take advantage of any collaborative procurement arrangements available to the University.

2.5 Reduce stocks to a minimum.

Reduce capital tied up in stock by keeping stock levels to a minimum. This can be achieved by working with suppliers to ensure deliveries are made just before the products are to be used. Only carry in stock those items where significant reductions can be achieved for bulk buying or which are essential or critical to the operations of the University. Constant review of stock levels must be uppermost in any purchaser’s mind and they must guard against deterioration or obsolescence of stock. Stock control is a very important function of any purchaser’s job.

2.6 National and Regional (NEUPG) Purchasing Consortium.

The University Sector has a well developed purchasing infrastructure and produces contracts and framework agreements both at National and Regional level which take full advantage of the combined purchasing spend (collaboration) within the sector. These agreements can be found through the Purchasing website and staff is encouraged to make full use of these arrangements which can be found on the purchasing website.

2.7 Customer Service.

All personnel involved in purchasing must be aware of and become familiar with their customer’s needs so that demand can be satisfied.

The service level also includes the attitude of purchasing staff towards their customers. This should be courteous and helpful at all times.
2.8 Sustainability

The University operate its procurement in a sustainable manner, and contribute to reducing the University’s carbon footprint and beat the effects of global warming.

As legislation continues to tighten and people’s awareness of their impact on the environment grows the University will base its procurement decisions on environmental criteria, both in terms of the product or service and the supplier’s environmental management system. A sustainable organisation is one that operates within the constraints of nature and does not endanger its long term ability to survive.

2.9 Equality and Diversity

In respect of our procurement activities the University will ensure that the purchase of goods and services and facilities is undertaken in line with our equality and diversity commitments

Will not use Suppliers who do not share our values on equality of opportunity and diversity

Will establish procedures to ensure that businesses from diverse communities have an equal opportunity of competing for contracts to supply goods and services to the University

Develop guidelines for corporate social responsibility in our documentation describing the procedures and processes to be followed by all staff involved in the procurement process.

2.10 Adaptability.

The Purchasing Department must adapt quickly to changes in the University’s requirements. The modern day Purchasing Officer is very much a manager of change.
3. PRINCIPLES

3.1 All financial matters involved in the purchasing of goods and services shall be controlled by the Financial Regulations of the University and under no circumstances must any purchasing agreement override or contradict the Financial Regulations.

3.2 The ultimate authority for purchasing lies with the budget holders. They have the final say in any purchasing matters, providing that they act within the Financial Regulations.

3.3 The budget holder can delegate this responsibility to other appropriate people (i.e. Procurement Services Manager or other members of Staff from the procurement team (see Section 4.1), lead buyer (see Section 4.2), etc.) but in doing so must endorse the actions of the delegated person.

3.4 The Procurement Services Manager’s prime function is to act in an advisory capacity. He/She will offer a full support service to staff of the University on any matter relating to the purchase of goods or services.

3.5 All commodities used by more than one department within the University should be sourced by Procurement Services or by the lead buyer responsible for that commodity.

3.6 Commodities that are used by a single School or Service and do not exceed the tender threshold, may be purchased following the approval of a single supplier request by the Director of Finance directly by that School or Service. The School or Service may seek assistance from Procurement Services for advice on purchasing techniques.

3.7 Anyone who is involved in the procurement of goods and services for the University must observe and follow the Ethical Code set down in the Purchasing Manual. (See Section 5).

3.8 When purchasing goods or services for the University, purchasers must put the interest of the University first and under no circumstances must he/she seek to obtain personal advantage or favour.

3.9 Any contracts let by the University must be drawn up strictly in accordance with the Financial Regulations.

3.10 When selecting suppliers, schools and services are encouraged to use the suppliers with whom the University has agreements. In the case of new suppliers the originator must send a new supplier request form to Procurement Services for approval before an order is placed, failure to do so could lead to problems for the
University and individuals who acted so. Any clarification needed in respect of these matters must be sought from the Procurement Services Manager.

3.11 Anyone who is considering leasing must first have been authorised by the Director of Finance and must follow the laid down procedures. Evaluation of buy or lease decisions may be carried out by Financial Services upon request.

3.12 For purchases of goods and services of a value between £3,000 and £25,000 (exclusive of VAT), the buyers are expected to have sought competition, in the form of at least three written quotations which should be filed with the order for audit purposes. If the value is £25,000 or over (exclusive of VAT), the tendering procedure (see Section 14) must be observed.

3.13 If goods or services are from a single source, the buyer must show evidence of this and fill in a single supplier form.

3.14 Any goods or services purchased by the University must offer the best value for money in terms of price, quantity, quality and delivery and be fit for purpose.

3.15 Where possible, purchasing must look to the aggregation of demand and standardisation of equipment within the University’s departments. However, standardisation should only apply if the goods or services will fulfil all the required purposes.

3.16 When making any purchase of goods or services the buyer must consider all sustainable criteria when making the decision of what to purchase and from whom.

3.17 All purchasers must be aware of ordering costs and must work towards minimising them - both in terms of orders placed and the time taken to administer them. Remember the University operates a very successful purchasing card scheme which is particularly useful for high volume low value repetitively ordered goods or one off purchases.

3.18 In any commercial dealings with suppliers/potential suppliers, staff must conduct themselves in accordance with the ethical code for purchasing personnel and be aware of the Bribery Act June 2010 (see Section 5).

3.19 Anyone involved in purchasing should be authorised to do so by the Director of Finance, the appropriate Dean of School or Director of Service. If training is required for these persons to carry out their duties, it will be provided by Procurement Services/Financial Services, on behalf of the University.

3.20 The Director of Finance in conjunction with the Procurement Services Manager will oversee and be responsible for all purchasing policy set by the University.
3.21 The Director of Finance in conjunction with the Procurement Services Manager will encourage and promote the work of the NEUPG and support agreements and arrangements made by them. They will encourage all the commodity group representatives to take an active part in NEUPG meetings in order to promote a strong interrelationship with other Universities within the group.

3.22 Only official orders issued by the University will be valid; verbal orders or agreements on collection notes or pro-forma will be deemed invalid. Further guidance on this matter can be obtained from the University's Financial Regulations.

3.23 All orders will be subject to the standard terms and conditions issued by the University. Where terms and conditions of purchase conflict with those of a supplier, the matter must be referred to the Procurement Services Manager, who will mediate to resolve the position.
4. INDIVIDUAL ROLES WITHIN PURCHASING

4.1 The Procurement Services Manager’s responsibilities are to:

1. Initiate and monitor the implementation of a purchasing strategy.

2. Ensure that staff involved in procurement carry out their designated procurement roles and responsibilities.

3. Be a focal point for promoting purchasing policy and settling purchasing related disputes.

4. Take overall responsibility for raising the profile of purchasing within the institution.

5. Promote and encourage the University’s participation in all collaborative purchasing that will bring benefits to the University.

6. Liaise closely with the all purchasing staff and lead buyers.

7. Set targets for Procurement Services Staff and staff doing procurement in the university in conjunction with the Director of Finance and monitor their value for money performance.

8. Analyse expenditure information and develop a purchasing strategy for all materials.

9. Obtain materials and services by competitive means in accordance with the University’s Financial Regulations.

10. Manage and maintain the budgets for which he/she is responsible.

11. Offer advice on EU Public Procurement Directives and monitor the University’s conformance with these directives.

12. Provide expertise and guidance in purchasing practice, and disseminate out means of good practice to University Staff.

13. Champion the sustainable approach to procurement and monitor conformance to the sustainable criteria when making procurement decisions.

14. Ensure a consistent approach to purchasing across the University.

15. Define and develop purchasing strategy and policy to suit the needs of the University and continuously review and update this strategy in line with changes in University objectives.

16. Negotiate high value, contentious or strategic contracts.

17. Compile an Approved Suppliers/Contractors List, which should be constantly reviewed and updated.

18. Follow up any ‘complaints of quality’ with suppliers and seek an advantageous outcome for the University.
19. Source new companies, and vet them before adding them to the Approved Suppliers List.

20. Be responsible for the procurement training programme.

21. Receive and deal with all surplus equipment including disposals thereof if appropriate (See Disposal Procedure section 21 of this document)

23. Monitor the University’s purchasing performance and regularly audit lead buyers and order point operators.

24. Perform any other duties as may reasonably be assigned from time to time by the Head of Purchasing.

25. Co-ordinate the efforts of the University’s input and participation in the NEUPC and ENPC.

26. Promote favourable terms of payment with suppliers in order to maximise cash flow.

4.2 Lead Buyers
Lead Buyers are members of the University’s staff who take responsibility for the procurement of the University’s entire requirement for a particular commodity. Lead Buyers will take responsibility for commodity management of their allocated commodity. Their duties will include to:

1. Negotiate framework contracts such as bulk purchasing agreements for their commodities on behalf of the University providing that they are in accordance with the Financial Regulations.

2. Negotiate one-off purchases and contracts for their commodities on behalf of any of the schools and services within the University.

3. Assist with any technical specifications regarding their commodities.

4. Represent the University in any relevant consortia groups for their commodities, i.e. NEUPC.

5. Carry out purchasing market research for their commodities.

6. Manage their allocated suppliers and carry out supplier appraisals at a local level.

7. Keep tight control of all budgets or costs under their control.

8. Seek the appropriate approval for any purchases made.

9. Liaise with the Procurement Services Manager on a regular basis.

10. Are accountable for all purchases he undertakes on behalf of the University.
4.3 Order Point Operatives

Duties include:

1. Raising purchase orders in response to requisitions authorised by a school or service buyer or Purchasing Officer.

2. Checking that the requisition being submitted is not outside the requisitioner’s financial authority level before processing - if it does exceed the financial authority level, it must be returned to the appropriate person for proper authorisation.

3. Checking that the material being requisitioned is not stocked in Stores or available from any contracted suppliers to the University.

4. Take responsibility for monitoring the progress of and expediting any orders that are, or threaten to become, overdue.

5. Being the first point of contact for suppliers and requisitioners with problems and enquiries.

6. Be the point to which staff confirm receipt of the goods and services specified.

7. Be responsible for progressing to a satisfactory conclusion with suppliers, non-delivery or incorrect delivery of goods received.

8. Dealing with invoice queries and, where possible, bringing to a satisfactory conclusion, problems relating to incorrect invoicing.

9. Be responsible for recording supplier performance in terms of price, quality and delivery.

In carrying out these duties, order point operatives should, if necessary, seek the assistance of the Procurement Services Manager or his team.

Order point operatives should be selected by the Heads of School/Service in consultation with the Procurement Services Manager.
5. THE ETHICAL CODE FOR PURCHASING PERSONNEL

5.1 Precepts.

People involved in purchasing goods or services shall never use their authority or office for personal gain and shall seek to uphold and enhance the standing of purchasing by:

1. Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the School/Service in which they are employed.
2. Fostering the highest possible standards of professional competence amongst those for whom they are responsible.
3. Optimising the use of resources for which they are responsible to provide the maximum benefit for the University.
4. Complying with both the letter and spirit of:
   i) The Law of the country in which they practice.
   ii) Such guidance on professional practice, as may be issued by the Procurement Services Manager from time to time.
   iii) Contractual obligations.
5. Rejecting any business practice, which might reasonably be deemed improper.

5.2 Guidance.

In applying these precepts employees should follow the guidance set out below:

1. Declaration of Interests.
   Any personal interest, which may impinge or might reasonably be deemed by others to impinge on an employee’s impartiality in any matter relevant to his or her duties should be declared to their immediate superior.

2. Confidentiality and Accuracy of Information.
   The confidentiality of information received in the course of duty should be respected and should never be used for personal gain. Information given in the course of duty should be fair and true and never designed to mislead.

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

   Business gifts, other than items of a very small intrinsic value should not be accepted. For further guidance see the University’s Financial Regulations.

5. Hospitality.
   Modest hospitality is an accepted courtesy of a business relationship. However,
the recipient should not allow himself to reach a position whereby he might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the recipient’s employer would be likely to provide in return and should be approved in advance by the employee’s line manager.

6. When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the employee’s immediate superior.

Failure to comply with the University’s Ethical Code or breaches of it could result, if the case is proven, in a reprimand, suspension or, in exceptional circumstances, dismissal from employment.

Advice on any aspect of the Ethical Code can be sought from the Purchasing Co-ordinator.
6. AUTHORITY TO PURCHASE

6.1 Authority to purchase any goods or services can only be given by Cost Centre Managers or their nominees.

6.2 A list of authorised signatories must be given to Financial Services by all Cost Centre Managers.

6.3 The Cost Centre Managers or their delegate(s) must, before purchasing any item, check that the item is not held in stock in any of the stores of the University or whether contractual agreements exist for this particular commodity. Any advice or help required in checking can be sought from the Central Purchasing Office.

6.4 Before signing any requisitions, the Cost Centre Manager or his delegate must ensure that the requisition contains:

   i) A clear description of the goods/services required.

   ii) The appropriate budget code.

   iii) Accurate cost of the goods or services to be purchased

6.5 Any commitment to expenditure must be in accordance with the University’s Financial Regulations.

Note: Please refer also to the detailed procedures for placing orders with external suppliers.
7. COMPLETION OF A PURCHASE ORDER

7.1
All purchase orders must be placed on the Agresso Financial System prior to the delivery of the goods or service the exceptions being
1. In cases of emergency (see Section 7.8)
2. As confirmation orders (see Section 7.9).
3. Purchases against a period or blanket order (see Section 7.10)
4. Purchases by petty cash (see Section 7.11).
5. Purchases by corporate Purchasing card. (See section 7.12)
6. For utility bills, telephone bills or where the cost cannot be calculated until data readings are taken by the supplier for example photocopiers/MFD’s. (see section 7.13)

7.2
A purchase order must be raised for all expenditure commitments made with external suppliers, before the goods and services are supplied.

7.3
Each purchase order must contain the following information:
1. Supplier’s full name and address.
2. Date of order.
3. Quotation reference/date if possible.
5. Delivery point for goods and name of recipient.
6. Address for invoices to be forwarded to.
7. Full description of goods/services required.
8. Delivery date.
9. Agreed price (showing discounts, rebates, VAT, etc.).

7.4
All orders are issued subject to the University’s standard terms and conditions.

7.5
If the order value lies between £3,000 and £25,000 (exclusive of VAT), the copy of the purchase order, which is retained at the ordering point, should be accompanied by at least three written competitive quotations. (Financial Regulation 6:17).
7.6

If the order value is for £25,000 or over (exclusive of VAT), the copy of the purchase order, which is retained at the ordering point, should be accompanied by a copy of the tender summary sheet. (Financial Regulation 6:18).

7.7
Any order issued will be subject to all the Financial Regulations associated with purchase orders.

7.8 Emergency orders.
This type of order may only be used at times of emergency. Such requests, because of their nature must be dealt with quickly and so the standard rules applying to ordering material can be waived.

7.9 Confirmation orders.
The use of confirmation orders must be kept to a minimum. They should only be placed with the approval of the Procurement Services Manager and in response to urgent requests, which cannot be satisfied by any other means.

7.10 Period or blanket orders.
This type of order is useful where negotiated terms are agreed with a supplier and can be used to reduce unnecessary paperwork and administration time. These orders are usually set for a period of time, generally six or twelve months. They cover, in the main, repetitive demand for small value items and each order, when issued, must be subject to strict financial limits.

7.11 Purchase by petty cash.
Purchase by petty cash must be kept to a minimum. Petty cash purchases must only be used for items of small value (£25 maximum), or where the cost of raising an order and the cost of administration far outweigh the cost of the purchase.

In the case of problems arising with petty cash, please consult the Cashier’s Office or the Procurement Services Section in Financial Services.

Note: Please refer also to the detailed procedures for placing orders with external suppliers.

7.12 Purchases by Purchasing Card
Purchasing cards can be used to buy all goods and services required by a School or Service providing the suppliers have facilities to take the payment. The monetary values allowed to be purchased via card are dictated by the single transaction limit set at the application stage and the monthly credit limit also set at the application stage. Once in operation card limits can be altered by budget holders on request to Financial Services.

Card application forms can be obtained from Financial Services after permission has been sought from the budget holders.
7.13 Utilities, Telephone, and Photocopier/MFD bills.

Bills for these services can only be determined when readings are taken or given to establish the usage on which the bill is based.
8. SUSTAINABLE PURCHASING

It has long been recognised that higher education has a pivotal role to play in helping society develop sustainability. It is a process which everyone needs to participate in, but the involvement of higher education is particularly important because graduates will go on to occupy the vast majority of managerial and leadership positions in this country.

All disciplines whether School or Service based have a support role in achieving sustainability for the University and purchasing is no exception.

*So what is Sustainable Purchasing?

“Sustainable purchasing is all about taking environmental and social factors into account in purchasing decisions. It’s about looking at what products are made of, where do they come from and who has made them”.

The University’s Environmental Purchasing Policy

The University currently consumes over £30 million per annum on goods and services from around 2,000 suppliers and so it has an ideal opportunity to bring consumer pressure onto these companies as to their impact on the environment and the long term sustainability of the goods and services they provide.

With this in mind the University of Huddersfield’s Environmental Policy includes the following goal:

“To influence our suppliers and contractors to ensure that goods and services procured support the environmental policy and, in turn, that all suppliers and contractors progressively improve their own environmental performance”.

The University’s Environmental Purchasing Policy requires that sustainability and environmental issues are considered in the procurement of all goods and services supplied to the University.

The Central Purchasing team and lead buyers will assist staff to comply with the policy through the following objectives:

1. Raise environmental awareness amongst University Purchasers.

2. Ensure relevant environmental issues are considered as part of the purchasing process.

* Report on Sustainability by HM Government

3. Support and encourage suppliers to be compliant with any current and future Environmental Legislation and help where possible companies to attain Environmental Accreditation.

4. Encourage the use of suppliers who aim to adhere to greener policies.

5. Conduct “Whole Life Costing” exercises where appropriate, taking in to account factors affecting the environment.
6. Consider lease options where appropriate as an alternative to “purchase” in order to reduce waste.

7. Specify carbon and energy saving goods or services which are more environmentally friendly.

8. Encourage the purchase of recycled goods or goods with recycled content.

9. Minimise and regulate the amount of waste generated from University purchases by encouraging suppliers and contractors to return and re-use packaging.

10. Promote and make full use of services offered by suppliers and contractors who will collect and recycle previously supplied used items.

11. Reduce the number of delivery vehicles entering and leaving site, by encouraging the use of contracted suppliers and scheduled deliveries.

12. Encourage the purchase of goods which are from a sustainable source and have the highest efficiency energy ratings.

**Equality and Diversity Policy**

We are an organisation which recognises the contribution of all our staff. Our aims are to be supportive, fair, just and free from discrimination. In line with these objectives we will challenge discrimination on the grounds of gender, race, marital status, age, disability, sexuality and faith; actively promote equality and diversity and ensure that the legislation and policy requirements within the six strands of equality and diversity are implemented into all our working procedures.

Our vision for equality and diversity goes beyond establishing processes to achieve change. As part of our interaction with our colleagues and suppliers we will monitor progress made towards meeting objectives to encourage diversity and eliminate unfair treatment and discrimination through a full range of human resources and contracting policies and procedures. This applies not only to areas of internal recruitment, training and development but also to monitoring adherence to the equality and diversity legislation and principles by our Suppliers and Contractors.

Recognise that staff have rights as employees to work in a supportive, safe and harassment free environment and that staff have individual and collective responsibility to value and respect each others contributions.

Promote an environment where standards of conduct are of the highest level and to ensure that no one is harassed, bullied or victimised.

Take decisive action when discrimination occurs.

In respect of our procurement activities the University
Will ensure that the purchase of goods and services and facilities is undertaken in line with our equality and diversity commitments.

Will not use Suppliers who do not share our values on equality of opportunity and diversity.

Will establish procedures to ensure that businesses from diverse communities have an equal opportunity of competing for contracts to supply goods and services to the University.

Develop guidelines for corporate social responsibility in our documentation describing the procedures and processes to be followed by all staff involved in the procurement process.
9. PURCHASING FROM ABROAD

The University may purchase from abroad in the course of its business. Where the buyer has located the optimum source of supply as being outside the UK, the purchase order may be raised in sterling or the local currency if prior authority has been given by the Director of Finance in accordance with the Financial Regulations, but should be agreed between buyer and seller at the outset. When purchasing from abroad, advice must be sought from the Procurement Services Manager.
10. SETTLEMENT TERMS

The University of Huddersfield will pay for goods in line with its standard terms and conditions of purchase. The only exception to this rule will be where it is in the University’s interests, i.e. to obtain bigger discounts, preferred payment terms, or on the instructions of the Senior Management Team etc.

Purchasing staff are responsible for the negotiation of supplier payment and settlement terms and this should be done to the advantage of the University. The Procurement Services Manager reserves the right to refuse payment for goods or services, which are subject to complaint or are deemed to be sub-standard to those ordered.

In no circumstances must goods or services be paid for prior to receipt, or completion, without approval in writing from the Director of Finance. Any special conditions or arrangements relating to the purchase of goods and services must be noted and communicated to Financial Services (Procurement Services Section).
11. PRICE INCREASE NEGOTIATION

11.1 Application for price increases must be sent by suppliers to the Procurement Services Manager in writing, or in the case of National and Regional frameworks notified to him.

11.2 The Procurement Services Manager will examine the claim and discuss it with the appropriate Cost Centre Manager and his nominees.

11.3 The Procurement Services Manager will then decide either to source the item from other suppliers or enter negotiation with the supplier applying for the price increase. He must, in the course of negotiations, establish the reasons for the price increase, its justification (does it exceed RPI?) and based on this information either approve the increase or find alternative sources of supply for these goods or services.

11.4 No price increase will be negotiated for materials received against quotations unless provision has been made at the time of quotation in respect of extraneous circumstances which might justify such an increase.
12. COMPLAINTS OF QUALITY

If goods or services purchased for use in the University are not totally satisfactory, the user will notify the purchaser of these goods or services of this fact. The purchaser will then forward details of the faulty goods or services, along with the original order number and supplier, to the Procurement Services Manager. The Procurement Services Manager, having established the facts, will then raise a ‘complaint of quality’ on the respective supplier in the form of a letter. The letter will be despatched to the supplier and a copy held on file by the Procurement Services Manager. If no reply is received within 21 days, the Procurement Services Manager will telephone the supplier and ask if they have received the complaint and what action they propose to take. The Procurement Services Manager will be responsible for bringing all quality complaints, if justified, to a satisfactory conclusion in the best interests of the University.
13. SOURCING MATERIALS

Appraisal is as much a part of choosing a supplier, as signing a contract. For the best deals, buyers must assess potential partners against a series of important criteria.

Sourcing is one of Procurements key tasks, but it involves more than just selecting a supplier. Any supplier should be thoroughly appraised before orders are placed. This may seem obvious, but new sources aren’t always required. There is much to commend the building up of a relationship with a trusted supplier over time. A successful alliance depends on keeping up to date with the supply market and constantly testing it. It may be possible, or advisable to split requirements between companies (multiple sourcing).

Organisational strategy can affect the search for a supplier. For example, a University may have a policy of only using Environmentally Accredited suppliers or a fair trade policy. However, even in these circumstances, buyers should always be aware of the need to ensure ‘value for money’.

Appraisal should be undertaken before choosing a supplier. Buyers need to:

i)    Assess suppliers and their ability to perform to contract;

ii)   Seek out possible weaknesses so that actions can be taken if a contract is signed;

iii)  Use information about a supplier in negotiations, for example to highlight deficiencies or to obtain discounts.

The time, effort and cost devoted to an appraisal will depend on several factors;

i)    The value and complexity of the order;

ii)   The buyer’s knowledge and experience of a supplier, such as their reputation or references;

iii)  The prevailing economic, industrial or political climate and the constraints that may affect a supplier’s performance, such as material shortages or industrial disputes etc;

iv)   financial consequences of the supplier not meeting its obligations;

v)    The time available;

Price is often of secondary importance when selecting a supplier. Value or total cost, is more important, though it is difficult to devise a single system for ascertaining a supplier’s ability to provide best value. A good supplier should not only provide the right quality consistently but also be receptive to changes in need.

There are a number of ways to gather information about potential suppliers:
i) Examine company reports, references and so on;

ii) Use the pre-qualification questionnaire available from Procurement Services, which can elicit information that can be verified later on;

iii) Send a small team, including the buyer, to visit the supplier, to get on site information and carry out an audit/assessment.

iv) Ask other procurement colleagues for references, trade associations, banks and so on to provide information.

v) Check if the supplier is approved by official bodies such as the Ministry of Defence. Does it have a widely accepted quality standard appropriate to its business?

Supplier Appraisal must be carried out as a complete process. This will normally be based on a questionnaire, which will provide a basis for consideration (see purchasing website), allow benchmarking against other suppliers and indicate any areas of weakness that need to be rectified.

This process takes time and so the emphasis must be placed on companies that are likely to be doing business with the University in excess of £10,000 or those supplying the most critical goods or services to the University.

Single Sourcing may be the only feasible policy if:

i) The supplier has a monopoly;

ii) The supplier holds patents or licences for a product;

iii) The supplier has such a high reputation that there is no other short term alternative;

iv) The cost of more than one set of goods is prohibitive;

Multiple Sourcing is an insurance against a breakdown in supplies.

It also motivates suppliers to provide good service. It may be possible to split orders between suppliers, but the precise figure will depend on many different factors.

When a new or potential supplier is being considered by the University, the company will be asked to fill in a ‘Vendor Appraisal Form’, which should be completed and returned to the Procurement Services Section. These forms can be downloaded from the Purchasing Website. The originating School or Service will also have to fill in a new supplier form (available on the website) and the Supplier must be assessed and approved before goods or services are received from them.
14. APPROVED SUPPLIERS LIST

The Approved Contractors list is a list of companies and other organisations (e.g. partnerships, sole traders), referred to hereafter as organisations, which have been approved to do business with the University. They would have returned a completed Contractors/Suppliers appraisal form, which has been checked and sanctioned as acceptable by the Procurement Services Section via the In-Tend Contract Management system or gone through a similar process with other HE procurement organisations.

Companies on the University’s Approved Suppliers/Contractors List will be constantly evaluated for:

1. Delivery performance.
2. Quality.
4. Rejection/complaints.
5. After-sales service.

If any organisation does not meet the required standards, the Procurement Services Manager can remove them from the Approved Suppliers List.

The Procurement Services Manager will be responsible for the constant updating and issuing of the Approved Suppliers/Contractors List to all relevant departments within the University.

In case of emergency, organisations outside the Approved Suppliers/Contractors List may be used at the discretion of the appropriate Cost Centre Manager and his delegate.
15. THE UNIVERSITY OF HUDDERSFIELD TENDERING PROCEDURE.

This procedure is intended for the practical guidance of those wishing to place an order for 25k or more (excluding VAT). It reflects the Financial Regulations of the University (Section 6.18 page 22) but is not intended to re-state them. Unless otherwise approved by the Vice Chancellor, contracts must be tendered in accordance with these procedures.

TENDERING.

The purpose of the tendering procedure as described in this document is to ensure that value for money is achieved through fair competition. The procedures surrounding the opening and recording of the tenders ensure that all tenders have an equal chance to submit confidential tenders; tenders are not tampered with following receipt, that they are fairly considered without prejudice and that the most economical tender is chosen. In addition, the process is fully recorded so that an audit trail exists and this is further confirmation of the fairness and objectivity of the competition.

PROCEDURES FOR TENDERING.

Tenders must be raised when the anticipated annual value of business for a particular commodity (excluding VAT) is £25,000 or more, or when the value of an individual purchase is in excess of £25,000 (excluding VAT). Where the value exceeds £164,176 either cumulatively over the life of the contract or as an individual purchase the procurement will be subject to EU Procurement Regulations and staff are asked to contact the Procurement Services Manager for help and guidance in these circumstances. In the case of building and works contracts the EU Procedures are invoked at the higher threshold of £4,104,394 and will only be used by Estates and Facilities Directorate.

Tenders should only be issued to Suppliers who have been approved via the In-tend electronic procurement system, please contact Central Procurement team if you need help in registering prospective tenderer’s. Any queries or help required in assessing suppliers must be obtained from the Procurement Services Section of Financial Services.

All tenders must be issued using the University’s standard documentation details of which can be found on the Procurement Services Website. All tenders despatched manually must be accompanied by pre addressed and labelled tender envelopes. Failure to do so could render the tender inadmissible and void.

All tenders must be registered in the Tender Book in the Central Procurement Office.

When awarding tenders the decision must be made on the basis of best value for money, and criteria for evaluation must be clearly stated in the Invitation to Tender (ITT) and in the case of restricted tenders within the PQQ. The successful tenderer will be informed at the earliest possible time following the conclusion of the tender exercise by letter. A format of this letter can be found on the University Procurement web site.

Once the successful tenderer has accepted the contract the unsuccessful tenderers must be notified in writing (a format of the unsuccessful Tenderer letter can be found on the Procurement Services Website).

On completion of the tender exercise the School or Service must complete a Tender Contract Award notice and forward it to the Central Procurement Team in Financial Services.
SPECIFICATION OF REQUIREMENTS.

The cost centre manager or project manager or persons acting on behalf of them must prepare a specification of his/her needs. This specification should be clear and concise and carry no reference to any Supplier's specifications which may show a leaning to a particular supplier. Advice on preparing specifications can be sought from Procurement Services Section of Financial services. A training course is also available via Procurement Services on preparing specifications should it be needed. On completion of the specification the tendering procedure can be initiated.

ELECTRONIC TENDERING.

The University is encouraging all tendering activity to be done electronically via the In-Tend procurement solutions e- Tendering programme. Schools and Services should contact the central procurement office to discuss their requirements and then forward a specification document to be included in the electronic tendering exercise in pdf or word format. The electronic tender document will then be built by purchasing staff into an electronic tender which will be issued electronically by the Central Procurement Team. The initiating School or Service will be able to access the document on the web based In-Tend software, permission and access for all staff must be obtained by e-mailing Mr Andrew Hughes Ext 2954.
In the fullness of time all users will be given training on the In-Tend system.

OPERATIONAL REQUIREMENTS.

In some cases it may not be possible to produce a specification of the goods or services required. In these cases, an operational requirement shall be produced specifying the functions required of the goods and services (performance or output specification). On completion of this document the tendering procedure can be initiated. The Specification or Operational Requirement should be sent to a minimum of 3 suppliers but the university encourages tender initiators to go to 6 or more suppliers if they are available so that the market place is thoroughly investigated and that the call for competition has been seen to have been satisfied. The returned tenders will be evaluated against the criteria listed in the invitation to tender and a report will be produced listing why the successful supplier was chosen. Advice on doing such evaluations can be sought from Procurement Services.

INVITATIONS TO TENDER.

Prior to the issue of invitations to tender (ITT), the University shall satisfy itself that the companies to be invited to tender are commercially acceptable and that they are financially stable. Reports can be obtained on companies via the Procurement Services Office. Tenders should be invited for all goods and services in excess of £25,000 whether this be singularly or cumulatively for the product or commodity. Single source tenders for goods and services shall only be permitted when it has been satisfactorily established that there is only one supplier able to provide the goods or service or in exceptional circumstances. Evidence of negotiation with single suppliers must be recorded for audit purposes and kept with the copy order.
The inviting of tenders from single source suppliers shall only be with the approval of the Director of Finance. EU Directives on tendering must be followed for all goods and services in excess of the EU Thresholds and appropriate adverts placed in the OJEU (Official Journal of the European Union). These EU tenders should be done under the guidance of the Procurement Services Manager to ensure that the University complies with the EU laws. Failure to do so could be very costly for the University. The current Thresholds for the period 2016-2017 are:- Goods and Services £164,176 Works £4,104,394. Any companies invited to tender must be financial sound and agree to the University Terms and Conditions of purchase. Furthermore companies applying for works contracts must be on the Estates and Facilities Approved Contractors List. Any enquiries from Suppliers regarding suitability or wishing to be included on the lists must be sought from the procurement services office. Appropriate forethought must be given to the closing date/time of the tender. The deadline must not fall on a bank holiday or a Saturday or Sunday, as in these instances the University cannot properly receive the tenders. Tenders that close on a Friday should not have a closing time of later than 15.00 hours. A minimum of 3, but preferably 6 suitable suppliers shall be invited to tender for each contract. Once the list of Tenderer’s is drawn up and the ITT’s have been despatched no other suppliers should be added to the list. The exception would be where suppliers withdraw from the tender leaving the University with only one or two choices and in these circumstances the tender could be added to or retendered using the newly compiled list of Suppliers. Suppliers being invited to tender should be listed on the form “Notification of Invitation to Tender” for manual tenders (copies of which can be found on the purchasing website). The electronic tender details will be stored on the In-Tend system. When the companies have been listed and the other parts of the form have been completed it should be forwarded to Procurement Services section of Finance who will file the form and register the closing date of the tender. Procurement Services will notify the project leader/cost centre manager so a suitable time can be arranged for the tender to be opened after the tender return date. It is normal practice for Suppliers to be given 30 days to submit their tender responses although this can vary depending on the complexity and urgency of the tender. It should be noted that an EU tender has a strict timetable for returns of tenders according to which type of tender is chosen. Please consult the Procurement Services Manager when entering into such tendering arrangements.

TENDER DOCUMENTATION CHECKLIST. (For manual tenders).

Tender documentation to accompany the specification should include:-
1. Conditions of Tender.
2. Invitation to tender.
3. Synopsis of the University of Huddersfield.
4. Form of tender:
   4:1 Declaration.
   4:2 Non Compliance Statement.
   4:3 Declaration of Bona Fide Tender.
   4:4 Price Schedule
4:5 Basis of Tender Prices.
5. Supplier Questionnaire.
7. Specification.
Optional or additional sections to be included could include:-

Service Level Agreement.
Special conditions of tender.
Insurance Details (public liability etc).
Equal opportunity and RRA policies.

TENDERING DOCUMENTATION – REGISTER.

All tenders issued must be on the University’s Tender Documentation, which has been approved by the Director of Finance, copies of which can be downloaded off the procurement services website.
When the tender documents are issued a “Notification of Invitation to Tender” must be sent to the Procurement Services Section within Financial Services room no. CSB Level 8 – 13. (“Notification to Tender forms can be found on the procurement services website).
These “notifications of Invitation to Tender” will be filed in return date order and held in procurement services pending the opening of the tender.
When issuing tenders, tendering Contractors/Suppliers must be provided with a pre-endorsed envelope in which they should return their tenders. All tenders sent out should be recorded in a register maintained by procurement services, which will detail the following:-

1. Tender or Project reference number. (EU tenders should record the OJEU reference number).
2. Names of tendering companies.
3. Date of Issue.
4. Description of Tender.
5. Who initiated the tender (individual or School or Service).
6. Closing Date.
7. Date of Receipt.
8. Date opened.

RECEIPT OF MANUAL TENDERS.

In coming tenders will be identified by the tender reply envelope or otherwise clearly identified as such. Any envelopes or packages identified as tenders will, upon receipt, be annotated with the date and the time of receipt on the respective envelope and a tender receipt slip will be filled in at the same time and issued to the courier bringing the tender.
The tender will then be placed in the University tender box by a member of procurement services and there it will remain until the tender is opened.
Each envelope should have the tender receipt list recorded upon it but not the supplier sending the tender as anonymity is essential at this stage.
All tenders must be received by the time and date specified in the tender documents. Late tenders will be annotated “out of time” and will not be considered unless prior explanation has been received saying due to circumstances beyond the control of the tenderer the tender may be delayed, in which circumstance this will be noted in the tender book at the opening accompanied by the explanation.
Tenders arriving at locations within the University other than procurement services must be annotated with the time/date of receipt and forwarded to the procurement services office immediately. If a tender is accidentally opened by mistake prior to the opening date, the document should be retained until the opening date in the opened envelope and placed in the tender box. The envelope should be marked “opened in error”, date stamped and signed by a member of procurement services staff.

**RECEIPT OF ELECTRONIC TENDERS.**

All electronic tenders will be received back from the prospective tenderer's via the In-Tend electronic tendering system and will be held securely within the system until opened.

All Staff who are to attend the opening will be notified via e-mail through the In-Tend system and will be supplied with appropriate access and passwords in order to complete the task.

**OPENING OF MANUAL TENDERS.**

Tenders should be opened as soon as possible following the closing date in the presence of a senior member of financial services staff who will perform the opening, the procurement services manager who will record proceedings in the “tender Book” and a person or persons who are engaged in the project/tender. (If the procurement services manager is unavailable he/she will nominate a member of procurement staff to take on their role).

In the case of tenders for an amount above £500k, an independent member of the University Council must be present.

In these cases provision for a member of council should be made in advance of the opening through the offices of the University Secretary.

Tenders received after the date must not be considered (unless previously notified) and will be returned unopened to the originators of the tender.

At the opening the tender book will be filled in and signed by those present and each individual tender received will be initialled by those present next to the pricing details.

A unique tender reference number (the number of the tender as shown in the Tender Book followed by an identifier) is annotated on the envelopes immediately prior to opening. They are then opened and the time and date of receipt and of opening, together with the tender amount (excluding VAT) will be recorded in the Tender Book. At the same time the Invitation to Tender form will be filled in with all the relevant details. Any other relevant information or unusual circumstances regarding the tender should also be recorded in the Tender Book at this time. The Procurement Services Manager retains the Tender Book in Procurement Services at all times along with the original Invitation to Tender form and he/she will give a copy of this form to the person or persons initiating the tender for their records. Persons receiving the tender documents should retain them for at least 5 years following the tender exercise for reference and audit purposes.

**OPENING OF ELECTRONIC TENDERS.**

The procedure for opening electronic tenders will follow the manual procedure as far as who attends and as to when a member of the governing council will be asked to attend.
The difference being that the electronic tenders will be opened on the In-Tend system using the logon and passwords assigned to the individuals attending the tender opening.
For the immediate future the electronic tenders will continue to be entered into the University tender book.
Please note it is also possible to register manually received replies to electronic tenders via the In-Tend database.

ACCEPTANCE OF TENDERS.

There should be a full evaluation of the tenders in line with the criteria specified in the tender and following the evaluation a report summarising the tender should be made and retained by the tender originators.
Following the comparison exercise the tender providing the best value for money related to the original requirement will be selected.
It should be noted that the Vice Chancellor reserves the right to reject any tender.
Once the supplier of the best offer has been selected using the criteria set in the tender documents he/she will be notified by letter that they have been successful.
On the receipt of a letter/acknowledgement back from the successful supplier the tender originator will issue rejection letters to the other suppliers who submitted tenders.
The procedure for accepting the electronic tenders following evaluation is exactly as the above procedure, but notification to the successful and unsuccessful tenderer's will be via the In-Tend database.
When awarding a tender after an EU procurement tender exercise staff are reminded that under the “Alcatel Ruling” a 14 day cooling off period must be observed to allow unsuccessful tenderers to challenge the award.
16. QUOTATIONS PROCEDURE.

This Procedure is intended for the practical guidance of those wishing to place orders for less than £25k and more than £3k (excluding VAT). Unless otherwise approved by the Vice Chancellor, orders should be placed in accordance with these procedures.

Quotations (Definition)

For the purpose of these guidelines a quotation is the relatively straightforward exercise of seeking a price and delivery time for goods or services which are easily specified and whose total value falls between £3k and £25k (excluding VAT).

The University has a standard form for seeking written quotations and this can be obtained from the Purchasing Website. These forms should be sent out to prospective suppliers (to a minimum of 3 but preferably 5) along with a specification of the requirements and a pre-addressed envelope for the return of the completed quotation form.

Alternatively, the quotes can be sent in by suppliers on company letter-headed paper with their offer, but must also include a signed statement that our Terms and Conditions of Purchase will bind the supplier.

On receipt of the quotations, the cost centre manager or his/her nominee must record the quotation on a Quotation Record Sheet (these can be downloaded from the Purchasing Web Site). The quotations must be evaluated in accordance with one or all of the following criteria.

i. Purchase price
ii. Whole life costs
iii. Delivery time
iv. Quality
v. Aesthetic and functional characteristics
vi. Technical merit
vii. Compatibility
viii. After-sale services and technical assessment

Once the cost centre manager or his/her nominee have evaluated the quotations and selected one of the offers – the one representing best value for money taking account of the above evaluation criteria – they can proceed to place an order. When the order has been placed a copy of the quotations and of the Quotation Record Sheet should be forwarded to the Purchase Ledger Section of Financial Services.

Sole suppliers.

In cases where goods or services can only be obtained from a sole supplier buyers are responsible for obtaining value for money from the supplier. If the value of purchase exceeds £3,000 the buying School or Service must fill in a single supplier form and include details of how value for money was obtained. This must be forwarded after been signed off by the School or Service to the Director of Finance for approval before an order can be placed.
17. FRAMEWORK AGREEMENTS

These are normally brokered at National or Regional level by collaborative arrangements through purchasing consortia both within HE and through other government bodies such as Buying Solutions.

Before using any framework agreements the School or Service must check with central procurement that they can use the framework and that prior to use the appropriate procurement rules have been satisfied. Frameworks normally have the following characteristics

1. Involves substantial spend.

2. Choice of Supplier

3. Goods are purchased from a catalogue with fixed prices

4. The Framework agreement results in a number of purchase orders being committed over a period of time.

The following parameters must be included in any framework agreement:

1. Price and price stability.

2. Delivery terms.

3. Duration of agreement.

4. Lead times.

5. Stockholding arrangements (if applicable).

6. Technical assistance including after-sales service.

7. Payment terms.

8. Quality complaints procedure.

9. Service Level Agreements

When entering into any framework agreements, assistance should be sought from the Procurement Services Manager. A copy of all framework agreements must be forwarded to the Procurement Services Manager for his comments prior to either party signing the document.

When using frameworks to make purchases users must conduct a mini competition getting quotes from all the suppliers on the framework, cherry picking the suppliers is not allowed and could result in action being brought against the guilty party by suppliers omitted from the quotes process.

(Only where a mini competition has been put in place by the procurement department and a preferred supplier to the University put in place may a single quote for goods and services be obtained).
18. CONTRACTS

18.1
Contents of contracts.

18.1.1
Every contract shall specify:

i) The work, materials, matters or things to be supplied or carried out.

ii) The price to be paid, with a statement of discounts or other deductions, and provision for any price negotiation during the contract period.

iii) The time, times or period within which the contract is to be performed.

18.1.2

Unless the Vice-Chancellor, having regard to all the circumstances, considers it to be unnecessary:

i) Contracts for the execution of work or for the supply of goods or materials shall provide for liquidated damages to be paid by the contractor in case the terms of the contract are not duly performed.

ii) The University shall require and take sufficient security for the due performance of any such contract.

18.1.3

Quotations for contracts shall normally be requested in sterling. The prior approval of the Director of Finance must be obtained before contracts in currencies other than sterling are entered into.

18.1.4

Unless the Vice-Chancellor, having regard to all the circumstances, considers it to be unnecessary, in every contract for the supply of goods or materials a clause shall be inserted to secure that, should the contractor fail to deliver the goods or materials or any portion thereof within the time or times specified in the contract, the University without prejudice to any other remedy for breach of contract, shall be at liberty to determine the contract either wholly or to the extent of such default and to purchase other goods or materials, as the case may be, of the same or similar description to make good

(a) such default, or,
(b) in the event of the contract being wholly determined, the goods or materials remaining to be delivered. The clause shall further secure that the amount by which the cost of so purchasing other goods or materials exceeds the amount which would have been payable to the contractor in respect of the goods or materials, as the case may be, replaced by such purchase, if they had been delivered in accordance with the contract, shall be recoverable from the original contractor. The purpose of this paragraph shall be drawn to the attention of all persons tendering for a contract with the University.

18.2 British Standards.

Where an appropriate British Standard specification or British Standard code of practice issued by the British Standards Institution is current at the date of the tender, then, unless there is, in the opinion of the Vice-Chancellor, good and sufficient reason to the contrary, every written contract shall require that, as the case may be, all goods and materials used or supplied and all workmanship shall be in accordance with that Standard.

18.3 Cancellation of Contracts in Case of Corruption, etc.

There shall be inserted in every contract a clause empowering the University to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the University for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the University or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor) or if, in relation to any contract with the University the contractor or any person employed by him or acting on his behalf shall have committed any offence under the Prevention of Corruption Acts, 1889 to 1916.

18.4 Assignment and Under letting of Contracts.

In every contract for the execution of work or the supply of goods or materials the following clause or words to the like effect shall be inserted, viz:

The contractor shall be prohibited from transferring or assigning directly or indirectly to any person or persons whatsoever any portion of this contract without the written permission of the University of Huddersfield. Sub-letting of any part(s) of the work except to the extent permitted in writing by the Registrar and Secretary shall be prohibited.
18.5 Financial Supervision of Contracts.

18.5.1 At the time of inviting tenders or after receiving tenders for the performance of works or the supply of goods, the Director of Finance shall, at his discretion, arrange for a financial appraisal of the tenderers.

18.5.2 Any payment on account to contractors against a formal contract shall be made only on an approved certificate signed by the Cost Centre Manager administering the contract or other duly authorised officer and shall be passed to the Director of Finance for checking, recording of details and payment.

18.5.3 Accounts in respect of fees and expenses of architects, engineers, supervising officers and other consultants shall be duly certified by the Cost Centre Manager administering the contract or other duly authorised officer and passed to the Director of Finance for verification and payment.

18.5.4 Subject to the provisions of the contract every extra or variation shall be authorised in writing by the Cost Centre Manager administering the contract or other duly authorised officer immediately the extra or variation is agreed.

18.5.5 Any extra or variation of works or aggregation thereof which results in additional costs being incurred on a contract of the greater of 5% of the contract sum or £3,000 (exclusive of VAT) shall be reported by the Cost Centre Manager administering the contract to the Director of Finance as soon as practicable.

18.5.6 The Director of Finance shall, to the extent he considers necessary, call for and examine any documents in connection with the contract at any time during the course of the contract and may require and receive such explanations as he may deem necessary.

18.5.7 The Director of Finance shall, to the extent he considers necessary, examine final accounts for contracts and be entitled to make all such inquiries and receive such information and explanations as he may require in order to satisfy himself as to the accuracy of the account. The final certificate shall not be issued until the appropriate Cost Centre Manager administering the contract has produced to the Director of Finance a detailed statement of account and all the necessary supporting documents and these have been checked.

18.5.8 Claims from contractors for loss or expense, outside the terms of the contract or under any statutory instrument, or any claim for an ex-gratia payment, shall be jointly considered by the Vice-Chancellor, the Registrar and Secretary and the Director of Finance before any recommendation is made to the University Council.

18.5.9 The University Secretary shall have power, at his discretion, acting on the advice of the Cost Centre Manager administering the contract or other duly authorised
officer, to reduce or release any performance bond after practical completion of the contract.
19. STORES AND STOCK CONTROL POLICY

The University holds stock in stores around the campus. Most of these are departmental stores, which hold stocks for departments or services at or near the point of use. These stores primarily service the department or services with which they are associated, although some do service other parts of the University.

The departmental stores operate under a common stock control policy and are under a brief to keep stockholding to a minimum and to keep only stocks which are deemed critical to the operation of the University, or where the financial benefits which can be gained through bulk purchase outweigh the cost of maintaining those stocks.

The buying of materials for stock because the item is cheap (i.e. spot-buying) is no longer feasible, unless there is an immediate demand for that material.

19.1 STORES AND STOCK CONTROL

Historically many items commonly found in University stores justify their ‘shelf space’ because of one over-riding factor - long lead times. For many goods this situation no longer applies, and in principle ‘Just in time’ ordering could be introduced to replace the need for holding these stocks. The cost of holding stores varies, but can generally be calculated at 20-30% of the purchase price of the stocks.

19.2 REASONS FOR HOLDING STOCKS

Stock is held for various reasons:

i) To match delivery with usage rates, both of which may fluctuate significantly (indicating the need to cushion for breaches in supply or anticipate for shortages).

ii) It may not be possible to order user requisition quantities, as these may not be compatible with economic or minimum order quantities or other quantity restraints.

iii) To accommodate economic purchasing which takes advantage of bulk quantity discounts or advancing delivery times to avoid price increases.

iv) To take advantage of a single delivery point for consignments.

v) A convenience and ‘security’ factor for staff.

vi) To consolidate supplies, suppliers and paperwork.

vii) To ensure that any stocks held by the University have the correct storage facilities (some stocks can be hazardous, toxic, or just require special conditions to prolong a limited shelf life).
viii) To avoid the holding of duplicate stocks in ‘squirrel stores’ around the University.

 ix) To enable better control of legislative elements of materials management.

19.3 SERVICE LEVELS

The stores function is measured by the level of service it provides. The actual service level can be evaluated by the first time pick rate and this should be at least 80% in order to provide a reasonable level of service to the customer.

Any service level should be balanced against the cost of that service to the University, obviously, the higher the level of service, the higher the cost of the service. The ideal situation of demand totally matched to supply (i.e. 100% service level) is extremely expensive to maintain although desirable to its users.

19.4 STOCK CONTROL METHODS

When trying to control stocks, the stock controller is attempting to achieve two things - to balance out the penalties of holding either too much or too little stock. There are several techniques, which can be applied:

i) Continuous Review

As the name implies, is where the emphasis is on review of stock items on a regular basis, usually weekly. For every item thus reviewed, a re-order level (ROL) and re-order quantity (ROQ) are used to determine whether or not to place an order. These two figures, ROL and ROQ are set quarterly and reflect the length of the delivery time, the forecast demand, the size of buffer holdings required and the price of the item. At the time of the review, if the rotational stock (i.e. the sum of the physical stock plus any stock on order) is at or below the ROL, then the stock controller will make the decision to order, the order quantity usually being the ROQ.

ii) Cyclic Review

Cyclic review is very similar to continuous review but the period of review tends to be monthly or quarterly rather than weekly. It is particularly useful in respect of high value items or where there is a desire to control the total ordering on specific suppliers. The measure used to determine whether or not an order is required is the maximum stock level (MSL) which acts very like the ROL plus the ROQ mentioned above, and which is set on a similar basis by reviewing past consumption.

Simpler methods of stock control can also be implemented, e.g. the 2-bin method - in which two bins are used for storage of a stock item, when one bin is emptied, an order is placed to replenish the stock used. However, in this day and age such a system could prove expensive due to the ever-changing pace of technology.

Other factors considered when replenishing stocks are:

i) Items of small value are usually replenished in bulk, often buying six months stock at one time to justify the ordering costs.
ii) Certain items held in stock will have a seasonal demand - fly spray, rock salt.

iii) Some items will have a shelf life and therefore it would be false economy to buy items, which during their storage would become ‘out-of-date’, e.g. camera films, chemicals. Therefore, orders for these items would be small and on a regular basis.

iv) Where the demand for the items falls below Economic Order Quantity (EOQ), as in the case of certain medicines, then the order placed will reflect the EOQ and not the ROQ.

v) The stock controller must always guard against obsolescence, taking notice of changes in stocking policy, new products, advances in technology, etc.

vi) Taking the above factors into account, if it is still possible to achieve a significant saving by buying an item in bulk, then the Purchasing Co-ordinator will ignore the ROQ and buy the quantity which will afford the optimum value for money.

19.5 STOREHOUSE OPERATIONS

Security of stores is of prime importance as stock represents a major part of the organisation’s assets. Stores buildings must be adequately protected and where necessary, advice on security of premises must be sought from the University Security Officer. Only authorised personnel should have access to stores areas, i.e. staff who are directly responsible to the person in charge of the stores. Care should be taken to ensure ‘customers’, drivers and similar persons are unable to gain access to the stores unless accompanied by authorised personnel.

Keys to the premises should be registered and numbered and kept only by named persons. Duplicate keys should be kept by a responsible named official, i.e. University Security Officer.

Issues outside normal hours of opening should be avoided at all costs except in times of emergency.

Pilferable goods and attractive items should be stored in secure areas and responsibility for the security of these goods and their issue and replenishment should rest with the person in charge of stores.

All University stores should adhere to a good housekeeping policy and keep the stores area clean and tidy at all times.

Stores operatives should be fully familiar with Health and Safety regulations and COSHH regulations associated with their particular stores. The person in charge of stores is responsible for the Health and Safety of that area and also in maintaining a COSHH register for substances hazardous to health stored within their particular area.
19.6 ISSUING OF MATERIALS

All materials issued from stores must be accounted for and records must be kept as to where and when materials have been issued. In the case of most of the University stores this is done via an internal order generated through the Agresso system. If this is not the case, a register of issues or issue notes must be kept for audit purposes.

19.7 STOCKTAKING AND AUDIT

Stocktaking is the process of reconciling actual holdings with recorded holdings; there are two accepted methods of undertaking this procedure - periodic and continuous.

Periodic stocktaking involves the checking of stock as a specific exercise undertaken at relatively short intervals of time, e.g. annually.

Continuous stocktaking involves the dividing of the stockholding into sections, which are checked progressively throughout the year. The finish of one cycle coincides with the beginning of the next. Continuous stocktaking is particularly relevant for stores with a fast turnover and for most items of an attractive nature.

Whichever method is used, following the stock count, the physical and recorded stock balances should be reconciled and, after seeking the appropriate authorisation, adjustments should be made. Whilst the main purpose of the exercise is reconciliation, stocktaking can also serve to identify the following:

i) Weaknesses in procedures for custody and control of stock

ii) Stock which may be deteriorating in quality

iii) Redundant and obsolete stock.

19.8 DISPOSALS

Unwanted stock can arise for several reasons and it can be divided into four main categories:

i). Redundant stock - due to changes in departmental activities

ii) Obsolete stock - changes in design, technology

iii) Surplus - fall in demand

iv) Scrap - worn out beyond economical repair, expiry of shelf life or deterioration in stock.

Disposal of any stock of which the University is deemed to be the keeper/owner must be carefully controlled. The storekeeper must ensure that the best interests of the University are served. This is achieved by offering equipment to other departments or sections within the University or, if not required, disposal in a way which yields the greatest net income to the University.
Authorisation for disposal must be obtained in line with the University Financial Regulations. Upon disposal, the items should be removed from all equipment inventories and registers.

19.9 Disposal of obsolete, surplus, redundant and scrap stock

Scrap - items that have no useful life, due to them being broken beyond reasonable repair or having only scrap value, should be disposed of either by treating them as waste if they have no value. Or, if they have a scrap value, the Procurement Services Manager should be contacted.

ii) Low value redundant/surplus items usable in other areas - Items that are deemed to be redundant in one area of the University may be of use to another area. These items should be offered through e-mail to other areas of the University and departments should arrange a price and transfer between themselves.

iii) Low value obsolete items - Many items will fall into this category. Lists of such items should be forwarded to the Procurement Services Manager with some idea of the value attached. The Procurement Services Manager will then arrange for these lists to be circulated to interested parties.

iv) High value redundant/surplus/obsolete items, which have a potential re-sale value in excess of £500 - items falling into this category, should be listed separately to the Procurement Services Manager who will communicate the availability to interested parties. If no interest is generated this way, the Procurement Services Manager, with the permission of the Director of Finance, will offer the item to the general public either by advertisement or by public auction.

Persons responsible for the disposal of items must ensure that:

i) Items are valued realistically by comparison with trade sources, unless where auctioned or sold by a sealed bid method

ii) Items are ‘sold as seen’ and that there is no legal comeback on the University if the goods do not perform to the required standards

iii) When dealing with external purchasers the payment must be received and cheques cleared through the banks before the goods are collected

iv) Arrangements and any associated costs for removal, are made by the disposing department

v) For goods of a mechanical or electrical nature an indemnity for must be signed by the buyer, indemnifying the University against future operational condition or potential misuse

vi) A register of disposals is kept. Each entry should detail the item, method of disposal, value or cost of disposal, date of disposal and to whom the items were
disposed. This register should be kept by the Procurement Services Manager and each disposal Countersigned by the disposing Head of Department.
20. PROCUREMENT OF MATERIALS FOR DIRECT EMPLOYED LABOUR (DEL)

20.1
Due to the variety of building materials used in campus maintenance, it would prove impossible and impracticable to stock materials in the DEL Stores to cover all requirements. However, items, which are in common, and in regular use are stocked within DEL Stores. These are purchased to a central stock code and then charged out to individual jobs as and when required. As the materials are used the stocks are replenished in a similar way to stationery and cleaning stocks, although at the present time DEL material stocks are not recorded on the central computer system.

Other materials used by the DEL are obtained on a direct purchase basis. This is done either by individual orders or by monthly or quarterly ‘standing orders’. Much of the material is of a low monetary value and blanket or period orders are used to procure these supplies.

20.2 Period orders.
This type of order allows the user to ‘call off’ requirements as and when needed and these orders will be placed for either 3 or 6 month periods. This system will reduce administration time and costs and ensure that the DEL labour force will be used more efficiently (i.e. no hold-ups for processing orders). In some circumstances, greater discounts can be obtained by offering suppliers a period contract.

The ‘call-offs’ will be effected though the DEL Stores and will be strictly monitored to ensure this type of order is not ‘abused’. Towards the end of the period order, the supplier’s performance will be analysed in respect of service given and the value of business done.

Materials being ‘called off’ must have some financial restrictions/units placed both on individual bills of material and on the value of business done in any one period. Consequently:

1. Any individual item can only be called off to the value of £50. If this limit is exceeded it must be subject to a ‘telephone tender’ exercise.

2. Any bill of materials which in total costs less than £100 can be ‘called off’. If this limit is exceeded, it must be subject to a ‘telephone tender’ exercise.

3. The business with any one supplier must not exceed £1,000 per calendar month.

19.3 Telephone Tender List.
Central Purchasing, after consultation with Estates and Facilities personnel, have set up a ‘Telephone Tender List’ system.

When a request for material is received it is entered onto the telephone tender list. DEL Stores then ring round the various suppliers to obtain prices for these materials. Having obtained the prices, DEL Stores then consult Estates and Facilities and a decision is taken as to where to place the order. In the majority of cases, the lowest bidder will get the business provided the quality and availability of the material offered is fit for the required purpose.
There is a telephone tender list for each of the different trades within the DEL as well as one for general or miscellaneous requirements. The suppliers on these lists are not ‘permanent fixtures’ and can be added to and subtracted from as and when necessary. The list is not exhaustive and suppliers not on the lists can be added, if they can supply materials at a commercially advantageous price.

20.4 Instant response/out of hours materials requests.
These requests, because of their nature, must be dealt with differently. Details of materials for instant response/out of hours requests should be hand written onto a pre-numbered ‘Purchase Order’ pad similar to those used for stationery orders. This order number will then be given to the chosen supplier and the material obtained within the time required. This purchase order pad will be kept by the Purchasing Officer and only he and his deputies will be allowed to use this pad in response to emergency demands for material.
21. STOCK CHECKING

The annual stock check of all items held in stock within the University will take place on 31 July or the nearest available date. The stock check will be conducted by competent persons appointed by the School or Service to which the stock belongs.

On completion of the annual stock checks the information will be forwarded to Financial Services along with any discrepancies and materials for write off. On receipt of the returns Finance will take the appropriate action.

22. DISPOSAL OF NON STOCK OR SCRAP MATERIAL

When any equipment or materials come up for disposal or scrap, the Procurement Services Manager must be notified in writing. He will then assess the equipment and select appropriate possible buyers for this equipment. The Procurement Services Manager will produce a list of equipment to be disposed of and send it to the prospective buyers. The list will include:

1. Detailed description of equipment.
2. Return date for offers.
3. Point of contact should the prospective buyer wish to view the equipment.
4. Location of the equipment or materials.
5. Quantity and condition of the equipment.

The Procurement Services Manager will instruct all prospective buyers to return the form complete with their offer to the Director of Finance. The Director of Finance or his delegate will evaluate the offers and send the recommended prospective purchaser’s details along with all other replies to the Procurement Services Manager, who will then send a letter of acceptance to the successful bidder, instructing them that the University has accepted their bid for the surplus equipment. The Procurement Services Manager will request the successful bidder to forward the full amount plus VAT to the Director of Finance who will then issue a receipted invoice.

Before any successful bidder can collect any equipment, their cheque must have been cleared through the University’s bank. Financial Services will inform the Procurement Services Manager when this has happened so he can arrange for the collection of the goods by the purchaser.

*Note: Please refer also to the detailed procedures for maintaining the Local Assets Register.*
23. EU PROCUREMENT DIRECTIVES

The University is legally bound to comply with the European Union Procurement Directives, and all Cost Centre Managers and their authorised nominees must be aware of the impact these directives have upon their ability to tender for the supply of goods and services.

With this in mind, anyone who’s requirements exceed the EU tendering limits currently £164,176 for goods and services and £4,104,394 for works contracts, should immediately inform the Procurement Services Manager who will carry out the procurement on their behalf. The only responsibility for the requiring School or Service is to supply a specification for the goods or services required.

In the event of staff wanting further guidance or information, please contact the Procurement Services Manager. It is worth remembering that the Cost Centre Managers or their nominees are responsible for:

i) Ensuring they and relevant staff in their departments are informed of the Directives.

ii) Identifying contracts affected by the Directives.

iii) Planning and managing said contracts to ensure compliance with the Directives, without jeopardising the project in question.

iv) Issuing all the necessary information to the Procurement Services Manager, who in turn will accept responsibility for the processing of that paperwork.
24. TERMS AND CONDITIONS OF PURCHASE.

The University has set terms and conditions of purchase which must be used when purchasing goods or services and must take precedence over any supplier terms and conditions (unless otherwise agreed by the Procurement Services Manager or the University’s Legal Officer).

Depending on the type of goods or service to be purchased the University has a variation on its standard terms and conditions and anyone who is unsure must contact the Procurement Services Manager immediately.

All the terms and conditions of purchase can be accessed through the purchasing website.
## 25 RETENTION OF DOCUMENTS

### Retention and disposal schedule: resources management (finance and purchasing; staff; equipment) records

See separate section for Corporate Management to cover planning, performance, governance, management of risk, audit, legal affairs, equality & diversity, health & safety, environment/waste.

<table>
<thead>
<tr>
<th>Records about:</th>
<th>Retention period</th>
<th>Rationale</th>
<th>Master held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial accounting: payments/expenditure including tuition fees, petty cash</td>
<td>Current financial year + 6 years</td>
<td>1970 c. 9 s 34 1980 c. 58 s 5 1994 c. 23 HMRC 700/21 para. 5.2</td>
<td>Finance</td>
</tr>
<tr>
<td>Financial accounting: expenses</td>
<td>Current financial year + 3 years</td>
<td>HMRC E11</td>
<td>Finance</td>
</tr>
<tr>
<td>Administration of research and enterprise grants</td>
<td>Termination of grant + 6 years</td>
<td>1980 c. 58 s 5</td>
<td>Finance</td>
</tr>
<tr>
<td></td>
<td>NB some sources of European funding may specify the retention of records a longer period. Please consult Financial Services for advice.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning &amp; budgeting – monitoring reports</td>
<td>Current financial year + 1 years</td>
<td>JISC recommendation</td>
<td>Units</td>
</tr>
<tr>
<td>Purchase Orders Good Received Notes/Goods Inwards Notes</td>
<td>Current financial year + 6 years</td>
<td>1980 c. 58 s 5 HMRC 700/21 para. 5.2</td>
<td>Finance</td>
</tr>
<tr>
<td>Recruitment – unsuccessful applications</td>
<td>Completion of recruitment process + 6 months</td>
<td>1975 c. 65 1976 c. 74 1995 c. 50 SI 2006/1031 Regulations 7, 36 and 42 SI 2003/1660 Regulations 6, 28 and 34 SI 2003/1661 Regulations 6, 28 and 34</td>
<td>HR</td>
</tr>
<tr>
<td>Employee timesheets (required for payroll purposes or the administration of grants)</td>
<td>Current financial year + 6 years</td>
<td>1970 c. 9 s 34</td>
<td>HR</td>
</tr>
<tr>
<td>Master copies of procedures relating to the management of equipment and consumables.</td>
<td>Superseded + 3 years</td>
<td>JISC recommendation</td>
<td>Finance, Units</td>
</tr>
<tr>
<td>Major items Specifications for, selection, development &amp; installation, testing, inspection &amp; maintenance of equipment/consumables for.</td>
<td>Life of item + 6 years</td>
<td>1980 c.58 s 5</td>
<td>Units</td>
</tr>
<tr>
<td>Items which are safety critical or associated with hazardous operations</td>
<td>Life of item + 40 years</td>
<td>JISC recommendation</td>
<td>Units</td>
</tr>
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</tr>
<tr>
<td>Specifications for, selection, development &amp; installation, testing, inspection &amp; maintenance of equipment/consumables:</td>
<td>Life of item + 6 years</td>
<td>JISC recommendation</td>
<td>Units</td>
</tr>
<tr>
<td>Work equipment, including lifting equipment and pressure systems</td>
<td>Life of item</td>
<td>JISC recommendation</td>
<td>Units</td>
</tr>
<tr>
<td>Specifications for, selection, development &amp; installation, testing, inspection &amp; maintenance of equipment/consumables: other items</td>
<td>Life of item</td>
<td>JISC recommendation</td>
<td>Units</td>
</tr>
<tr>
<td>Stock inventory, stocktaking/checking for equipment/consumables.</td>
<td>Superseded</td>
<td>JISC recommendation</td>
<td>Finance</td>
</tr>
<tr>
<td>Monitoring of the condition of stored equipment/consumables.</td>
<td>Current year + 1 year</td>
<td>JISC recommendation</td>
<td>Units</td>
</tr>
</tbody>
</table>

Last updated 15/12/2015 changes to EU Thresholds.