

Procurement Procedure 1.4	
Enabling Policy Statement; Executive Owner; Approval Route:	Our Operations - Chief Operating Officer - Operations Committee Chief Operating Officer Operations Committee
Associated Policy Statements:	
Authorised Owner:	Chief Financial Officer
Authorised Co-ordinator:	Executive Assistant to the CFO
Effective date:	1 st November 2022
Due date for full review:	1 st March 2025 for 1 st July 2025 implementation
Sub documentation:	N/A

Approval History

Version	Reason for review	Approval Route	Date
1	Following guidelines of the Universities new Policy Framework	Operations Committee	17 June 2022
1.1	Incorporate feedback from key stakeholders and Operations Committee	Operations Committee	12 July 2022
1.2	Amendments to incorporate feedback from Governance, Risk and Assurance's review	Operations Committee	August 2022
1.3	Amendments from Chief Operating Officer	Chief Operating Officer	October 2022
1.4	Minor amendments to contract management and supplier onboarding sections	Chief Financial Officer	November 2023

1. Purpose

The procurement procedure is designed to ensure that the University secures good value for money from bought in goods/services and to ensure probity in commercial decision making. This procedure sets out how procurement should be conducted to ensure the following is consistently achieved;

- Economy: Prices paid
- Efficiency: Quantity of resources consumed
- Effectiveness: In delivering the desired outcome

2. Scope and Exceptions to the Procedure

2.1. All faculties, departments and subsidiary companies of the University are subject to this procedure regardless of the source of funding.

2.2. The following categories are exceptions to this procedure;

- Purchase of land
- Purchases funded by external bodies that are contingent on following Public Procurement Regulations

3. Definitions and Terminology

- **Procurement:** Obtaining goods or services from third parties. This includes purchases, leases, hire agreements, partnerships, joint ventures, revenue share and or similar transactions.
- **Aggregate Annual Value of Order:** The total value of all orders for substantively the same product or service expected to be placed within any rolling 12 month period
- **Purchase Order:** a legal document that is created by a The University on the finance system, sent to a seller to confirm the intention to purchase products and/or services
- **Procurement Strategy:** The University's agreed approach to procurement
- **Directed Category:** Area of expenditure regardless of value where the Director of Procurement has chosen to require staff to make purchases from a particular supplier or via a specific route
- **Supplier Register:** Supplier accounts live on the University financer system
- **Supplier Onboarding:** Process of adding suppliers to the register
- **E-procurement Catalogues:** Catalogues for low value purchased hosted through the University finance system either as a managed catalogue or punch out
- **University Standard Form of Contract:** Any template terms and conditions which the University sets as its standard for general use or specific areas of spend
- **University Standard Payment Terms:** 30 days from invoice in arrears. Any exceptions should be discussed with the Procurement Category Manager and may be escalated within Finance for a decision based on value and the vendor.
- **Procurement Waiver:** Authority for a temporary exemption from this procedure (see 4.7)
- **£ Values:** All values stated in this procedure are inclusive of VAT

4. Procedural Principles

Forecasting & Planning

4.1. All budget holders are accountable for ensuring that all expected expenditure on external goods and services is brought forward for review by the procurement team every quarter. For every Order with an annual aggregate value of >£50,000 per year inc VAT or, where directed by the Director of Procurement (Directed Categories), budget holders will prepare a forecast of spend as

follows;

- Objective to be achieved
- Forecasted spend on a rolling 12 month basis, or longer where possible
- Names of suppliers proposed to be used (where known)

4.2. The Director of Procurement is accountable for reviewing proposed expenditure and presenting a Procurement Strategy to Operations Committee for approval. The strategy will detail for each category of spend and department/faculty;

- Forecasted spend rolling 12 months ahead
- Objectives
- Key performance indicators
- Headline approach to be followed
- Resource requirements.

Achieving Value where Aggregate Annual Value of Order >£50,000

4.3. The guiding principle behind all University procurement is the active exploration and evaluation of alternatives. This is an essential element of determining value for money.

4.4. The Director of Procurement is accountable for deciding the following for each procurement in the forecast, in consultation with key stakeholders;

- Procurement process.
- Resourcing from the Central Procurement Team.
- Terms and conditions or contract
- Contract management regime to be followed.

4.5. In deciding on the procurement process to be used, the Director of Procurement will normally consider the following alternatives;

- Suppliers
- Products
- Systems
- Technology
- Ways of working
- Options to procurement e.g. not spending, insourcing or make buy

4.6. To explore alternatives the Director of Procurement will normally direct the use of one or more of:

- Competitive Bidding Process: Request for quotations, tender or another suitable mechanism for receiving competing proposals
- Should Cost Analysis: The gathering and validating of the Suppliers expenses in providing the product/service to determine a fair price or cost
- Benchmarking: Comparison of price or cost with other suitable organisations

4.7. Where no alternative can be reasonably shown to exist, or where the process of reviewing would create unreasonable levels of risk to the safe operation of the University, or there is unforeseeable urgency in the purchase, the Procurement Category Manager may seek a Procurement Waiver in advance of committing to the spend from;

- Up to £250k : Director of Procurement
- £250k to £1,000,000 : Chief Financial Officer
- >=£1,000,000 : Chief Operating Officer

4.8. Where no alternatives have been sought and no waiver has been approved in advance, purchases may still be made to maintain the smooth operation of the University, however the person

approving the purchase order must submit a report to the Director of Procurement for escalation to the Operations Committee explaining the rationale behind the decision.

- 4.9. For most purchases >£100,000 per year a written contract will be required, typically utilising a University Standard Form of Contract where possible. For purchases £50,000 to £100,000 per year a written contract or agreement is highly recommended and University Standard Form of Contract is preferred. As a minimum an agreement or contract should detail the services/goods being purchased, relevant service levels or KPIs, costings and commercials, and payment terms.
- 4.10. Other than for Directed Categories, Budget Holders will make the final decision on supplier selection considering advice from the Director of Procurement or their team. Where such advice has not been followed the Director of Procurement may, at their discretion, escalate the decision to Operations Committee for review.
- 4.11. Where the procurement process decided by the Director of Procurement has not been followed, the Director of Procurement may at their discretion withhold authorisation of purchase orders, cancel existing orders or withhold or delay payments to suppliers.
- 4.12. The Director of Procurement will retain appropriate records for each Supplier appointment for 7 years.

Achieving Value for Money for where Aggregate Annual Value of Order <£50,000

- 4.13. Budget Holders are accountable for deciding the Procurement Process where the annual aggregate value is <£50,000 per year unless otherwise directed by the Director of Procurement.
- 4.14. In normal circumstances Budget Holders are expected to review a variety of alternatives as set out below, understanding that there is an expectation of periodic review by Procurement or audit functions. Alternatives may include;
 - Suppliers (typically 3 quotes where practical)
 - Products
 - Systems
 - Technology
 - Ways of working
 - Options to procurement e.g. not spending, insourcing or make internally
- 4.15. Contracts are not required, although purchase orders will be used to afford protection to the University via the standard terms and conditions specified in the purchase order.
- 4.16. Budget holders are responsible for the management of suppliers, spend and performance.

Directed Categories

- 4.17. The Director of Procurement may require staff to purchase from particular suppliers or follow certain procedures in making purchases. Reasons for this include;
 - Managing administration burden
 - Mitigating risk
 - Improving the staff experience
 - Ensuring fit with the Universities Procurement Strategy
- 4.18. Designating a category of spend as Directed requires the approval of Operations Committee.

Method of Order & Payment: Purchase Orders

- 4.19. The Universities preferred route for all purchases is by Purchase Order duly authorised in line with specified thresholds (see appendix B).
- 4.20. Purchase orders must contain sufficient information to allow for a meaningful review by order approvers and auditors. This should include;
- Description of services/goods
 - Price
 - Quantity
 - Date required
 - Reference to contract or agreement where appropriate
 - Reference to internal project codes where applicable
 - Any other information that will help the Approver
- 4.21. Purchase orders with insufficient information are likely to be rejected by the Approver, for example;
- “as per quote 435” or similar
 - Total cost only with no breakdown for individual packages or products.
- 4.22. By authorising a purchase order the Approver warrants that;
- the order is being placed prior to the spend being committed
 - this purchasing procedure has been complied with in full
 - Any deviation from the University standard payment terms has been approved by the Procurement Category Manager and Finance where required
- 4.23. If the Approver is unable to confirm the above (4.22) they may reject the purchase order and/or will seek written detail from the requestor explaining any deviation from the terms in 4.22. The information will be reported as part of purchase order monitoring.
- 4.24. In most cases the goods/services must be receipted by the person placing the order. Payment to the supplier will not be released without a goods/services receipt in the finance system.

Method of Order & Payment: Purchasing Cards

- 4.25. The Chief Financial Officer or delegate within the Finance team is accountable for deciding which colleagues will be issued Purchasing Cards and for assigning credit/transaction limits.
- 4.26. The purpose of Purchasing Cards is to;
- Reduce administration related to transactions under £1,000 inc VAT where the Supplier is not expected to be used within the next 12 months
 - Enable purchases where a Purchase Order is not practical e.g. not accepted by the Supplier
 - Make emergency purchases
- 4.27. Purchasing cards must not be used where there is a supply option via the following;
- University e-catalogue
 - Preferred supplier set up for Purchase Orders.
- 4.28. Cardholders must;
- Keep card numbers and expiry dates secret from others.
 - Submit a purchase reconciliation in the approved format to the Head of Finance Transactions no later than 10 working days after the statement date.

Other Considerations

- 4.29. The Director of Procurement is additionally accountable for;
- Setting requirements for onboarding suppliers to the Supplier Register e.g. supplier insurance levels, pre-qualification criteria and sanction checking
 - Maintaining approved or pre-accredited lists of suppliers
 - Maintaining e-procurement catalogues
 - Maintaining a central record of third-party supply contracts with an annual aggregate order value of >£50,000
 - Maintaining University Standard Form of Contract with support from Legal
 - Reporting compliance with this procedure to Operations Committee
 - Responding to FOI requests relating to procurement
 - Maintaining a good practice guide for stakeholders to follow
- 4.30. Budget holders are accountable for;
- Ensuring all spend from their budget complies with this procedure
 - Accurately calculating annual aggregate value of Order i.e. ensuring orders are not disaggregated to circumvent this procedure
 - Providing accurate and timely contextual information on request e.g. objectives, specifications, estimates of resources required to support implementation
 - Maintaining copies of third-party supply contracts with an annual aggregate order value of <£50,000
 - Reporting non-compliance with this policy to the Director of Procurement regardless of reason

Supplier Onboarding

- 4.31. Wherever possible, existing suppliers on the Supplier Register should be used. Whenever you intend to engage with a new supplier the following must be considered:
- Business Sponsorship: the primary relationship with the supplier will be with the contract or budget holder within the business.
 - Technical Competence: the skills, licences, experience, accreditations, case studies, and scope of goods or services must all be thoroughly evaluated.
 - Financial Risk and due diligence: the procurement and finance team will perform credit checks and a supplier vetting process. Budget holders must assist in performing other due diligence, e.g., assessing legal and regulatory requirements, conflicts of interest, etc.
 - Information Security due diligence: Must be performed on all suppliers who process data.
- 4.32. New supplier requests are created via a form on Agresso and reviewed by Procurement. All of the guidance information on where to go and how to complete the form can be found on the Procurement pages of SurreyNet [here](#). The new supplier request form must be fully completed before submitting for review. Procurement will reject any incomplete forms.

5. Governance Requirements

5.1. Implementation: Communication Plan

- All staff with the responsibility for raising or approving requisitions or orders are to familiarise themselves with this procedure, and Procurement colleagues will actively communicate this procedure to leaders within the organisation
- Online guidance can be found on the Finance and Procurement pages of SurreyNet
- This procedure should be referenced in the Staff Handbook

5.2. Implementation: Training Plan

- The Director of Procurement will maintain a guide to procurement and FAQs on SurreyNet
- Periodic training for new and existing staff will be provided

5.3. Review

- This procedure will be reviewed every 3 years.
- The University's status with regard to Public Procurement Regulations will be reviewed annually.

5.4. Legislative Context and Higher Education Sector Guidance or Requirements

- Public Procurement Regulations <https://www.gov.uk/guidance/public-sector-procurement-policy>
- Modern Slavery Act <http://www.legislation.gov.uk/ukpga/2015/30/contents>
- Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) <http://www.legislation.gov.uk/uksi/2006/246/contents/made>
- Bribery Act 2010 <http://www.legislation.gov.uk/ukpga/2010/23/contents>
- Criminal Finance Act 2017 <http://www.legislation.gov.uk/ukpga/2017/22/contents/enacted>
- FOI Act 2000 <https://www.legislation.gov.uk/ukpga/2000/36/contents>
- Sanctions and Anti Money Laundering Act 2018 <https://www.legislation.gov.uk/ukpga/2018/13/contents>

5.5. Sustainability

- The University recognises that Procurement is a significant lever in delivering on its sustainability agenda. Therefore, the Director of Procurement will be accountable for maintaining a suitable scheme for the appointment, management and reporting of procurement sustainability performance. This may include requirements to;
 - o Consider sustainability as a part of supplier selection.
 - o Implement a scoring or monitoring regime.
 - o Only appoint suppliers who meet data and reporting requirements.

6. Stakeholder Engagement and Equality Impact Assessment

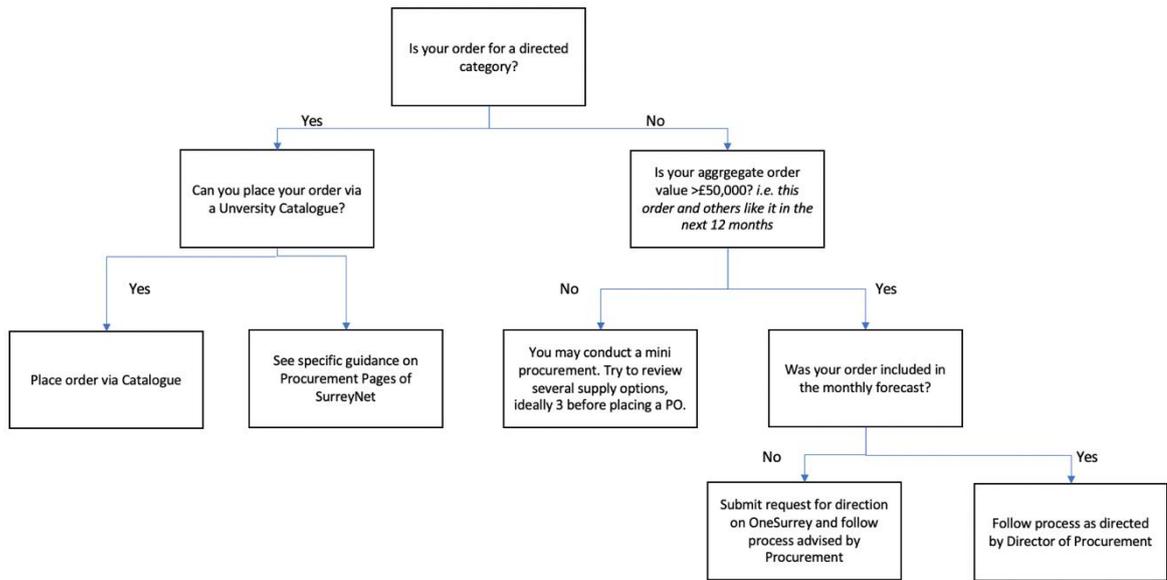
6.1. An Equality Impact Assessment was completed on 13/06/2022 and is held by the Authorised Co-ordinator.

The University is strongly committed to equality of opportunity and promotion of diversity for the benefit of all members of the University community. The University's approach is to promote equality across the full range of its activities, in employment, teaching and learning and as a partner working with and within the local, national and international communities. Equality Analysis is a process which examines how the impact of the procedure has been considered on the diverse characteristics and needs of everyone it effects. This procedure has been reviewed and no negative impact on equality has been identified.

6.2. Stakeholder Consultation was completed, as follows:

Stakeholder	Nature of Engagement	Date	Name of Contact
Governance	Consultation	July 2022	Andrea Langley
H&S	Consultation	July 2022	Paul Daniel

Appendix A: Flow Process



Appendix B: Purchase Order requisition approval thresholds (August 2022)

	Value	Approver Group Description	Typical Approver
All requisitions	Under £250	Self authorisation	Requisitioner
	£250 to £10,000	[Approval based on project or cost centre	Project Principal Investigator / Project Manager
Then requisition flows through to the highest required level	£10k to £50k	High level approval	Head of Department / Head of School / Executive Dean / Director of Faculty Operations
	£50k to £250k	Senior level approval	Exec Board member / CIDO / Director of Estates
	Over £250k	Highest level of approval	VC / COO / CFO

