

# Purchasing Policy

<b>Originator name:</b>	Robin Hunt
<b>Section / Dept:</b>	Procurement
<b>Implementation date:</b>	1 December 2013
<b>Date of next review:</b>	
<b>Related policies:</b>	Finance Regulations, Purchase Card Policy, Ethical Conduct Policy, Sustainable Procurement Policy, Value for Money Policy, Equality & Diversity Policy
<b>Policy history:</b>	This is a revision to the current Purchasing Policy, which was implemented on 1 April 2012.

## Version History

Version	Author	Revisions Made	Date
1.6	David Sharkey	Executive Board	27 March 2012
2.0	Robin Hunt	New Sections 1.3, 3.2 & 3.3, additions to Sections 1.5, 2.1.1, 2.5 & 2.6	31 July 2013

## Approval History

### Equality Analysis

Version	Reviewed by	Comments	Date
2.0	Jo McCarthy-Holland	Policy reviewed by Equality & Diversity and Impact Assessment completed	6 March 2013

### Committee Sign Off

Version	Committee Name	Date of Sign Off
1.6	Executive Board	27 March 2012
2.0	Executive Board	29 October 2013

<b>1</b>	<b>Introduction</b>
<b>1.1</b>	<b>Purpose</b>
1.1.1	<p>This document states the policy and procedures for the purchase of all goods and services with the objective of ensuring a cost effective and legally compliant approach to purchasing, which meets the requirements of a devolved budgetary system and departmental choice.</p> <p>Additional/alternative procedures apply to building, engineering and associated professional appointment contracts, as detailed in Financial Regulations.</p>
<b>1.2</b>	<b>Scope</b>
1.2.1	The document relates to the management and control of all non-pay spend, in respect of the acquisition of goods and services in all Departments and applies irrespective of the source of funding for a purchase. The policy applies to all employees of the University and its subsidiary companies, including temporary staff involved in the procurement process.
<b>1.3</b>	<b>Equality Analysis</b>
1.3.1	The University is strongly committed to equality of opportunity and the 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 local, national and international communities. Equality analysis is a process which examines how the impact of the policy has been considered on the diverse characteristics and needs of everyone it affects.
<b>1.4</b>	<b>Definitions</b>
1.4.1	"Purchase" means entering into any binding agreement for the acquisition of goods and services on behalf of the University and its subsidiary companies. Such agreements include Agresso purchase orders, purchase card orders, leases, concessions and any agreement where the University may be obliged to pay an external organisation.
<b>1.5</b>	<b>Legislative context</b>
1.5.1	<p>All employees involved in purchasing on behalf of the University must comply with the requirements of all relevant and applicable legislation. This includes, but is not limited to, general duties imposed on the University as a public authority.</p> <p>Key legislation impacting University Purchasing includes (but is not limited to):</p> <p>Sale and Supply of Goods Act 1994  <a href="http://www.opsi.gov.uk/acts/acts1994/Ukpga_19940035_en_1.htm">http://www.opsi.gov.uk/acts/acts1994/Ukpga_19940035_en_1.htm</a></p> <p>Public Contracts Regulations 2006 (as amended) – the EU Procurement Directives  <a href="http://portal.surrey.ac.uk/portal/page?_pageid=716,3526746&amp;_dad=portal&amp;_schema=PORTAL">http://portal.surrey.ac.uk/portal/page?_pageid=716,3526746&amp;_dad=portal&amp;_schema=PORTAL</a>.</p> <p>Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)  <a href="http://www.legislation.gov.uk/ukxi/2006/246/contents/made">http://www.legislation.gov.uk/ukxi/2006/246/contents/made</a></p> <p>Waste Electrical and Electronic Equipment (WEEE) Regulations 2006  <a href="http://www.bis.gov.uk/weee">http://www.bis.gov.uk/weee</a></p> <p>Bribery Act 2010  <a href="http://www.legislation.gov.uk/ukpga/2010/23/contents">http://www.legislation.gov.uk/ukpga/2010/23/contents</a></p>

	<p>The Public Services (Social Value) Act 2012  <a href="http://www.legislation.gov.uk/ukpga/2012/3/notes/division/1">http://www.legislation.gov.uk/ukpga/2012/3/notes/division/1</a></p> <p>Equality Act 2010  <a href="http://www.legislation.gov.uk/ukpga/2010/15/notes/contents">http://www.legislation.gov.uk/ukpga/2010/15/notes/contents</a></p>
<b>1.6</b>	<b>Health &amp; Safety Implications</b>
1.6.1	This policy is unlikely to have direct Health & Safety implications. For further information please see the University Health & Safety policy.
<b>2</b>	<b>Policy</b>
<b>2.1</b>	<b>Principles</b>
2.1.1	<p>Purchasing shall always be undertaken with the over-riding objectives of:</p> <ul style="list-style-type: none"> <li>• Securing maximum Value for Money (VfM)</li> <li>• Minimising risk, including complying with all relevant legislation</li> <li>• Ensuring transparency, fairness and non-discrimination in purchasing decisions</li> <li>• Ensuring sustainability and equality/diversity issues are considered in purchasing decisions</li> </ul> <p>In pursuing these objectives, the University also requires that procedures and processes are in place to ensure that:</p> <ul style="list-style-type: none"> <li>• Competitive bidding and tender processes are performed</li> <li>• Suppliers are appropriately selected and authorised for use</li> <li>• Suppliers relationships are managed for financial and non-financial performance</li> <li>• Goods and services are purchased only with proper authorisation</li> <li>• Goods and services received are correctly recorded</li> <li>• Payments are only made for goods and services received</li> <li>• Goods and services received are fit for purpose and take account of any specific needs of diverse groups at the University for whom they are intended</li> </ul>
2.1.2	<p>The Purchasing Policy recognises that a combination of University level and departmental purchasing is the most appropriate method to achieve the purchasing objectives within the University. Departments <u>must use University level</u> negotiated contract agreements (where they exist), including Consortium contracts, in order to maximise purchasing power for the whole University and to obtain optimum value for money.</p> <p>In specialist areas, the technical needs of the buying department will determine the specification in conjunction with the Procurement Department. The Procurement Department will then help to arrange competitive quotes as appropriate, assisting departments to meet the terms of the University's Financial Regulations and the Purchasing Policy.</p>
2.1.3	Items purchased by the University for use by individuals are the property of the University and should remain so even after the departure of the individual for whom they were purchased.
<b>2.2</b>	<b>Conditions of Contract</b>
2.2.1	University of Surrey Standard Terms and Conditions of Contract (Ts&Cs) must be used when entering into contracts for the supply of goods or services where a University level negotiated contract does not exist. These Ts&Cs are written to protect the interests of the University in the case of dispute regarding the contract, to ensure that legal requirements are met and obligations appropriately discharged. For more complex or higher value requirements, bespoke Ts&Cs may be required and the Procurement Department should be contacted for guidance.

	<p>A verbal order, person to person, by telephone, email or fax, can constitute a binding contract to the same extent as a formal University Purchase Order. Such orders are not permitted without an accompanying University Purchase Order.</p> <p>Suppliers may still seek to impose their own Conditions of Contract. These are often very one-sided, in particular those governing rental or lease contracts. Purchasers should review carefully a supplier's proposed conditions and, in the case of substantial discrepancy with the University T &amp; C's or if in doubt about the implications of a supplier's conditions, should consult the Procurement Department before agreeing to apply them to a contract.</p>
<b>2.3</b>	<b>EU Procurement Directives</b>
2.3.1	<p>Purchasing within the University is subject to the EU Procurement Directives. EU Directives require that all purchase requirements (tenders) above "Threshold Values" are open to competition. Tenders with a value above the applicable Threshold Value must be published in the supplement to the Official Journal of the European Union (OJEU) and a set process with prescribed timescales for tendering needs to be followed. Below the Threshold Values, and for a limited range of services above Threshold Values (known as "Part B" services), the University needs to demonstrate it has complied with the general EU Treaty principles of Non Discrimination, Equal Treatment, Transparency, Mutual Recognition and Proportionality. Adherence to University of Surrey Purchasing Policy will ensure that this is the case. All University tenders over the values listed in Appendix 1 must be tendered via the Procurement Department.</p> <p>Further information on the EU Directives and requirements is available from the Procurement Department and is listed on the Procurement pages of the <a href="#">Finance Website</a>.</p>
<b>2.4</b>	<b>Leasing</b>
2.4.1	<p>Leasing may only be used as a method of purchasing following prior consultation with and agreement from the Director of Procurement who will liaise with the Director of Finance and relevant Finance Staff as appropriate.</p> <p>Lease contracts generally run over a predefined number of years with a commitment to a third party - normally a Finance Company. Discontinuing an agreement is almost impossible without severe financial penalty, and matters such as title to the residual asset need to be carefully considered.</p>
<b>2.5</b>	<b>Ethics, Sustainability and Social Value</b>
2.5.1	<p>All University employees involved in any way in the purchasing process must abide by the University's Ethical Conduct Policy which includes guidance on the acceptance of gifts and hospitality and the avoidance of conflict of interests.</p> <p>Ethical purchasing and other elements of sustainability are contained in the University's Sustainable Procurement Policy which should be referred to when considering the purchase of goods and services. As part of the Sustainable Procurement Policy, purchasers should also consider how services being procured might improve the economic, social and environmental well-being of the University's area of operations.</p>
<b>2.6</b>	<b>Electronic Tendering</b>
2.6.1	<p>Electronic tendering is the norm for all tenders over the values listed in Appendix 1. All electronic tenders must be set up to require a formal opening ceremony which excludes any late tenders and prevents premature opening of tenders. As the electronic tendering system provides an independent audit trail which cannot be amended or deleted, electronic tenders may be opened by just the assigned procurement officer. However where the procurement officer is also the internal client or end user, an independent second person is required to</p>

	witness the opening ceremony.
<b>2.7</b>	<b>Procedures</b>
2.7.1	The detailed procedures and guidance documents relating to purchasing can be found on the Procurement pages of the <a href="#">Finance Website</a> .
<b>3</b>	<b>Governance Requirements</b>
<b>3.1</b>	<b>Responsibility</b>
3.1.1	<p><b>Council</b></p> <p>Council reserves to itself its powers under the University Statutes in respect of the purchase or lease of land and buildings. In accordance with an agreed Scheme of Delegation, it delegates its other powers relating to purchasing to the Executive Board whose members may delegate their purchasing authority in accordance with 3.1.6.</p>
3.1.2	<p><b>Audit Committee</b></p> <p>In accordance with its Terms of Reference, the Audit Committee has responsibility for ensuring that appropriate arrangements are in place to promote economy, efficiency and effectiveness (value for money).</p>
3.1.3	<p><b>Chief Financial Officer</b></p> <p>The Chief Financial Officer is responsible for the formal review of Purchasing Policy. The policy is kept under constant review by the Director of Procurement and alterations as necessary are recommended to the Chief Financial Officer. Any questions concerning this policy should, in the first instance, be referred to the Director of Procurement.</p>
3.1.4	<p><b>Director of Procurement</b></p> <p>The Director of Procurement is responsible for:</p> <ul style="list-style-type: none"> <li>a) ensuring the availability of University level negotiated contracts for the use in the purchase of goods and services by all departments, where aggregation of budget spend yields demonstrable VfM benefit and / or such a contract reduces legal or contractual risk to the University.</li> <li>b) ensuring that all contracts entered into by the University maintain and protect the best interests of the University.</li> <li>c) Provision of up to date guidance on legislation applicable to University Procurements.</li> <li>d) Management of the Procurement Department and thereby the delivery of a professional purchasing service to departments.</li> <li>e) Providing professional leadership (including co-ordination of training) for staff involved in purchasing activities throughout the University.</li> </ul>
3.1.5	<p><b>Procurement Department</b></p> <p>The Procurement Department is responsible for:</p> <ul style="list-style-type: none"> <li>a) Provision and publication (distribution and sharing) of supplier contracts, contract information, terms and conditions, and pricing via the Procurement sections of the Finance Website.</li> <li>b) Provision of a professional purchasing advisory and facilitation service (to include sourcing advice on and help with drawing up of specifications, tendering, contract negotiation, pre and post-purchase assessments of tenders).</li> <li>c) Identifying value for money opportunities in purchasing areas and implementing plans to deliver the benefits identified.</li> <li>d) Liaison and active involvement with consortia (regional and national), Government and public sector buying agencies.</li> </ul>

	<p>e) Management of all tenders over the values listed in Appendix 1 and those below these values that involve complex or novel issues.</p> <p>f) Resolution with suppliers of service and contractual performance issues in liaison with departments.</p>																
3.1.6	<p><b>Executive Board Members, Budget Holders and Other Staff</b></p> <p>Executive Board members have ultimate responsibility and accountability for ensuring that the Purchasing Policy and Procedures are applied to all purchases of goods and services within their Faculties/Departments</p> <p>Executive Board members may delegate their purchasing authority. Faculty/Departmental staff to whom such authority is delegated must apply the Purchasing Policy and Procedures to all purchases of goods and services within their defined authority and must not act outside that authority. Failure to apply the Purchasing Policy and Procedures to all individual purchases of goods and services will be treated as a disciplinary offence.</p> <p>Authorisation limits are shown in Appendix 2.</p> <p>A written record of all contracts and agreements entered into must be retained within the department for audit purposes and in case of future contractual challenge for at least the duration of the contract/agreement.</p>																
<b>3.2</b>	<b>Implementation / Communication Plan</b>																
3.2.1	<p>This policy will be communicated via the Procurement pages of the Finance Website and directly to the “Consulted” and “Informed” parties identified below:</p> <table border="1"> <thead> <tr> <th>Responsible</th> <th>Accountable</th> <th>Consulted</th> <th>Informed</th> </tr> </thead> <tbody> <tr> <td>Procurement Department</td> <td>Director of Procurement</td> <td>E&amp;FM and RPO for any impact on construction procurement</td> <td>All staff via Policies website</td> </tr> <tr> <td></td> <td></td> <td>Finance for any impact on finance systems and consistency with Finance Regulations</td> <td>Staff directly involved in purchasing via Local Buyers Forum/email list and Agresso Requisitioners email list</td> </tr> <tr> <td></td> <td></td> <td>VFM Committee for any impact on VFM Policy and to check policy is workable in practice</td> <td></td> </tr> </tbody> </table>	Responsible	Accountable	Consulted	Informed	Procurement Department	Director of Procurement	E&FM and RPO for any impact on construction procurement	All staff via Policies website			Finance for any impact on finance systems and consistency with Finance Regulations	Staff directly involved in purchasing via Local Buyers Forum/email list and Agresso Requisitioners email list			VFM Committee for any impact on VFM Policy and to check policy is workable in practice	
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<b>3.3</b>	<b>Exceptions to this Policy</b>																
3.3.1	<p>Every purchase is unique in some way and there will be valid exceptions to this policy, particularly with regard to tendering thresholds. The following are the required approval routes for permitted exceptions to the tendering thresholds detailed in Appendix 1:</p> <p>Between £5,000 and £50,000 – Justifications for seeking fewer than 3 competitive quotes must be clearly stated in the internal text field of the electronic purchase requisition. Approval will be in accordance with the workflow in the electronic purchasing system.</p> <p>Between £50,000 and £170,000 – Justifications for seeking fewer than 3 competitive bids, or to avoid use of the University’s electronic tendering portal, must be agreed with the Procurement Department and recorded in the relevant procurement file.</p> <p>Above £170,000 – Justifications for seeking fewer than 5 competitive bids, or to avoid use of the OJEU process, must be agreed by the Director of Procurement (in consultation with the University Secretary and Legal Counsel, where appropriate) and recorded in the relevant</p>																

	procurement file.  All other exceptions to this policy must be approved in writing by the Director of Procurement.
<b>3.4</b>	<b>Supporting documentation</b>
3.4.1	Documentation supporting the Purchasing Policy can be found on the Procurement pages of the <a href="#">Finance Website</a> .

<b>PURCHASING POLICY</b>	
<b>Appendix 1 – Tendering Threshold Values</b>	
<u>Estimated Order Value</u>	<u>Tendering Procedure</u>
Under 5,000	At the discretion of Faculty/Department
£5,000 to £50,000*	A minimum of 3 competitive written quotes is required
£50,000* to £170,000	A minimum of 3* bidders to be invited to tender, via the University's eTendering portal
Above £170,000	A minimum of 5* bidders to be invited to tender, via the OJEU (or the University's eTendering portal for Part B Services)
* £25,000 for RCUK-funded purchases	*subject to there being sufficient bidders who have pre-qualified
All values are exclusive of VAT	
<b>Appendix 2 – Authorisation Limits</b>	
<b>Approver</b>	<b>Approval Limit (excluding VAT)</b>
Requisitioners	Self Authorisation – all accounts £250
Principal Investigators/ Budget holders or nominated deputies	On externally funded projects £10,000
Course leaders/designated budget holders (or nominated deputies)	On University funded projects £10,000
Heads of Department/ Heads of Research Groups	All accounts £25,000
Faculty Managers/Heads of CSAS departments	All accounts £50,000
Director of Estates & FM, Director of Research Park, Development Director	All accounts £100,000
EB Members excl. DoF / VC	All accounts £250,000
Chief Financial Officer/Vice Chancellor	All accounts £1,000,000
Executive Board	All accounts except land & buildings Over £1,000,000
Council	Land & buildings Over £1,000,000