

KEELE UNIVERSITY
FINANCIAL PROCEDURES
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PROCUREMENT PROCEDURES

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1 PROCUREMENT PROCEDURES

1.1 Financial Regulations

1.1.1 The University Financial Regulations must be adhered to at all times. See Section 8.3, Procurement, within the Financial Regulations which can be found on the Finance Department's Home page.

1.1.2 These procedures expand upon the Financial Regulations and apply to all areas of the University.

1.2 Procurement Section

1.2.1 The Procurement Section of the Directorate of Finance, (Procurement Section) is responsible for:

- (a) Ensuring that the supply of all goods, supplies and services to the University are responsibly procured and are of the optimum quality and quantity at the lowest delivered price at the time they are required regardless of the source of funds. This commitment to Responsible Procurement is outlined in our Procurement Strategy 2017 – 2020 which can be found on the Procurement Web Pages.
- (b) The development of a formal procurement strategy which aims to benefit all cost centres in the procurement of all commodities, goods and services.
- (c) Developing a value for money awareness at all levels of procurement activity.
- (d) Providing procurement expertise to ensure that Budget Holders and delegated members of staff have the information and skills to purchase effectively.
- (e) Providing advice and information on University approved suppliers, contracts, the facilities available from the North Western Universities Purchasing Consortium (NWUPC) and other public sector arrangements to which the University has access.
- (f) Developing a network of Lead Buyers within the University. The Lead Buyers have been nominated for their specialist knowledge in their own areas of expertise, some of whom will be required to attend the NWUPC commodity group meetings which are held up to three times a year at various member institutions.
- (g) Administration of the University's Purchase to Pay system.

1.2.2 Wherever possible purchasers should liaise with the Procurement Section and other University users to achieve standardisation of those products which will produce benefits in negotiating the most competitive terms, achieve value for money and simplify arrangements for repairs and services. Fragmentation of ordering amongst a wide range

of suppliers for similar goods and services reduces the scope for competitive negotiations and improving product quality as well as increasing costs.

1.3 Budget Holder Responsibilities

1.3.1 Budget Holders are responsible for:

- (a) Ensuring that the University Procurement Procedures are being properly implemented
- (b) Ensuring that sufficient budget exists for all orders raised
- (c) Ensuring that University official purchase orders are always raised for the obtaining of goods and services
- (d) Obtaining value for money from all purchases
- (e) Ordering goods and services which are necessary and suitable to meet the objectives contained within the University's budgets and plans
- (f) Ensuring that all purchases are to be made at the most advantageous costs consistent with desired quality. To achieve this arrangement fair competition shall be used and encouraged at all times.
- (g) Ensuring that the goods and services have been satisfactorily delivered as per the terms of the contract, before any payment is made
- (h) Ensuring that all purchase orders are receipted on the electronic purchase ordering system (P2P), once the goods and/or services have been received and are in accordance with the requirements and any relevant contracts. Receipting of orders will then enable payment to be made provided the quantity and value matches the purchase order.
- (i) Ensuring that regular checks are made on monthly reports, received from the Link Management Accountants in the Directorate of Finance, against Faculty and Directorate records and ensuring that the purchase ordering system reflects an accurate position of commitments by the end of each financial year.

1.4 Authority to Purchase

- 1.4.1 Authority to approve purchase orders is the responsibility of the Budget Holder; this authority may be delegated to a named member of staff. Delegation is to be given formally using the Purchase Order Approvers Registration Form (CQD026/2). The Procurement Manager must be notified of all changes to delegated persons immediately. A copy of the form is available on the Procurement website.

- 1.4.2 All purchase orders for the supply of goods and services below and inclusive of the value of £20,000 excluding VAT shall be approved by the Budget Holder or other such person designated to act on his/her behalf, or in the case of sponsored grants and contracts the designated holder. All purchase orders, above a value of £20,000 excluding VAT will be approved by the Procurement Manager or other such person designated to act on his/her behalf, this is to ensure best practice principles have been applied but not as confirmation that sufficient budget is available, this is the responsibility of the Budget Holder. The limit of £20,000 excluding VAT will be reviewed from time to time.
- 1.4.3 For orders above and inclusive of £20,000 excluding VAT, Faculties and Directorates must not indicate acceptance of a quotation or bid to a supplier until authorisation has been given by the Procurement Manager. Any exception to this rule must be agreed in advance by the Director of Finance.
- 1.4.4 Where an existing contract exists with a value above and inclusive of £20,000 excluding VAT, Faculties, and Directorates must not arrange an automatic continuation of that contract beyond the original termination date without first consulting the Procurement Manager.
- 1.4.5 All purchase orders between £50,000 and £100,000 excluding VAT require additional approval from the relevant Link Management Accountant in the Directorate of Finance to confirm that the required budget is available.
- 1.4.6 All orders, etc. greater than £100,000 excluding VAT require additional approval from the Director of Finance, see section 1.8.4.
- 1.4.7 All purchase contracts and leases must be approved by the Director of Finance.

1.5 Approved Suppliers

- 1.5.1 All purchases made by the University must be from suppliers or sub-contractors who are approved by the Procurement Section. Key suppliers can be found on the buyer's guide on the Procurement website.
- 1.5.2 Orders should not be placed with new suppliers until approval has been given by the Procurement Section. The Procurement Section must be informed of potential new suppliers at an early stage to enable supplier appraisal to take place if necessary. Guidelines and a New Supplier/Company form are available on the Procurement website.
- 1.5.3 Where advantageous terms have been negotiated on behalf of the University by the NWUPC or by any other public sector body, these contracts should be utilised, except where it can be clearly shown that alternative arrangements are more beneficial.

1.6 Requirement to Tender and Obtain Quotations

- 1.6.1 Where the supply of goods and services arises from a contract agreement organised by the Procurement Section, NWUPC or any other public sector body, there is no need to obtain further quotations except where further market testing is considered desirable. If better prices have been obtained from another source the Procurement Section should be informed prior to purchase to establish whether or not best value is being achieved.
- 1.6.2 Competitive tendering shall be employed where the value of the order is £50,000 and above excluding VAT, regardless of the source of funds. However, if an existing University, NWUPC or public sector procurement arrangement is in place, which itself has been awarded by competitive methods, then that arrangement can be employed providing all the suppliers on the relevant framework have been invited to quote, unless agreed otherwise by the Procurement Manager. Tender/Quotation exemption forms may be issued in exceptional cases and must be authorised by the originating Budget Holder, the Procurement Manager and in the case of Faculties, the Faculty Business Manager prior to the order being raised, this does not apply when the value is likely to exceed the EU thresholds. Forms are available on the Procurement website.
- 1.6.3 All tenders for the supply of goods and services where the resultant contract value is expected to exceed the current EU threshold must by law be tendered throughout the EU in the European journal, allowing at least three months for this process to be completed. The EU threshold for goods and services 2018 to 2019 is £181,302 excluding VAT for services/supplies and £4,551,413 excluding VAT for works. This figure is reviewed every two years.
- 1.6.4 It is the responsibility of the Budget Holder to ensure that members of staff comply with the EU Regulations by notifying the Procurement Manager well in advance of any proposed purchases that would exceed the EU threshold.
- 1.6.5 The following thresholds apply for the supply of goods and services, which do not form part of any arrangements covered by Section 1.6 above.

Value of order/contract Excluding VAT	Action
Between £20,001 and £50,000	A minimum of three quotations is required, wherever possible, from approved suppliers
Between £50,001 and EU threshold	Undertake a sealed bid tendering exercise which is open to approved and new suppliers, or carry out a call for competition where a formally let framework is in place
Over EU Threshold	Undertake an EU tendering exercise in conjunction with the Procurement Section

- 1.6.6 Detailed guidelines on tendering procedures can be found on the Procurement website.
- 1.6.7 Evaluation of offers must take into account Whole Life Costing Procedures.
- 1.6.8 Quotations/tenders must be kept for the duration of the contract plus one year and the action taken (with reasons) must be documented. Where capital/equipment has been funded by a specific grant, e.g. OfS, this must be kept until the completion of any audit certificate requirement.
- 1.6.9 Electronic tendering will be used wherever possible, but always when above the EU threshold and will be managed by the Procurement Section.

1.7 Electronic Purchase Ordering and invoicing

- 1.7.1 All purchases made on behalf of the University shall have due regard to best practice and the achievement of value for money. Where applicable, purchases should be made in accordance with the recommendations of the Procurement Section, NWUPC or any other public sector arrangements.
- 1.7.2 All purchase orders are raised by the “requisitioner” and are transmitted to suppliers in an electronic format following an approval workflow as detailed in 1.8.4. All purchase orders must be receipted in a timely manner, providing the goods/service has been satisfactory received, this is the authorisation for any subsequent invoices to be paid via a three way matching process.
- 1.7.3 Invoices are received into the University in a number of formats, for instance, fully electronic, email or paper. Email and paper invoices are processed centrally by Accounts Payable, or other designated members of staff as agreed by the Director of Finance and do not require any further authorisation. Providing the order has been receipted to the correct value or volume the system will three-way match the purchase order and the invoice and prepare the payment for export to the Financial System.
- 1.7.4 The University’s standard Conditions of Purchase are referred to on the electronic version of the University purchase order. Any variations to these Conditions should be referred to the Procurement Manager prior to any agreements being made.
- 1.7.5 The Procurement Section, NWUPC and public sector bodies have negotiated favourable terms and conditions covering a number of contracts for a wide range of goods and services required by the University, details of which are circulated, as appropriate, to end users by the Procurement Section. A Buyers Guide is also available on the Procurement website.
- 1.7.6 Faculties and Directorates routinely placing purchase orders should designate persons to be responsible in co-operation with the Procurement Manager for the sourcing and negotiation with suppliers. Good business practice should be adopted.

- 1.7.7 Where appropriate, technical expertise should be sought to ensure that a specification meets the end users needs. It is essential that Estates be consulted regarding the proposed purchase and installation of any major item of equipment prior to any order being placed. This requirement relates particularly to potential issues associated with structural and services matters, the physical installation of equipment, sustainability and power supply.
- 1.7.8 The professional advice and expertise of the Procurement Section should be sought where appropriate and for all purchases over and including £50,000 excluding VAT at an early stage when purchases are being considered.
- 1.7.9 Official purchase orders shall contain a full, clear description and specification of the requirements, quantity required, and quotation or agreed price relating thereto along with clear delivery instructions including building name, room, floor numbers and contact details.
- 1.7.10 The reduction of a potential single order of value £20,000 excluding VAT or above to several orders of smaller amounts (but with a similar combined total) in order to avoid correct authorisation will not be accepted.
- 1.7.11 Blanket/Call Off orders can be used where a supplier is providing a regular service/supply of goods to the University and should be raised each new financial year. Any outstanding commitment must be closed down by marking the purchase order as complete at the end of the financial year.
- 1.7.12 Goods and services should only be purchased via the Internet by Faculties and Directorates using an individual Procurement Card providing the correct merchant code has been approved for use or via the University Business Credit Card facility, which is operated by the Procurement Section. See the Procurement website for further information.
- 1.7.13 No leasing, hire purchase or similar arrangements shall be entered into without the prior approval of the Director of Finance. The Procurement Section should be contacted in the first instance.
- 1.7.14 When considering the lease of a Multi-Functional Device (MFD) the Procurement Section must be notified immediately to ensure the correct specification and contract is issued to meet requirements. The University operates a Managed Print solution, whereby devices can be relocated across campus as requirements change. The purchase of printers is not allowable without first obtaining approval from the Dean or Director and the Procurement Manager. Such approval will not automatically be given as approval should be based on the needs of the University or individual.
- 1.7.15 Detailed guidelines on how to use the electronic purchase order system and the procedure for the use of the Procurement Card can be found on the Procurement website.

1.8 Instructions for Raising Purchase Order Forms and Purchase Orders

- 1.8.1 All purchasing requirements should be communicated to the relevant nominated requisitioner within the Faculty or Directorate and a Purchase Order issued to the supplier, prior to any commitment being communicated to the supplier by the end user. The Budget Holder may not accept responsibility for the payment of invoices received if the correct procedures have not been followed.
- 1.8.2 Once approval to purchase has been agreed by the Budget Holder a purchase order form is raised using the electronic purchase ordering system and will be subject to an approval workflow as detailed in 1.8.4. Exceptionally manual order pads may be used but only with the prior agreement of the Procurement Manager.
- 1.8.3 All orders less than £20,000 excluding VAT require electronic approval from the Budget Holder or delegated member of staff and issued to the supplier without additional approval of the Procurement Manager.
- 1.8.4 All orders over and including £20,000 excluding VAT require the authorisation of the Procurement Manager in addition to the Budget Holder or delegated signatory, prior to issue as follows:

**Threshold
Excluding VAT**

Approved by:

Orders over and including £20,000	Procurement Manager
Orders between £50,000-£100,000	Procurement Manager with additional approval from Link Management Accountant re budget
Orders over £100,000	Procurement Manager, Link Management Accountant and the Director of Finance

- 1.8.5 The order form approval process is electronic, requisitioners should select the appropriate members of staff from the selection available on the system, once the final approval has been given, a Purchase Order is generated and transmitted to the supplier. Notification of this transaction will be received via email. The order should not be communicated to the supplier until this approval process is complete.

1.9 Confirmation Orders

- 1.9.1 In exceptional circumstances urgent orders may be given verbally, for example, emergency call-outs or requirements out of hours but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

1.10 Business Credit Card Order

1.9.1 The Business Credit Card is a cost effective method of ordering goods and services for low value and one off purchases. The card is managed by the Procurement Section who place the orders on behalf of Faculties and Directorates.

1.9.2 The Business Credit Card should only be used where the value is less than £1,000.00 including VAT but greater than £50.00 including VAT and where a current University supplier cannot provide the goods or services and where it is not intended to trade with the supplier again. See the Procurement website for further guidance.

1.11 Procurement Card

1.11.1 The University operates a Visa Procurement Card facility which is an alternative method of ordering and to pay for goods/services that are of relatively low value and not in regular repeat demands but, nevertheless, create a high volume of transaction requirements.

1.11.2 By using the Procurement Card added value will be achieved by speeding up the acquisition process without diluting management and budgetary control and should reduce invoice processing and creditor activity.

1.11.3 The Procurement Manager in conjunction with the Budget Holder determines the control of limits for the:

- (a) Monetary value per month
- (b) Monetary value per transaction
- (c) Authorised merchant codes

1.11.4 Use of the Procurement Card for personal purchases is strictly prohibited. The Procurement Card can only be used by the person stated on the card. Abuse of the Procurement Card will be regarded as a disciplinary offence. See the Procurement website for further guidance.

1.12 Foreign Currency Orders

1.12.1 Orders must be raised where the payment is required in a foreign currency or payment is to be made in sterling but to an overseas bank account. The equivalent sterling value will be charged to the cost centre and will include all relating exchange and transaction costs. A minimum of seven days is required to enable such arrangements to be made.

1.12.2 The Finance Department will use the most economical way of making payment in foreign currency, which may or may not be via the University's bankers.

1.12.3 See the Procurement website for further guidance.

1.13 Delivery and Inspection

- 1.13.1 All goods and services should be delivered to the location specified on the purchase order and should be signed for as “unexamined, not accepted”. This will ensure that you have sufficient time to inspect the goods for any discrepancies or damage. Any discrepancies or damage must be reported to the supplier in writing within 36 hours of the receipt of goods.
- 1.13.2 All stocks held at or near the point of use are to be identified and regularly examined with a view to maximising their use. Shelf life, stock level, and rate of consumption should be reviewed to reduce wastage and stockholding.

1.14 Stores Procedures

- 1.14.1 These are to be operated for the regulation of stock movements and levels and the provision of adequate management information numerically and financially in accordance with any procedural notes which may be issued by the Finance Directorate.
- 1.14.2 Stores should only hold stock in compliance with the following criteria:
- (a) Essential Goods
Only those items whose immediate availability is considered essential to maintain a University service.
 - (b) Bulk Purchased Supplies
To be purchased and held in bulk supplies where items are of relatively low value and in common use. The costs of holding these items in store should not be higher than the costs involved in ordering small quantities, taking into account any discounts that can be obtained in bulk purchasing. Appropriate diligence should be paid to ensure that bulk purchasing does not lead to old and/or redundant items being held due to lack of usage.

1.15 Sustainability and Responsible Procurement

- 1.15.1 The University will endeavour to ensure that all materials and services purchased shall be done so with a minimal negative effect on the environment and will take into account social and economic aspects of the purchase when tendering.
- 1.15.2 All suppliers to the university will be encouraged to complete a sustainability action plan which we support through access to a free online tool which is supported by the Purchasing Consortia. Please contact procurement for more information.
- 1.15.3 Subject to European directives, products should wherever possible be purchased within the North West and Midlands areas of England.

1.15.4 When buying goods or services that require energy and are expected to have a significant impact on the University's energy performance, their energy use, consumption and efficiency should form part of the evaluation criteria. If you require assistance or are not sure if what you are buying would qualify as having a significant impact, please contact the University Energy Manager or Environmental Manager.

1.16 Code of Ethics

1.16.1 The University promotes the Chartered Institutes of Purchasing and Supply code of ethics which is to be observed by all staff and representatives engaged in University procurement activities. See the Procurement website for further guidance.

1.16.2 University staff and representatives engaged in University procurement activities shall always seek to uphold and enhance the standing of the Purchasing and Supply profession and will always act professionally and selflessly.

1.16.3 Any personal interest which may impinge or might reasonably be deemed by others to impinge upon impartiality in any matter relevant to Procurement duties should be declared to the Head of Human Resources and discussed with the Dean or Director, before conducting the business, using the Disclosure of Interest Form. See separate Conflicts of Interest Policy.

1.16.4 The confidentiality of information received in the course of duty should be respected and specific details of suppliers offers must not be divulged to competitors. Information given in the course of duty shall be true and fair and never designed to mislead and should never be used for personal gain.

1.16.5 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.

1.16.6 Gifts, other than items of very small intrinsic value such as business diaries or calendars, must not be accepted from suppliers or potential suppliers.

1.16.7 Modest hospitality is an accepted courtesy of a business relationship. However, the recipients should not allow a position to be reached whereby they might be or 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 such hospitality should not be significantly greater than the University would be likely to provide in return. A record of all such hospitality should be retained by the Budget Holder or delegated officer.

1.16.8 University funds, whatever their source, should not be used for the provision of gifts, entertainment or hospitality for staff, for example, staff Christmas/leaving parties. Staff social functions, such as Christmas meals, office parties, and staff leaving parties, etc. will not be funded by the University. However, this rule has been relaxed to allow for

retirement functions only providing that they are in accordance with the following conditions and limits:

The party is for a retirement.

- The retiring employee has worked for the University for the previous 10 years, as a minimum.
- Funding is being sought for an internal function. External functions will not be funded in any circumstances.
- Limits are in place and the level of expenditure should reflect the number of years' service immediately prior to retirement:
 - A total of £50 for service of 10 years but less than 15 years
 - A total of £75 for service of 15 years but less than 20 years
 - A total of £100 for service of 20 years or more

1.16.9 Personal inducements in any form from suppliers of goods and services are forbidden. Any instances of such inducements being offered must be advised to the Procurement Manager immediately.

Document Name	Procurement Procedures
Owner	Finance
Version Number	[version number, with 0.1 increments for minor amendments]
Equality Analysis Form Submission Date	[Decision from Equality Analysis and form submission date]
Approval Date	1 July 2019
Approved By	[Committee name]
Date of Commencement	1 July 2019
Date of Last Review	1 July 2019
Date for Next Review	31 July 2022
Related University Policy Documents	[List all applicable]
<i>For Office Use – Keywords for search function</i>	