



## Policy for the Purchase of Supplies & Services, Panel of Contractors

### DCSDC Policy

<b>Document Number</b>	
<b>Responsible Officer</b>	<b>Lead Assurance Officer / Procurement Manager</b>
<b>Contact Officer</b>	<b>Procurement Manager - 71376623</b>
<b>Approval</b>	
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<b>Modifications</b>	
<b>Superseded Documents</b>	<b>April 2007, 1st June 2013, 1st April 2015, 1st April 2017, 1<sup>st</sup> Feb 2020</b>
<b>Review Date</b>	
<b>File Number</b>	
<b>Associated Documents</b>	<ul style="list-style-type: none"> <li>• <b>Council's policy on Monetary Limits for Competitive Bidding</b></li> <li>• <b>Equal Opportunities Policy.</b></li> <li>• <b>Fraud Policy</b></li> <li>• <b>Local Government Code of Conduct for Employees</b></li> <li>• <b>Local Government Code of Conduct for Councillors</b></li> <li>• <b>Derry City and Strabane District Council Payment Regulations (Including Credit Card &amp; Petty Cash)</b></li> <li>• <b>Capital Expenditure and Major Corporate Projects regulations</b></li> <li>• <b>Single Tender Action Approval Form</b></li> <li>• <b>Register of Decisions Form</b></li> </ul>

## 1 Introduction

The objective of Derry City & Strabane District Council's Purchasing Procedure is to obtain "best value for money" in all purchasing activity whether it is for goods or services or Panel of Contractors. Additionally, all DCSDC procurement will be carried out within pertaining statutory and regulatory procurement legislation. This procedure and Purchasing Strategy have been formulated in line with the National Procurement Strategy, launched in October 2003 by the Office of the Deputy Prime Minister, which aims to help public bodies recognise the potential of effective and innovative procurement to improve service delivery, and deliver best value.

## 2 Purpose

To provide a standard and compliant format when purchasing supplies and / or services, or using Panel of Contractors.

## 3 Scope

These procedures should be followed when supplies and / or services, or panel of Contractors are being procured.

## 4 Applicable Documents and Definitions

- 4.1 **Purchase Order Document:** A Purchase Order (PO) is a legal document released to suppliers to confirm Derry City & Strabane District Council's intention to purchase supplies or services, and may include attached terms and conditions as appropriate.
- 4.2 **Responsible Persons / Requisitioners:** Those Officers in each department authorised to raise PO's and obtain quotations as appropriate. They are also responsible for checking receipt of goods / services and processing invoices for payment.
- 4.3 **Responsible Persons / Approvers:** Those Officers in each department authorised to approve orders. These Officers will generally be Heads of Service and Directors
- 4.4 **Approval Limits:** Detailed in 8 below.
- 4.5 **Purchase & Payments Manager:** Derry City & Strabane District Council's Procurement Manager must be consulted prior to the placement of orders over £10,000, and Tender liaison.

4.6 **Contract:** An agreement will be drawn up in an appropriate format and verified by both parties documenting agreed terms and conditions, including but not limited to, contract value, duration of contract, cancellation and termination clauses and payment terms. A contract will be put in place for high value / critical procurement of supplies and / or services. DCSDC contract terms and conditions will apply to all contracts awarded.

4.6.1 All tendered Works Contracts will be supported with a contract and a purchase order. The Chief Executive and / or Mayor of the Council will sign each contract.

4.6.2 All supplies and services or Panel of Contractors contracts will be supported by a contract and a purchase order. Prior to said contract being signed by the Chief Executive, the contract must be signed by Director, Lead Finance Officer and Lead Legal Services Officer.

## 5 Provision of Supplies and Services other than by Annual Tender.

5.1 Revised monetary limits and quotation requirements with effect from 1<sup>st</sup> July 2019. The guidelines for competitive bidding for Supplies and Services purchases are as follows:

<b>Value of Supplies &amp; Services</b>	<b>Minimum number of written quotes required</b>	<b>Authority to approve</b>	<b>Approval needed for non-adherence to quotation requirement</b>
£0 - £1500	Reasonable effort must be made to achieve value for money, documentary evidence should be retained so show that Value for Money has been obtained (carry out a price check with at least two suppliers to ensure value for money has been achieved. Price checks should be documented and retained on file for audit purposes.)	Head of Service	In the circumstances of the lowest quotation for amounts not being considered acceptable or less than the required number of quotations being sought, Heads of Service, before accepting another quotation must seek the approval of the Director
£1,500 - £7,500	Three written quotes	Head of Service	In circumstances where qualitative and quantitative evaluation criteria (Quality + Cost) have been provided to bidders, the contract should be awarded on the basis of MEAT (most economically advantageous tender) based on the scores awarded, with the highest overall score determined as the competition winner.
£7,500 - £20,000	Four written quotes  The Procurement Manager must be consulted prior to procurement on all activity over £10,000	Director	In the circumstances of the lowest quotation for amounts not being considered acceptable or less than the required number of quotations being sought, Directors, before accepting another quotation must seek the approval of the Chief Executive.

£20,000 - £30,000	Four written quotes.  The Procurement Manager must be consulted prior to procurement on all activity over £10,000	Chief Executive	
£30,000 +	Tenders should be invited through public advertisement	Approved in line with Scheme of Delegation*	

\*Authorising the completion of a contract for the procurement of goods, services or works over the statutory limit of £30,000 following a tender exercise, where the Council has approved the invitation to tender and the award of the contract is made in accordance with the predetermined award criteria.

Where the estimated value of the tender for supplies and services exceeds European Union thresholds applicable at time of Tendering, it must also comply with EU Public Procurement Regulations. Procurements that fall within these thresholds must be advertised in the Official Journal of the European Union (OJEU) are subject to the current Public Contracts Regulations.

Tenders should be invited through public advertisement and approved in line with Scheme of Delegation. Tenders are then received and securely stored until opened, a tender panel then meets to review tenders in line with evaluation criteria stated in document, each section is scored and then the highest scoring tender is recommended for approval.

5.2 Revised monetary limits and quotation requirements with effect from 1<sup>st</sup> July 2019. The guidelines for competitive bidding for Panel of Contractors purchases are as follows:

<b>Value of Supplies &amp; Services</b>	<b>Minimum number of written quotes required from agreed Panel of Contractors</b>	<b>Authority to approve</b>	<b>Approval needed for non-adherence to quotation requirement</b>
£0 - £2500	Agreed hourly are used along with materials and agreed mark up	Head of Service	In the circumstances of the lowest quotation for amounts not being considered acceptable or less than the required number of quotations being sought, Heads of Service, before accepting another quotation must seek the approval of the Director.
£2,500 - £7,500	Three written quotes	Head of Service	In circumstances where qualitative and quantitative evaluation criteria (Quality

			+ Cost) have been provided to bidders, the contract should be awarded on the basis of MEAT (most economically advantageous tender) based on the scores awarded, with the highest overall score determined as the competition winner.
£7,500 - £30,000	Four written quotes  The Procurement Manager must be consulted prior to procurement on all activity over £10,000	Director up to £20000.  Chief Executive up to £30,000	In the circumstances of the lowest quotation for amounts not being considered acceptable or less than the required number of quotations being sought, Directors/ Chief Executive (over £20000), before accepting another quotation must seek the approval of the Chief Executive.
£30,000 +	Tenders should be invited through public advertisement	Approved in line with Scheme of Delegation*	

\*Authorising the completion of a contract for the procurement of goods, services or works over the statutory limit of £30,000 following a tender exercise, where the Council has approved the invitation to tender and the award of the contract is made in accordance with the predetermined award criteria.

- 5.3 Where the estimated value of the tender for supplies and services exceeds European Union thresholds applicable at time of Tendering, it must also comply with EU Public Procurement Regulations. Procurements that fall within these thresholds must be advertised in the Official Journal of the European Union (OJEU) are subject to the current Public Contracts Regulations.
- 5.4 It is a requirement that all large scale projects include a Voluntary Social Clause in the tender documents. As a minimum, tenders with a minimum labour value of £250,000 and contract duration of at least 6 months are to be screened for the inclusion of social clauses.
- 5.4 Orders below £1500 (Supplies & Services) / £2500 (Panel of Contractors) do not require a quotation to be forwarded to the Responsible Person, however all documentary evidence supporting value for money should be provided, if there is a quotation reference / date this should be detailed on the purchase order. Orders above £1500 (supplies & Services) / £2500 (Panel of

Contractors) require the written quotation(s) to be forwarded to the relevant Responsible Person for procurement.

- 5.5 It is essential that the Head of Service / Directors ensure that each procurement is conducted in line with the above. Should external funding be provided and the conditions stipulated in any relevant Letter of Offer are more onerous than the above the Head of Service / Directors must ensure these more stringent conditions are adhered to.
- 5.6 It is essential that the relevant budget is available and confirmed by the Head of Service / Directors.
- 5.7 Any deviations from this procedure will be noted and raised by the Lead Finance Officer at Senior Leadership Team meetings.
- 5.8 Under Local Government Finance Act (Northern Ireland) 2011, it is required that Economic Appraisals are undertaken for Procurements greater than £50,000 ensuring adherence to Framework for Undertaking Economic Appraisal of Council Expenditures.
- 5.9 Orders for computer hardware / software must be routed through IT for evaluation / purchase to ensure compatibility with existing supply.
- 5.10 It is recommended that all requests for quotations / tenders under the advertisement threshold of £30k are returned either to relevant director or to a generic email address that cannot be accessed by any officer involved in the procurement of said goods & / services
- 5.11 Health and Safety requirements;  
As per council's ISO 45001 requirements, H&S considerations will be given to tender submissions and documentation. As a minimum, where applicable, council will seek to gather the following documentation;
- Activity risk assessments relevant to the task that they will carry out on behalf of council. Any accompanying Safe Systems of Work or Method statements
  - Public and Employers Liability Insurance
  - Relevant staff training information
  - RIDDOR statistics (one year prior to contract)

## **6 Single Tender Actions**

In exceptional circumstances Single Tender Actions may be permissible; the requests should be detailed and approved prior to placing order.

In order to request approval for a Single Tender the below form should be filled out in detail.

The Single Tender Action form should be used for expenditure up to £7500. For expenditure above £7500 the Register of Decisions form MUST be used.



The below table details the approvals required for Single Tender Actions.

Value of Single Tender Action	Approver
Up to £7500	Director
£7501 - £20000	Chief Executive
£20000+	Council

STA proposals should be forwarded, after Head of Service approval, to the Procurement Manager for approval/comment. Following the Procurement Manager's approval the STA will be forwarded to the other appropriate approver(s) and a signed copy returned to the Procurement Manager.

The register of Decisions must be updated for STAs above £7500.

## 7 Procurement of Consultants

### 7.1 Possible methods:-

- Employment (with associated PAYE/ NIC and pension costs)
- Agency (more expensive but no PAYE/ NIC and pension costs)
- Self-employment

7.2 Employment and agency appointments require HR approval. Self-employment appointments should be carried out in line with Council's procurement policy which specifies required number of quotations (see table above) and also that approval is required for such appointments as per below.

Value of Consultant Appointment	Approver
Up to £7500	Director
£7501 - £20000	Chief Executive
£20000+	Council



- 7.3 In addition, it is essential that self-employment appointments are checked using the link below to ensure that payments should not be subject to PAYE/ NIC. Advice should be sought from the Finance Department if required. The HMRC decision obtained using the link should be printed off and retained as evidence should the tax treatment subsequent be challenged by HMRC.

<http://www.hmrc.gov.uk/calcs/esi.htm>

## 8 Approval Limits

- 8.1 **Responsible Persons / Approver: Heads of Service:** Delegated authority to purchase supplies and services up to £7,500.
- 8.2 **Director:** Delegated authority for the purchase of supplies and services up to £20,000.
- 8.3 **Chief Executive:** Delegated authority for the purchase of supplies and services up to £30,000
- 8.4 Revisions to approval limits and changes to Responsible Persons Register will be carried out by the Finance Section on a periodic basis and approved by relevant Director. Any changes should be forwarded to Finance Section.

## 9 Payments

- 9.1 All payments (Invoices, Proforma invoices, Grant Payments, SLAs etc) must be accompanied by a valid purchase order.  
Grants and contributions paid to outside bodies should be in accordance with those current terms and conditions as approved by the relevant committee.
- 9.2 Invoices for Supplies and Services / Panel of Contractors must first be registered in Accounts Section. It is therefore essential that all suppliers are advised when purchasing that all invoices must be sent to Accounts. If an invoice is received directly by department it must be sent to Accounts for registration.
- 9.3 Upon receipt of registered invoice the requisitioner will attach and fill out a debit slip and forward invoice for certification, in line with limits described in 8 above, for payment within 5 working days. If the invoice cannot be certified within 5 days it is essential that Accounts are informed of the reason for noncertification. Before certifying an account, the Director/Head of Service must satisfy himself/herself that:-
- the work, goods or services to which the account relates have been carried out, received, examined and approved;
  - the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
  - the expenditure has been properly incurred, and is within the relevant original or revised estimate provision;
  - appropriate entries have been made in inventories, stores records or stock books as required;
  - the account has not been previously passed for payment and is a proper liability of the Council.

Once certified the invoice should be returned to Accounts for payment.

- 9.4 At the discretion of the Lead Finance Officer (or as delegated), pro-forma / cheque request payments may be made in exceptional circumstances in advance of receipt of goods/services such as one-off purchases. In this case the requisitioner will complete an order and obtain appropriate approvals. The requisitioner will request the supplier to submit a pro-forma invoice and should attach the final invoice to the pro-forma invoice once it is received.

Where part deliveries are made the requisitioner should mark the items delivered on the PO. Invoices received for part deliveries should be accompanied by a copy of the purchase order and goods received note and submitted to accounts for payment. Once all deliveries have been made against the order then the 2<sup>nd</sup> part of the PO should be detached from the order book and attached to the invoice for the last delivery.

- 9.5 All Directors/Heads of Service shall as soon as possible after 31 March and not later than a date specified by the Lead Finance Officer, notify the Lead Finance Officer of all outstanding expenditure relating to the previous financial year. It is the responsibility of the Director/Head of Service to ensure that upon payment of these items they are properly identified and coded.

## **10 Capital Expenditure**

- 10.1 All Capital expenditure must be made in accordance with Capital Expenditure & Major Corporate Projects Regulations.

## **11 Legal and Policy Framework**

### **11.1 Legal Context**

The National Procurement Strategy, launched in October 2003 by the Office of the Deputy Prime Minister, aims to help public bodies recognise the potential of effective and innovative procurement to improve service delivery, and deliver best value.

Derry City and Strabane District Council is responsible for ensuring that its business is conducted in accordance with European and regional procurement law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council comply with all relevant legislation and case law including:

- Local Government (Best Value) Act (Northern Ireland) 2002
- The Local Government Best Value (Exclusion of Non-commercial Considerations) Order (Northern Ireland) 2012
- Public Contracts and Utilities Contracts Regulations
- EU procurement rules (the Treaty and procurement directives)
- International obligations, notably WTO agreements
- Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006).
- Bribery Act 2010
- Local Government Finance Act (Northern Ireland) 2011
- Public Contracts Regulations 2015
- Specific domestic legislation, including subordinate legislation implementing directives;
- Contract and commercial law in general
- Relevant European Court of Justice case law domestic case law.

## 11.2 Linkage to Corporate Plan –

In the achievement of the objectives and priorities set out in the Corporate and Business Plans, Derry City and Strabane District Council will be exposed to various risks. The task of management is to respond to these risks so as to maximise the likelihood of achieving the objectives and priorities by managing the exposure to risk to an acceptable level.

This policy will have a positive impact on the Council's commitment to be open and accountable and aims to provide quality and value for money.

## 12 Impact Assessment

### 12.1 Screening and Equality Impact Assessment

A completed Screening Questionnaire has been completed and is attached. The Strategy is to be screened out for Equality Impact Assessment

### 12.2 Impact on Staff and Financial Resources

There will be no impact on staff and financial resources as a result of this Policy.

### 12.3 Sustainable Development

Derry City and Strabane District Council are committed to meeting its duties under 'Sustainable Development Duty: Section 25 of the Northern Ireland (Miscellaneous Provisions) Act 2006 (s 25)' by ensuring sustainable development considerations built into the terms and conditions of tenders.

Complex projects such as those involving PFI represent a large investment of public money over time in the private sector, and voluntary and community groups can help to ensure that this money is spent according to the needs of local communities.

Council will also comply with Northern Ireland Procurement Policy which recognises that the primary objective of procurement should be to achieve **Best Value for Money**, which is defined as

*“the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer’s requirements”.*

This definition stresses that value for money does not mean lowest price. Any procurement would have to meet its requirements for sustainable development to be deemed good quality and fit for purpose.

## **13 Implementation**

### **13.1 Roles and Responsibilities**

The management of procurement is a key organisational responsibility. All Council members and employees have a major role to play ensuring adherence to procurement rules. The responsibilities for procurement for different roles within the Council are set out below:

#### ***Elected Members***

The Elected Members are responsible for:

- Approving the Council's procurement policy
- Ensuring existence of and approving effective strategic framework i.e. Audit Committee; *and*
- Demonstrating commitment to and ensuring sufficient priority and profile for Procurement.

#### ***Chief Executive***

The Chief Executive is responsible for:

- Ensuring good corporate governance within the Council.
- The provision of organisational commitment to procurement process by driving service and organisational improvements;
- Being the clear figurehead for implementing the procurement process by making a clear and public personal commitment to making it work;
- Ensuring the implementation of the Council's Procurement Strategy, ensuring sensible management decisions are taken and overseeing any subsequent review processes; and
- Maintaining positive relations with the media and managing any publicity regarding the Council, which may have procurement dimensions.

#### ***Directors / Heads of Service / Lead Officers***

Directors / Heads of Service are responsible for:

- Ensuring that sufficient resources have been allocated to ensure that procurements are being managed effectively and for taking appropriate action for all procurements.
- Providing ongoing support for procurements; and

- Preparing a stewardship report to the Chief Executive on an annual basis to facilitate the signing of the Council's Annual Governance Statement.

### **Employees**

All employees have an individual responsibility to:

- Manage procurement, which they have been given responsibility for.
- Participate in procurement education and training; and  Comply with Council policies and procedures;

### **Procurement**

The Procurement Manager is responsible for:

Meeting with directors / heads of service / employees on a regular basis to provide advice and guidance on procurement and to gain assurance that all procurements are being managed effectively and compliantly;

### **13.2 Support and Advice**

Advice and guidance on this Policy may be obtained from the Procurement Manager and the Lead Assurance Officer.

### **13.3 Guidelines and Forms**

Purchase order books and debit slips will be provided to the relevant people responsible for co-ordinating of orders and payments within their relevant Departments.

### **13.4 Communication Strategy**

All Council Staff, Elected Members, and agency staff will be provided with a copy of this Strategy. Staff will be advised if further information is required in relation to the Policy to contact the Head of Corporate Governance & Legal Services for advice and guidance

### **13.5 Risk Management**

Failure to effectively implement this Policy increases the risk of the Council not achieving the highest possible standards in terms of openness, probity and

accountability. This Policy will be monitored regularly to ensure that it is being implemented

## **14 Monitoring Review and Evaluation**

This Policy will be monitored, reviewed and evaluated and reviewed every 2 years However, the policy will be reviewed sooner in the event of any one or more of the following:-

- Failure or weakness in the Strategy is highlighted
- Changes in legislative requirements
- Changes in Government/Council or other directives and requirements.

## **15 Miscellaneous**

Purchase Orders are to be retained for a period of 5 years.