

Purchasing Procedures

Higher Education Funding Council for Wales

Implemented January 2002



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Contents

1.01	Purchasing – Objectives & Procedures	3–5
1.02	General Purchasing Procedures	6–8
1.	The Evaluation Matrix	9
1.1	Quotations	9-13
1.2	Authorisation of Purchases	13
1.3	Segregation of Duties	13-14
2.	Contractual Purchasing	14
3.	Record Keeping	14
4.	Delegated Financial Authority	15
5.	Conflict of Interest	15
6.	Advance Payments	15
7.	Contact List	16
Annex No 1	Invitation to Quote Letter	17-20
Annex No 2	Evaluation Matrix Example & Guidance	21-24
1.03	Purchasing Procedures – Formal Tendering	25-41
Annex A	Authorisation to Tender Form	42-43
Annex B	Authorisation to Award a Contract Form	44-45
Annex C	Authorisation to Extend a Contract Form	46-47
Annex D	Contractor Evaluation Report Form	48-49
1.04	HEFCW Procurement Policy & Strategy Action Plans (2009)	50-66
1.05	Procurement Code of Ethics	67

1.01 Purchasing - Objectives & Procedures

Introduction

The purchasing section of HEFCW has been established to provide a cost effective, professional service, which delivers value for money in all aspects of its operations. It is there to provide advice and guidance to all directorates on issues relating to purchasing and supply. It aims to produce cost savings and quality improvements by negotiation and clarification and by the letting and use of collaborative contracts. It will also let call-off and framework contracts, tendering for goods and services where required. The purchasing section will advise and help on matters relating to day to day purchasing activity. The section will also investigate the sustainability and environmental issues surrounding the purchases of goods and services for HEFCW.

The purchasing section will help support the individual needs of each directorate. For example, setting up framework arrangements, so that directorates can call-off a variety of goods and services at contracted rates. The purchasing section will work closely with all directorates when producing specifications and undertaking formal tender exercises, and will assist with contract management where required. The purchasing section will help source new suppliers and develop relationships with existing ones.

The work of the purchasing section is based on HEFCW's Procurement Policy and Strategy Action Plan documents which can be found at the back of these procedures. These documents are reviewed on an annual basis and they set out the underlying principles that underpin HEFCW's procurement activity.

The purpose of these procedures is to inform and instruct all directorates of the processes that **must** be followed when purchasing goods and services. These procedures should be read in conjunction with HEFCW's Financial Regulations, Budget and Cash Management Procedures and Purchase Order Processing Procedures (POP).

The Chief Executive, being designated by the National Assembly for Wales as HEFCW's Accounting Officer, is personally responsible for the expenditure of public funds. He is assisted in this exercise by all staff, who have a responsibility to ensure that public funds are used in an economic, efficient and effective way. Staff must undertake purchasing in a manner that is ethical, accountable and compliant with procedural, legal and international obligations.

Public sector purchasers are accountable for any funds spent on goods, services and works within their organisations. Staff of HEFCW must be able to justify all purchases made and must comply with the purchasing procedures included in this document.

If the reader is in any doubt as to what action should be taken, they should clarify the position with the Procurement Manager.

Within HEFCW a formal system of purchasing and tendering has been established to:

- ensure control over purchasing;
 - obtain goods and services effectively within the required timescale;
 - ensure value for money is being obtained; and
 - commit to adoption of best current practice in purchasing.
- HEFCW's purchasing system is broken down into the following categories:

- **general purchasing** - for goods/services valued up to £24,999 (including VAT) - obtaining written quotation/s from potential suppliers..
- **formal tendering** - for goods/services valued at £25,000 (including VAT) and above - involving the production of formal tender documents and advertising normally via the Buy4Wales website for potential suppliers to tender for the supply of goods/services through 'Open' and in certain circumstances 'Selective' and in exceptional circumstances 'Single' tendering.

Consideration must be given to the following, when purchasing takes place:-

Single Tenders

Single tendering occurs when there is only one supplier, who is capable of supplying the required goods and services. A single tender represents a departure from normal tendering procedures. Advice should be sought from the Procurement Manager, who will confirm that there are no alternative options for supply. Written authorisation must be obtained from the Head of Resources/Director of Finance & Corporate Services **prior** to any despatch of single tenders.

Welsh Assembly Government Approval

When the value of goods and services being purchased by HEFCW exceeds, or is expected to exceed, £25,000 (inc. VAT) **and** single tendering has been applied, written approval must be obtained from the Welsh Assembly Government, **prior** to initiating the tender process.

When the value of goods and services being purchased by HEFCW exceeds £25,000 (inc. VAT) **and** there has been a restricted response to the tender exercise – i.e. **less than three tenders have been received**, written approval must be obtained from the Welsh Assembly Government, **prior** to awarding the contract.

The written request for approvals above, are processed through the procurement section.

European Communities Consolidated Directives 2004/18/EC

Contracts that are above certain thresholds are required to be advertised and awarded in accordance with the European Communities Consolidated Directives (EC) 2004/18/EC and the General Agreement on Tariffs and Trade (GATT) rules on public procurement. Current thresholds start at £90,319 (January 2008). Please contact the Procurement Manager for further advice on European Purchasing Directives and current thresholds.

Purchasing Cards

HEFCW has introduced the use of the Welsh Purchasing Card (WPC). Purchasing cards are used for the purchase and payment of low value, low risk goods and services. A completely separate set of procedures exist for this type of purchasing.

If you feel that a purchasing card would be more appropriate for the type of purchases you wish to make, or you wish to find out more detail about the benefits of the WPC, then you will need to discuss with HEFCW's procurement manager.

Purchasing Order Processing (POP)

An electronic purchase order processing system has been introduced in HEFCW to cover the requisitioning, approval, ordering, receiving and payment of goods and services for HEFCW. The system allows budget holders and contract managers to monitor spend against their budgets, as well as expenditure against any HEFCW contracts in place. The POP procedures can be found on the Finance intranet page and any queries relating to the system should be directed to the Finance section.

Any procurement by procedures other than those outlined must have the prior written approval of the Head of Resources/Director of Finance & Corporate Services.

1.02 Purchasing Procedures

Goods/Services Valued below £2,000 (including VAT)

All purchases below £2,000 (including VAT) can be purchased from a single supplier without any requirement for competitive quotations. All such purchases must be documented via HEFCW's POP system, in accordance with the POP procedures and where the prior approval of the budget holder is required before any commitments are made with suppliers.

Budget holders are required to satisfy themselves that they have obtained value for money and may do this by market research on the internet or telephone where deemed necessary. Reference material or notes of communications should be kept with the quotation information.

If HEFCW is purchasing from a new supplier, a new supplier form must be completed and authorised prior to raising any purchase orders. The new supplier form with guidance can be found on the procurement page of the intranet.

Wherever possible, HEFCW call off or collaborative contracts should be used. Advice on such contracts and on potential suppliers can be obtained from the procurement section.

The single quotation must be supplied to the finance section in line with the POP procedures.

Goods/Services Valued Between £ 2,000 and 24,999 (including VAT)

All purchases between £2000 and £24,999 (including VAT) require a minimum of three written quotations. Written quotations must be obtained from suppliers who are capable of supplying the goods and services required and should be supplied to the finance section in line with the POP procedures.

For expenditure up to this limit the budget holder may approve the award of a contract to the most economically advantageous quotation (highest scoring) of at least 3 written quotations using HEFCW evaluation matrix document. (See Annex No 2 for example and guidance.)

The budget holder must obtain the approval via the POP system of the Head of Resources / Director of Finance and Corporate Services to award a contract **where any of the following departures from the standard procedure apply:**

- the selection of a quote other than the highest scoring quote;
- where less than 3 quotes have been received; or
- where only a single quote has been sought.

In such instances a business case via the POP system to support the departure must be completed prior to submission to the Head of Resources/Director of Finance & Corporate Services.

If HEFCW is purchasing from a new supplier, a new supplier form must be completed and authorised prior to raising any purchase orders in the POP system. The new supplier form can be found on the procurement page of the intranet.

Goods/Services Valued £25,000 (including VAT) and above

All purchases for goods or services valued £25,000 (including VAT) and above must be subject to a formal competitive tendering exercise via the Procurement Section or, via a collaborative procurement exercise that has already been awarded via a previous formal competitive tender.

Although procurement procedures are based on the level of expenditure as described above, there may be occasions where contracts with a total value of less than £25,000 (including VAT) should be the subject of formal competitive tendering. There may be a greater need to demonstrate objectivity and the operation of fair and open competition where, for example, a former officer or former member of HEFCW, or a relative of a current or former officer or a current or former Council member expresses an intention to compete for the provision of goods or services. In these circumstances it is vital that HEFCW is seen to be fair and open in its choice of supplier and formal competitive tendering shall apply. In other circumstances it shall be the responsibility of the officer concerned to decide whether formal competitive tendering is required for purchases under £25,000 (including VAT).

When a contract has been awarded the procurement manager will inform the Finance section of the details of the new contract, including the contract number, supplier details, value of the contract and start and finish dates. Finance will update the POP system and this will allow purchases to be called off under the new contract.

No legal services should be obtained without the prior written consent of the Director of Finance & Corporate Services.

Summary of Procedures for Purchasing

Purchase Value (inc. VAT)	Minimum Requirement	Process	Method of Purchase
below £2,000 (inc. VAT)	Single Supplier.	One written quote must be sought. Budget holders are required to satisfy themselves that they have obtained value for money. Where possible, call off or collaborative contracts secured through the procurement section should be used. For advice contact the procurement section.	Via POP system New supplier form if applicable.
£2,000-£24,999 (inc. VAT)	A minimum of three written quotations must be sought and evaluated using criteria notified to potential suppliers in advance. For expenditure up to this limit the budget holder may approve the award of a contract to the most economically advantageous quote (highest scoring) of at least 3 written quotations.	The budget holder must obtain the approval via the POP system of the Head of Resources/Director of Corporate Services to award a contract when any of the following departures from the standard procedure apply: <ul style="list-style-type: none"> • the selection of a quote other than the highest scoring quote; • where less than 3 quotes have been received; or • Where only a single quote has been sought. In such instances a business case via the POP system to support the departure must be completed prior to submission to the Head of Resources/ Director of Finance & Corporate Services.	Via POP system (supplying quotations and evaluation matrix to the Finance section). New supplier form if applicable.
£25,000 (inc.VAT) and above	Formal competitive tendering in accordance with tendering procedures /collaborative tender exercise	Tender exercise completed or collaborative contract investigated with the procurement section.	Authorisation to Tender Form, Award Letter. New supplier form if applicable and via POP system.

1. The Evaluation Matrix

An Evaluation Matrix must be completed when purchasing goods and services between £2,000 and £24,999 (including VAT). (where a HEFCW contract is not in place).

An example and guidance for use of the evaluation matrix can be found at Annex 2 of these procedures.

It is used to evidence that the recommendation to award the contract is based on the most economically advantageous quotation (the highest scoring quotation), the evaluation matrix needs to be completed and scores given to each of the quotations received. Scores must be based on the award criteria stated in the Invitation to Quote Letter and companies must be evaluated on a like for like basis. (see Annex1 for the invitation to quote letter.)

Where more than one member of staff is scoring the quotations, there should be individual matrix documents and then a final cumulative document.

The scores recorded on the matrix need to be justified by a brief written evaluation. This should set out the reasons why the companies had received the scores given and will provide the basis of any formal feedback requested by a bidder on why they were or were not successful with their quotation.

Further advice on completion of the evaluation matrix or on evaluation of quotations can be obtained from the procurement section. The matrix and guidance for completion can also be found on the procurement intranet page and at Annex 2 of these procedures.

The evaluation matrix must be supplied to the Finance section along with the written quotations received.

1.1 Quotations

Procedures and Guidance for Obtaining Quotes from Suppliers under £25k (including VAT).

Sourcing suppliers

It is very important that sufficient research is undertaken in order to source the right suppliers, who are able to undertake the contract and to ensure that the value of the contract is under £25,000 (including VAT).

If the value of the contract is likely to be £25,000 (including VAT) or above the contract must be completed as a formal tender through the procurement section.

Sourcing is the identification of companies, organisations or individuals as potential suppliers to HEFCW. Prior to obtaining quotations you must ensure that the right suppliers are sourced, to determine that the suppliers are capable of supplying the goods or services required. If you have difficulty in identifying suppliers you should contact the procurement section for assistance.

Sourcing could be required:

- to rotate the suppliers invited to compete for a contract;
- because of a demand for a good or service not previously purchased;
- because there are too few existing suppliers;
- because the existing suppliers are performing badly; or
- because the market is rapidly changing.

It is also essential, because of accountability for the proper use of public funds and the need to exercise prudence in commercial relationships, that, so far as possible, HEFCW should only deal with companies in which it can place full confidence.

In identifying potential suppliers to seek quotations from, staff should be aware and make use of the Buy4Wales Web Site (www.buy4wales.co.uk). A link for the website can be found on the procurement intranet page and the procurement manager can set up a password for you to access the detailed information held on the site.

The website aims to make it easier for Welsh companies, especially SMEs, to work successfully with the 100 or so Welsh public sector organisations. It gives suppliers instant access to information on those organisations, and delivers relevant quotation and tendering opportunities via e-mail.

Further details regarding the use of the Buy4Wales website can be obtained from the procurement section.

There are also numerous directories and websites which are a valuable source of information for suppliers of goods and services, these include;

- [BT](#), [Yellow Pages](#) and [Thompson](#);
- [UK Kompass](#);
- [Kompass](#);
- [Kellys Business Directory](#);
- [Europages](#).

Other sources of information include trade journals; publishers' registers; professional institutes; trade associations and trade exhibitions. Prospective suppliers in certain circumstances, could also be sourced through advertisements in local and national trade press. Details of all the information listed here can be obtained from the procurement section.

If you require any help or guidance in sourcing suppliers, please contact the procurement section.

Specifying your requirements

It is important to specify exactly what HEFCW wishes to purchase. The Budget holder/Contract Manager responsible for the management of the purchase can

do this by providing a detailed specification. A specification can also provide a base against which payments can be checked. i.e. payment is only made for what was requested.

Specifications should define the output and performance required, but should not be over prescriptive in how this is achieved. Specifications should also include a **price schedule**, which is to be completed by the supplier. This may take the format of a spreadsheet or document depending on the contract. The procurement section has a number of example cost schedules available.

Where the contract has a provision for an extension period, the supplier may be asked to provide charges for the entire duration of the contract i.e. the additional months or years 2 and 3 etc. Budget holder/Contract managers should always estimate the value of the contract for the **entire duration** of the contract including any extension periods. If the value of the contract exceeds £25,000 (including VAT) with any extension periods, then the contract must be completed as a formal tender through the procurement section. A copy of HEFCW's standard Terms & Conditions should also be included. This is available from the procurement section and can also be found on the intranet procurement page.

Sample specifications, templates and guidelines on how to complete a specification can be obtained from the procurement section and can be found on the intranet procurement page.

Contract Award Evaluation Criteria

When drafting your invitation to quote letter and specification you must state the award evaluation criteria and the weighting assigned to the criteria that will be used to base your decision on to whom to award the contract. The award criteria are the key factors by which you evaluate the quotations and these need to be identified at the start of the process when writing the invitation to quote letter and specification. The evaluation criteria and weightings which you decide to use will need to be linked into the specification and the evaluation matrix, so that what is asked for in the specification can be measured in the evaluation criteria.

Inviting Suppliers to Quote

A pro forma invitation to quote letter has been developed. This form is available from the purchasing section and the procurement intranet page, and is included in Annex No 1 of these procedures.

Guidance/Checklist for obtaining quotations under £25,000 (including VAT).

The checklist below contains useful points when obtaining quotations from suppliers, it is not exhaustive and further guidance can be obtained from the purchasing section.

1. Ask for confirmation of the full price of the goods or services - remember to ask for the price including VAT.

2. When purchasing services, obtain hourly rates or daily rates, any additional costs, out of hours costs or any expenses/disbursements that may be applicable.
3. Are there any discounts available?
4. Are the items in stock?
5. What is the lead-time for delivery?
6. Is there any delivery charge?
7. Do the goods/services need to be called-off?
8. What are the payment terms?
9. Ask whether the supplier accepts purchase orders? (if not the goods may be purchased using a purchasing card, if this is the case contact the purchasing section for advice and guidance?)
10. To where and to whom does the order have to be sent?
11. When asking for quotations give a deadline for responses (Suppliers are more likely to respond to a set time or day).

Evaluation

When evaluating the quotes received, the process must be systematic, transparent, thorough and fair to all suppliers. Assessments must be carried out on a 'like for like' basis in the following areas, Financial, Technical, Quality and Capability, in line with the contract award evaluation criteria as detailed in the Invitation to Quote letter, Specification and the Evaluation matrix.

The highest scoring quotation should normally be accepted unless there are specific reasons for not doing so - e.g. highest scoring quotation comes in above budget available. There must also be a written narrative to support the evaluation matrix in order to evidence 'Value for Money' and provide information for de-briefing unsuccessful suppliers. All evaluations that are completed for each individual purchase must use the same evaluation criteria and the same weightings. Please contact the procurement section for further advice and guidance on how to complete the evaluation matrix. Guidance can also be found on the intranet procurement page.

Clarification of quotations

Clarification of quotations terms should only be sought from suppliers, if it is unclear what the supplier is offering in the quotation. Clarifications do not include any amendments/additions or reductions to the original quotation received.

Negotiations

No negotiations can take place until the evaluations have been completed, and approved by the budget holder and **agreed in writing by the procurement section**. All contract managers need to consult the procurement section when considering **any** negotiations with suppliers. Negotiations in terms of improving, amending, adding or reducing any aspect of the quotation must go through the procurement section.

Sole Supplier

A sole supplier occurs when there is only **one** supplier who is capable of supplying the goods/ services required. Where the use of a sole supplier is

inevitable, care should be taken to ensure best value for money is achieved by checking the supplier's price lists/tariffs etc. Advice should be sought from the Procurement Manager who will need to confirm that there are no alternative options for goods or services.

1.2 Authorisation of Purchases

The prescribed separation of duties between staff involved in a procurement exercise is to ensure that public funds are protected and that all staff involved in the exercise are protected against any suspicion of financial impropriety. The purchasing procedures and the POP system procedures have been set up to ensure that this is the case.

A budget holder may delegate responsibility for authorising purchases for a specific budget, or number of budgets, to a member of his/her staff either on a permanent basis or in the absence of the budget holder. The finance directorate must approve all delegations.

Where a purchase is to be made from a new supplier which is not currently registered on HEFCW's finance system, a new supplier form will need to be completed and approved prior to raising the purchase order. (The supplier form can be found on the intranet procurement page).

If you are unsure whether the supplier chosen is new to HEFCW you can check the Dream Finance System or query this with either the Finance Section or the procurement manager.

1.3 Segregation of Duties

In order to protect public funds, procurement and payment systems must guard against fraud. Robust systems also protect staff against any suspicion of financial impropriety.

There are four main stages in procurement separation of duties:

- approval to incur or commit expenditure;
- ordering the goods or services;
- certifying the satisfactory receipt of goods or completion of services; and
- authorising the payment.

The various financial and contractor functions require a separation of duties. If the same member of staff were to give financial approval, select the supplier, place the orders, receive the goods, check the resulting invoices and authorise the payments, charges of collusion with a supplier or misappropriation of funds would be difficult to refute.

When setting up delegations, managers must approach this subject in a common sense way. If they cannot follow the rules exactly they must always ask themselves what risks they might be running, and whether they could reorganise duties, or introduce additional checks by senior officers, to avoid or minimise those risks. If in any doubt regarding separation of duties please contact the procurement manager or Head of Resources/Director of Finance & Corporate Services, who will advise and (who will consult the risk section where

necessary) if it is not possible for the correct segregation of duties to be achieved.

2. Contractual Purchasing

There are some goods and services, which have already undergone formal tender exercises and are covered by a Framework contract. Examples of goods and services subject to this procedure are catering, car hire, rail travel, stationery, printing, hotel accommodation and conferences. Many of these contracts have their own desk instructions which cover use of the contract. If you require information on any of these contracts, please contact the Facilities or Procurement section.

If you require goods and services that are covered by these contracts, the procurement section will give you the relevant contract number, this contract number must be quoted on the POP system. The procurement section will give you the details of HEFCW's contract manager for these goods and services, so you can obtain the relevant desk instructions for use of the contract.

By quoting the contract number on the POP system, it documents that a formal contract is already established and there is no further need to obtain quotations.

By quoting the contract number on the Purchase Order generated by the POP system, it alerts the supplier to the fact that we already have a contract with them, and that agreed contractual rates are in force.

All procurement requests for expenditure incurred against framework contracts are monitored by the Contract Manager through the POP system.

In certain circumstances quotations may be required under framework contracts, if this is the case the quotations must provide sufficient detail such that they can be easily checked to the agreed framework Terms and Conditions and prices. Any prices provided by suppliers for work that do not provide the required level of detail should be passed back to the supplier.

It is extremely important that Contract Managers monitor their contracts closely in regard to quality of goods and services and also expenditure against the contract. The POP system provides contract managers with the ability to monitor expenditure against budgets and contracts. The procurement page on the intranet provides contract management tools and guidance to support Contract Managers. Advice can also be sought from the procurement manager.

No legal services should be obtained without the prior written consent of the Director of Finance & Corporate Services.

3. Record Keeping

A record of all purchasing activity including contract management undertaken must be kept and filed in line with HEFCW's Records Management Procedures. This is for any audit that may be carried out by the risk section or external auditors. General information on directorate purchases may also be required by the procurement section, for use when collating new contracts or taking part in collaborative arrangements.

4. Delegated Financial Authority

HEFCW's Financial Regulations set out the delegation limits for programme funds and running costs and the process by which budget holders and delegated signatories will be approved.

Failure to undertake procurement processes within these delegation arrangements or comply with these procedures in this document could lead to formal disciplinary action being instigated.

Staff must also refer to HEFCW's Financial Regulations and HEFCW's Finance Budget Control Procedures found on the intranet.

5. Conflict of Interest

Staff must be free of all personal interest which may conflict, or appear to conflict, with the best interests of HEFCW. Those who have business or other relationships with outside organisations must carefully consider the position in which they place themselves and HEFCW. Section 17 of HEFCW Financial Regulations, sets out rules in regard to conflict of interest situations.

If a staff member has any relationship with, or interest in, an outside organisation which may feature in a procurement, then they must declare this relationship in writing to their Line Manager and copy it to the Head of Resources/Director of Finance & Corporate Services, and take no part in the procurement process. If in doubt about what constitutes a relationship or interest that will need to be formally declared, then staff must consult the Head of Resources/Director of Finance & Corporate Services.

6. Advance Payments

Payment made in advance of the supply of goods or services being purchased, is regarded as a departure from the normal contracting procedures of HEFCW and contravenes the requirements of Managing Public Money. Staff must only make payments on satisfactory receipt of goods and services, or in stages for part delivery if this is what is required of the contract. However, the amount of each stage payment must, at most, only equate with the value of goods or services received to that date.

There are some occasions where it is regarded as normal practice to pay up front for services, for example attending training courses or conferences/seminars or when booking speakers. Proposals to make advance payments must be discussed with a member of the finance team prior to such payments being made. It should be noted that other than those instances noted above and set out in Managing Public Money prior written approval of the Assembly Government will be required prior to such a payment being made.

Please see the Finance section for guidance on how to make advance payments via the POP system.

7. Contact List

Procurement Manager Mrs Karen Wolliner 029 2068 2216
karen.wolliner@hefcw.ac.uk

Estates Consultant Mr Chris Cowburn 029 2068 2247
chris.cowburn@hefcw.ac.uk

Head of Resources Mr Nick Williams 029 2068 2299
nick.williams@hefcw.ac.uk

Director of Finance & Corporate Services Mr Richard Hirst 029 2068 2253
richard.hirst@hefcw.ac.uk

Facilities Manager Mr Robert Visintainer 029 2068 2257
robert.visintainer@hefcw.ac.uk

Annex No 1

Invitation to Quote Form

Invitation to Quote Form

Contact & Address

Date

Dear (Contact Name)

**Invitation to quote for xxxxxx (Please insert required goods or services)
Contract Number (insert a unique identifier)**

Introduction

This document is available online, in large print and electronically on CD. Should you or someone you know require this in an alternative format, please contact us on 029 2068 2218 or email equality@hefcw.ac.uk.

You are formally invited by the **Higher Education Funding Council for Wales** (herein referred to as 'the Client') to submit a quotation for a firm price contract for----?--- **(insert a brief description of the required goods or services)**. The requirement is described more fully in the attached specification **(attach detailed specification)**. If you are unable to return a quotation, please notify me as soon as possible.

Offer and Acceptance

Contractors are required to abide by their quotations for 60 calendar days from the date given for receipt of quotations. Quotations shall be treated as confidential. The Client reserves the right to accept such portion of the quotation as it may decide, but does not bind itself to accept the lowest or any quotations.

Contract Award and Evaluation Criteria

The contract will be awarded to the most economically advantageous quotation in terms of value for money on the basis of the following criteria, which are listed in order of importance including the weighting applicable to each criteria:

(An example of applicable criteria to consider is given below).

The wording in bold above must be kept as is, however the evaluation criteria and weighting can be amended to suit your requirements. Quotations may **only** be evaluated and a decision on who to award the contract can **only** be made based on the following criteria, therefore it is important to list the criteria that are specific to your requirements. Weightings must be given. The evaluation criteria and weightings must then be transferred to your evaluation matrix).

The following are examples only

Evaluation Criteria	Weighting
Price	6
Experience of Team	6
Timescale and Quality Assurance	4
Previous Experience	4
Ability to Meet Requirements	4

Contract Period

The contract shall be for a period of ? **(Insert contract period)** from the date the contract commences. It is the intention of the Client for the contract to commence on ? **(Insert date)**. It is expected that a period of ? **(Insert number of days)** days will elapse between award of the contract and its commencement.

Deadline for Receipt of Quotations

Quotations must be returned by either letter, email or facsimile no later than? **Hrs on ? (Insert date)**. Late quotations shall automatically be rejected.

Form of Contract

Goods or services ordered by the Client as a result of the quotation, shall be in accordance with the Client's standard Terms and Conditions. Copies of the conditions are available from the procurement section. Tel. 029 2068 2216.

Debriefing

Both successful and unsuccessful contractors who wish to have the opportunity of debriefing should contact ? **(Insert name)** after the award of contract.

Yours sincerely

Insert Name

Insert Title and Department

Insert Contact Details

Insert email address

Annex No 2

Evaluation Matrix Example & Guidance

Services Evaluation Matrix Example and Guidance for Purchases under £25,000 (including VAT)

1. Objective

- the evaluation matrix should be used as a tool to select the best value for money quotation on behalf of HEFCW;
- there is a statutory requirement for quotations to be assessed objectively on the basis of value for money i.e. quality (in terms of fitness for purpose) and delivery against price;
- contract managers can use this tool to evaluate quotations consistently, ensuring criteria are exactly the same as that used in the Invitation to quote form and specification;
- HEFCW can demonstrate that they have obtained value for money from the quotation exercise.

2. Why do we use an Evaluation Matrix?

- procurement procedures bind us to inform contractors of the criteria and weighting against which we will be assessing their quotation, this must be done by listing the criteria and weighting in the Invitation to quote form (ITQ) and specification;
- HEFCW must be able to provide objective reasons that can be used to justify the conclusion of the quotation exercise and award of contract;
- a structured debrief based on an objective assessment is critical, as unsuccessful companies may mount a legal challenge if they feel they have been unfairly dealt with;
- there is a legal requirement to treat companies on a like for like basis and that the evaluation process is fair and transparent. An auditable paper trail should be available to demonstrate decisions undertaken by HEFCW.

3. How do we complete the Matrix for Services

(Please refer to the evaluation matrix example above)

Criteria

- each column has the heading of a selection criterion that should correspond exactly to the criteria laid down in the Invitation to quote form and specification. The criteria on the model will not suit every quotation and can be changed by the Contract Manager according to the type of services being procured. For low value, less complex procurements there are likely to be fewer criteria on the evaluation matrix. If in any doubt please seek advice from the procurement section.

Note: Quotations can only be evaluated against the criteria listed in the ITQ and specification.

Score Weighting

- once the criteria have been completed then a score weighting must be inserted;
- this will normally be based on the importance attached to each criterion by the Contract Manager. It is good practice for the specification criteria and Invitation to quote form criteria to be listed in order of importance and this should be considered when allocating weightings;
- quality is a key element of a service but cost should be of sufficient weighting to distinguish between bids of similar quality;
- all scorers should adopt the same weightings in each category.

Weighting for criteria 6 = High, 4 = Medium, 2 = Low

Scoring

Actual scoring of the quotation has been split into five sections

Score	Scoring Guidance
1 - Very poor	Little or no evidence provided/proposal clearly does not meet HEFCW's minimum acceptable standard.
2 - Poor	Evidence shows general understanding of service required but lacks relevant substance and is poorly presented/proposal falls slightly below minimum acceptable standard.
3 - Average	Evidence is adequate and addresses all aspects of the requirement, just meets minimum acceptable standards.
4 - Good	Evidence addresses all aspects of the service with full descriptions of techniques or methods employed/clearly does meet acceptable standards.
5 - Excellent	Evidence exceeds the requirements of the service specification with full descriptions of techniques employed and includes innovations or evidence of a desire to overcome particular problems/clearly exceeds minimum expectations.

- a brief written word document explaining why the scores were given to the companies is required. Any key points that effect the scoring should be noted and will help support the evaluation matrix. This will assist in the debriefing of unsuccessful companies.

If you need any help with evaluations please contact the Procurement Section.

Tender
Evaluation Matrix
Example for Services
£2,000 - £24,999 inc. VAT

Cyngor Cyllido Addysg
 Uwch Cymru
 Higher Education Funding
 Council for Wales



Quotation Title: _____

Criteria for award taken from Invitation to Quote Letter	Team		Previous Experience		Managing contract within timescale and quality assurance		Attention to brief / Ability to meet all requirements		Total Qualitative score	Total Price Submitted	Cost / Price		Total score
	Weighting =	6	Weighting =	4	Weighting =	4	Weighting =	4			Total Price	Weighting =	
Score Weighting (2/4/6)	Score 1-5	Weighted Score Score x weighting	Score 1-5	Weighted Score Score x weighting	Score 1-5	Weighted Score Score x weighting	Score 1-5	Weighted Score Score x weighting	Total Qualitative Score	Total Price submitted inc. VAT	Cost Score 1-5	Total Cost Score Score x weighting	Total Score (Total Qualitative score + total cost score)
Company 1	4	24	2	8	5	20	3	12	64	£15,000.00	4	24	88
Company 2	3	18	5	20	3	12	4	16	66	£20,000.00	3	18	84
Company 3	4	24	4	16	4	16	4	16	72	£10,000.00	5	30	102
Maximum possible score		30		20		20		20	90			30	120

Scores: 1 = Very poor 2 = Poor 3 = Average 4 = Good 5 = Excellent

Weighting: 2 = Low 2 = Medium 6 = High

Completed by : Print name
 Sign name

Date :

Contract award recommendation:

1.03 Purchasing Procedures - Formal Tendering (For goods/services valued £25,000 including VAT and above)

1. Introduction

Prior to any formal tender exercises being carried out by HEFCW, collaborative opportunities should always be explored. The procurement section will investigate the availability of any collaborative arrangements for the required goods and services. By using collaborative arrangements HEFCW can usually obtain better terms/prices, due to the contract being utilised by a number of public bodies and therefore being able to obtain leverage on price and benefit due to economies of scale. If the required goods or services are covered by a collaborative arrangement, the Procurement Manager will analyse what is available and along with the budget holder, produce a business case for proceeding with its use. If there is a collaborative arrangement available for the required goods or services but it does not meet the needs of HEFCW, reasons will be documented prior to proceeding with a formal tender exercise.

Purchasing procedures for goods/services valued £25,000 (including VAT) and above are subject to formal tendering. The competitive tendering process should ensure that the most suitable supplier in terms of value for money, technically and commercially capable is found.

The Procurement Manager is responsible for the administration of all formal tender exercises carried out by HEFCW.

In conjunction with the requisitioning officer/budget holder (i.e. the person requesting the goods or services), the procurement section will compile tender documentation packs and administer the tender exercise in accordance with the procedures detailed below.

There are three types of formal tendering:

- **open tender** – the usual route used by HEFCW where an advertisement is placed, usually, on the Buy4Wales.website, or possibly in a suitable publication inviting interested parties to either request a tender documentation pack and submit a tender, or request a pre-qualification document, complete and return to HEFCW for evaluation and short listing;
- **selective tender** – used in certain circumstances where selected suppliers only are invited to submit tenders. This may be for a variety of reasons - e.g. provision of a very specialised consultancy service where there are only a limited number of practising specialists, or where there are only a limited number of suppliers of the specified goods or services;
- **single tender** – in exceptional circumstance Single tendering occurs when there is only one supplier who is capable of supplying the required goods and services. A single tender represents a departure from normal tendering procedures. Advice should be sought from the Procurement Manager, who will confirm that there are no alternative options for supply. Written authorisation must be obtained from the

Head of Resources/Director of Finance & Corporate Services and the Welsh Assembly Government prior to any despatch of tenders.

The following points must be borne in mind when undertaking a formal tender exercise: -

- tender documentation must be issued to all potential suppliers who express an interest for an open tender exercise (unless a pre-qualification process has been included in the tender exercise or it is a restrictive process under the European Procurement rules);
- if formal tenders have been issued and evaluated on a like for like basis, the most economically advantageous tender can be accepted, based on the criteria and weightings assigned to the criteria laid out in the tender documents and evaluation matrix;
- procurement of goods and services are based on 'value for money', i.e. quality (in terms of fitness for purpose) and delivery against price. When evaluating tender exercises, the 'whole life costs' including disposal must be taken into consideration in relation to the goods or services being procured;
- contracts which will exceed three years in duration (including any options to extend), will need the prior written approval of the Chief Executive or Director of Finance & Corporate Services, before going to tender;
- where the value of the goods and services being purchased by HEFCW exceeds, or is expected to exceed, £25,000 (inc.VAT) **and** single tendering has been applied, written approval must be obtained from the Welsh Assembly Government, **prior** to initiating the tender process;
- where the value of goods and services being purchased by HEFCW exceeds, or is expected to exceed, £25,000 (inc. VAT) **and** there has been a restricted response to the tender exercise – i.e. **less than three tenders have been received**, written approval must be obtained from the Welsh Assembly Government, **prior** to awarding the contract;
- contracts that are above certain thresholds are required to be advertised and awarded in accordance with the European Communities Consolidated Directives (2004/18/EC) and the General Agreement on Tariffs and Trade (GATT) rules on public procurement. Thresholds are updated every two years and further information can be obtained from the Procurement Manager;
- to ensure fair competition to all concerned, each tenderer must be asked to submit their tender on the same basis i.e. all invitations to tender must be identical. This also applies to the time allowed for the tender period, or any extension to it and additional information given to one tenderer must be shared with all tenderers during the tender period;
- contracts must not be broken down into smaller lots to avoid formal competitive or European tendering exercises;
- before issuing an invitation to tender, the requisitioning officer must establish the criteria and weighting against which resulting bids will be evaluated;
- when building a requirement for supplier presentations in to the tender exercise, you must firstly evaluate all tenders using the tender award

criteria and complete the evaluation matrix document. The procurement manager **must** approve the initial evaluation before any suppliers are invited to present their tender. Only short listed tenderers should be invited to present their tender;

- tendering is a costly process for a supplier, asking suppliers to present their tenders will only add to their costs. Therefore only those top scoring suppliers should be asked back to present their tenders, i.e. only those who are potential winners. All presentation notes and information about the presentation structure should be provided to the procurement manager, along with the second evaluation matrix document and supporting evaluation information post presentation;
- when inviting suppliers to attend meetings at HEFCW premises, due consideration should be given to the equalities strands, e.g. timing of meetings or access issues to the building.

2. Responsibilities and Tender/Contract Tasks

The table below lists tasks covered in the tender process. It highlights areas of responsibility for the procurement manager and requisitioning officer/budget holder. In conjunction with the requisitioning officer/budget holder, the Procurement Manager will compile tender documentation packs and administer the tender exercise.

Tender exercises which do not have to follow the European Procurement Directives, take on **average** twelve weeks from finalising the specification through to award of the contract. Early discussion in regard to timescales for tendering should be undertaken with the procurement manager to build procurement into the project timescales.

Task	Procurement Manager	Requisitioning Officer/Budget Holder
Origination of Authorisation to Tender form.		✓
Agreement of tender timetable	✓	✓
Preparation of draft specification		✓
Any necessary amendments to Sections A, B, C & D of the tender pack	✓	✓
Letter of invitation to tender	✓	✓
Production & Publication of advert (normally via Buy4Wales.website)	✓	✓
List of Tenderers	✓	✓
Distribution of tender packs	✓	
Receipt of sealed bids	✓	
Opening of sealed bids	✓	✓
Analysis of bids		✓
Completion of Section 1 - Authorisation to Award a Contract		✓
Completion of Section 2 - Authorisation to Award a Contract	✓	
Contract Award Letter and notify Finance	✓	✓
Letters to unsuccessful tenderers	✓	✓
Supplier Debriefing	✓	✓
Compilation of Tender File	✓	
Compilation of Contract File	✓	
Contract Management		✓
Contract Review/Meetings	✓	✓
Origination of an Authorisation to Extend a Contract form		✓
Contract Extension Letter	✓	✓
Contractor Evaluation Form		✓

3. Procedures For Purchasing Goods/Services Valued £25,000 (including VAT) or above.

1. Authorisation to Tender

When there is a requirement identified for goods and services valued £25,000 (inc. VAT) or above, the requisitioning officer - i.e. the person requesting the goods or service - must complete an 'Authorisation to Tender' form - available from the Procurement Manager or procurement intranet page (copy attached in Section 10 Annex A).

The 'Authorisation to Tender' form must be: -

- signed by the requisitioning officer;
- authorised by the budget holder - out of whose budget the purchase will be financed;
- approved by the appropriate Head of team/Director if different from the budget holder;
- reviewed by the Procurement Manager; and;
- authorised by the Head of Resources/Director of Finance & Corporate Services.

Please note - under no circumstances must a tender exercise be instigated prior to obtaining authorisation to tender in accordance with HEFCW's tendering procedures.

The requisitioning officer must: -

- obtain an authorisation to tender form from the procurement section or intranet; complete Section 1 of the form - proposed tender details - ensuring that reasons for applying open (usual route), selective (in certain circumstances) or (in exceptional circumstances), single tender are stated;
 - sign the form as 'requisitioning officer' at Section 2;
 - attach the draft specification and any relevant supporting documentation or additional information as appropriate;
 - obtain the budget holder's authorisation at Section 2 (it is acceptable for the budget holder to be the requisitioning officer);
 - obtain approval from the Head of team/Director if different from the budget holder; and;
 - forward the form to the Procurement Manager.
- (i) the Procurement Manager is responsible for arranging the completion of Section 3 of the 'Authorisation to tender' form and issuing a tender number. This involves having the form and any supporting information reviewed by the Procurement Manager and authorised by the Head of Resources/Director of Finance & Corporate Services. (The Procurement Manager in the first instance will investigate whether a collaborative arrangement is available to use, prior to signing off the tender exercise to be completed.);
- (ii) the authorised form is then returned to the Procurement Manager and the tendering process begins;

- (iii) in the event of the Head of Resources/Director of Finance & Corporate Services having a query with the proposed tender, the Procurement Manager will liaise with the requisitioning officer/budget holder, as necessary, in order to address the query. The form and supporting information will then be returned to the system for authorisation as appropriate.
- (iv) to ensure that sustainability and environmental issues have been taken into consideration in the development of the specification, a Sustainable Risk Assessment tool (SRA) will be completed with the budget holder.

2. Preparing Tender Documentation

On receipt of authorisation, the Procurement Manager will arrange a meeting with the requisitioning officer and/or budget holder to discuss the 'tender timetable' and pre qualification process where applicable.

As part of the 'tender timetable' meeting, the Procurement Manager will provide the requisitioning officer/budget holder with examples of the forms that will be included in the tender documentation pack. Below are the documents that are prepared as part of the tender process: -

- a letter of **invitation to tender**;
- **tender acknowledgement form**;
- **section a - instructions to tenderers** - provides details about the tendering procedure and completion of the tender documents;
- **section b - specification** - a description of what is to be purchased and what the supplier is expected to competitively tender for. The section responsible for the management of the contract must provide a detailed draft specification. A specification provides a base against which payments can be checked, i.e. payment is only made for what was requested. Specifications should define the output and performance required but should not be over prescriptive in how this is achieved.

A specification must define clearly and precisely: -

- the scope of work to be undertaken;
- the output/quantity required;
- the standards to be met;
- the response times;
- when and how the work will be measured;
- the equipment and materials to be supplied by the client/contractor;
- the anticipated start date for the contract; and;
- a schedule for the supply of goods/services.

If applicable, the specification may need to include a reference to TUPE (Transfer of Undertakings for Protection of Employment);

The award criteria should be listed in order of importance and weighted, so that the supplier knows how HEFCW will be evaluating the tender exercise.

- **price schedule** - to be completed by the tenderer. This may take the format of a spreadsheet or document - depending on the contract. where the contract has provisions for extension of the contract period, the tenderer may be asked to provide charges for contract years 2 and 3;
- **section c - declaration by tenderer** - confirms that tenderers are basing their proposal upon HEFCW's Terms and Conditions;
- **section d - business statement** - requests details about the tenderer including its commercial activities and financial position;
- **self adhesive return address label** - to be used for the return of all tenders;
- HEFCW has standard **Terms & Conditions** for the purchase of goods and services. Dependant on the goods or services being procured, there may be a need for specific Terms and Conditions over and above the standard Terms that need to be included in the tender pack. The procurement section can help draft these specific Terms and Conditions;
- samples, plans, drawings or additional information could be supplied, if appropriate, or references to additional web material;

Where appropriate, each tenderer may also be asked to provide: -

- a detailed description of how the tenderer intends to meet the performance requirements of the contract;
- a quality plan;
- details of proposed sub-contractors;
- a health & safety policy or COSHH/Risk Assessment Information;
- relevant proof of European or British Standards held;
- copies of insurance documentation;
- financial & accounting reports i.e. audited accounts;
- proof of membership to associate bodies;
- information on equal opportunities, e.g. race, disability, gender, age, sexual orientation, religion and belief, ability to deliver in the medium of welsh,
- sustainability and environmental information,
- data protection information,
- information security details, to include confidentiality may also be required.

A copy of the final specification document is always sent to the Requisitioning Officer/Budget Holder to approve, before inclusion in the tender pack.

3. The Tender Exercise

a) for **open tender** exercises, which is the normal procurement route, the procurement manager will:-

- arrange for an advertisement to be placed on the Buy4Wales website inviting interested parties to either request tender documentation packs or pre-qualification documents and return by an agreed date;
- Compile a list of companies who express an interest or who request tender documentation packs and;

- then either the requisition officer/budget holder will pre-qualify the interested suppliers, prior to the procurement manager sending the tender documentation packs out or if no pre-qualifying stage is required, send all tenders out. All tenders must be sent at the same time by first class recorded post.

b) for **selective tender** exercises, used in certain circumstances: -

- the requisitioning officer must advise the Procurement Manager of the names and addresses for forwarding the **minimum** of **five** tender documentation packs;
- written proof of expressions of interest received, must be supplied to the procurement manager, prior to a selective tender exercise taking place;
- the procurement manager will forward the tender documentation packs to all tenderers at the same time, by first class recorded post.

c) for **single tender** exercises, used in exceptional circumstances: -

- prior written approval is required from the Head of Resources/Director of Finance & Corporate Services and the Welsh Assembly Government prior to the despatch of any tenders. The requisitioning officer/budget holder must advise the Procurement Manager of the name and address for forwarding the tender documentation pack following receipt of written approval;
- the procurement manager will forward the tender documentation pack by first class recorded post.

d) tenderers will be instructed to submit their completed tenders to the procurement manager by the agreed closing date and time, using the self adhesive return label.

e) if the closing date for receipt of completed tenders has to be extended, **all tenderers** must be informed of the revised return date/time and written evidence that this has been done must be held by the Procurement Manager for inclusion on the tender file. Extension of a tender's closing date/time can only be given where no bids have already been submitted and where HEFCW has sufficient time to formally notify **all** tenderers of the extension.

4. Receipt of Tenders

a) at least three tenders from unrelated companies/organisations must be received. If less than three companies respond, the companies that did not respond will be asked to return the tender documents and to give their reasons for not tendering. The results will be documented on the file.

Re-tendering is permissible if it was impossible to select a winning tenderer from the offers received.

NB - where less than three tenders are received AND the contract is, or expected to be, valued in excess of £25,000 (including VAT) the tender

exercise has become RESTRICTED and written approval must be sought from the Welsh Assembly Government PRIOR to awarding the contract (see section 6 below for further information).

- b) all tenders will be returned to the Procurement Manager. The envelopes will be date stamped and the time of receipt noted on the envelope. Tenders will be stored **unopened**, in a secure location until the closing date and time is reached.
- c) if an envelope is received that does not indicate on the outside that tender documents are enclosed, and is subsequently opened before the tender opening date specified, then the envelope must be resealed and a note made on the outside of the envelope that it was opened in error.
- d) tenders received after the due date and time are **invalid** and will not be considered.
- e) late tenders will be returned to the tenderer as soon as possible with a covering letter explaining the reason for the tender being rejected.

5. Tender Opening

- a) the procurement manager is responsible for arranging the tender opening boards. The board is responsible for opening and recording all formal tenders and must consist of three people. The procurement manager must chair the board and the remaining two members must include a representative from the section from which the requisition originates and a member of staff unconnected to the contract.
- b) the tender opening board must open, check and record the details of one tender at a time on the tender opening sheet. The board must ensure where possible that: -
 - all bids are compliant with the requirements of the specification;
 - check that sections c & d have been signed and dated;
 - the price schedule has been completed with fixed prices and not estimates; and,
 - any omissions are recorded on the tender register sheet.
- c) each member of the tender opening board must sign and date all pages of a bid that make any reference to prices, along with section c & section d.
- d) the procurement manager retains the original tender documentation and the copies are forwarded to the requisitioning officer/budget holder for evaluation.
- e) when evaluating the tender documents the process must be systematic, thorough and fair to all tenderers. Assessments must be carried out on a like for like basis in the following areas, financial, technical, quality and capability. The procurement manager's guidance should be sought in the evaluation process. The tender evaluation matrix should be used along with the completion of a cost analysis document and report detailing the evaluation process.

- f) any post tender negotiations are only to be undertaken by the procurement manager and are only allowed in certain circumstances.

6. Reporting of Contracts to the Welsh Assembly Government

Assembly Definition: 'Restricted' tender.

A situation where there have been less than 3 tenderers received - i.e. not a single tender situation, but one where fewer than three companies have actually responded.

HEFCW's Financial Memorandum, requires that where the value of the goods and services purchased exceed, or is expected to exceed, £25,000 (inc. VAT), 'The Welsh Assembly Government must be consulted beforehand and approve every proposal to let single tender or restricted contracts'.

The Head of Resources/Director of Finance & Corporate Services, will seek written approval from the National Assembly.

The procurement manager is required to maintain details of all contracts valued £25,000 (incl VAT) or above.

7. Contract Award

- a) the person(s) responsible for the management of the contract is also responsible for the analysis of the bids and for making recommendations for the award of the contract;
- b) if appropriate, short-listed tenderers may be invited to make presentations based on their tender submissions, in order to determine which tenderer is most suitable for the contract. All records of such a meeting and minutes etc must be kept in the Tender file for audit purposes and built in to the tender evaluation process;
- c) if formal tenders have been issued and evaluated on a like for like basis, the contract can be awarded to the supplier who submits the most economically advantageous tender based on the criteria laid out in the tender documents. (highest scoring evaluation matrix);
- d) contracts awarded for goods and services should be based on 'value for money', i.e. quality (in terms of fitness for purpose) and delivery against price;
- e) when evaluating tenders the 'whole life costs' (including disposal) of the goods or services being procured should be taken into consideration;
- f) it may be appropriate to undertake financial appraisals of suppliers prior to awarding certain contracts. The Procurement Manager will liaise with Finance to ensure that these appraisals are completed prior to award of contract. If we wish to contract with an organisation that has failed its financial viability test, it requires the prior written approval of the Head of Resources/Director of Finance & Corporate Services;

- g) any variations to HEFCW's standard payment terms included in the contract must be agreed in writing by the Head of Resources/Director of Finance & Corporate Services;
- h) the requisitioning officer/budget holder must: -
- make a 'value for money' choice - i.e. evaluate the bids received, using the evaluation matrix – produce detailed written evaluations and cost analysis based on the criteria laid out in the tender documents and complete Section 1 of the Authorisation to Award a Contract form - available from the procurement section or intranet procurement page (copy attached at Section 10 - Annex B). This includes obtaining written approval from the appropriate Head of team/Director (if different from the budget holder);
 - forward the authorisation to award a contract form to the procurement manager, together with the evaluation matrix, detailed evaluations and cost analysis and any other supporting documentation.
- i) the Procurement Manager will arrange for completion of section 2 of the authorisation to award a contract i.e. reviewed by the procurement manager and then forwarded to the Head of Resources/Director of Finance & Corporate Services for authorisation;
- j) the authorised form is returned to the procurement manager and a contract number is allocated and a file established for the new contract. The Procurement Manager will notify the requisitioning officer/budget holder of the contract number;
- k) the requisitioning officer/budget holder in conjunction with the Procurement Manager is responsible for notifying the successful tenderer that their bid has been successful by means of a 'contract award letter'. An example template of a contract award letter is available from the procurement section. The requisitioning officer/budget holder is responsible for adapting the letter to suit the particular contract and the content of the letter must be agreed with the procurement manager prior to being despatched to the successful tenderer;
- l) regret letters are issued to all unsuccessful companies at the same time as the award letter is issued. The regret letter offers unsuccessful companies the opportunity of a de-briefing. The Procurement Manager is responsible for the de-briefing of unsuccessful tenderers (although assistance may be needed from the contract manager).
- m) the designated contract manager must sign the contract award letter. The procurement manager must sign the letter for and on behalf of t HEFCW;
- n) the agreed contract award letter is sent out to the successful tenderer in duplicate. The successful tenderer is required to: -
- sign and date both copies of the contract award letter to confirm acceptance of the contract;
 - retain one copy of the letter for their reference; and

- return the other copy to HEFCW for the attention of the procurement manager **prior** to the contract commencement date.
- o) no contract should be initiated without the signed contract award letter being received back by the procurement section. If in any doubt please confirm this with the procurement section;
 - p) if the contract is for a fixed price, a purchase order should be raised at the same time as the award letter is issued. In the case of a call-off contract/extension of contract, a purchase order will be raised at the time of calling off/extending for the required goods or services;
 - q) the procurement manager is responsible for setting up a contract file which will include all documentation received from the successful tenderer, the authorised contract award form and contract award letter. All original tender and contract documentation is filed in the procurement section. The contract manager may keep copy documentation for reference. The procurement manager will notify Finance of the award of contract along with the contract details, so that the POP system can be updated;
 - r) prior to the contract commencement date, the contract manager may arrange a meeting with the successful contractor to discuss contract management. The procurement manager will attend such meetings if required.

8. Departures from Contract Procedures

- a) the requisitioning officer/budget holder must document all departures from normal contract procedures at section 1 of the authorisation to award a contract form when making their recommendation for the award of the contract. Such instances will then be approved as part of the authorisation process i.e. completion of section 2 of the form;
- b) the following are regarded as departures from normal contract procedures and **such practices must be kept to a minimum:** -
 - the use of single tender action for contracts valued at £25,000 (including VAT) or above;
 - the award of a contract following receipt of less than three tenders i.e. a restricted contract;
 - the acceptance of Terms and Conditions other than HEFCW's;
 - the acceptance of payment terms other than HEFCW's normal terms.

4. EU Tendering

European procurement directives are intended to promote intra-community trade by requiring public bodies to follow defined procedures for letting high value supply and service contracts. Guides on the European Consolidated Procurement Directives 2004/18/EC are held in the procurement section. All tenders for goods and services over certain thresholds must be advertised and awarded through the official Journal of the European Communities.

There are two main procedures used for contracting, please see below for brief descriptions:

Open procedures – these are where all compliant suppliers interested in the contract, and who have provided the information requested in the contract notice, can submit tenders.

Restricted procedures – are procedures where only those suppliers who have been invited may submit tenders.

Open & Restricted procedures are the usual procedures followed.

Competitive dialogue or Negotiated procedure with and without a call for competition are those procedures where authorities may negotiate the terms of the contract with one or more suppliers of their choice. These procedures can only be used in very special circumstances.

The European directives lay out specific guidelines for tendering contracts and covers sections on which standards to use, criteria for selection and award of contracts, keeping statistics, non aggregation of contracts, framework arrangements, post tender negotiations, prescribed times scales for the pre-qualification of suppliers, partnership sourcing and compliance.

For more detailed information on EU tendering please contact the procurement section.

5. Contract Monitoring

During the contract period, regular review meetings must be arranged with the contractor to discuss performance of the contract against the specification and any issues that may have arisen.

a) the procurement manager is responsible for monitoring the award of contracts. The requisitioning officer/budget holder is the contract manager - responsible for the day-to-day management of the contract. The procurement manager and contract manager are jointly responsible for ensuring regular contract review meetings are held with a representative from the contractor's organisation;

b) effective contract monitoring and management is essential to: -

- ensure proper control;
- keep contractor's performance up to the required standards;
- ensure that contract Terms and Conditions are followed;

- provide clear and documented evidence, where necessary, to invoke the non-compliance procedure;
- provide a clear basis for assessment that value for money is being obtained;
- to ensure best purchasing practice;
- ensure effective communications;
- anticipate problems;
- ensure that contract expenditure thresholds are not exceeded; and
- inform management of the need to change the specification or contractual arrangements.

c) it is essential that there is regular contact between HEFCW and the contractor;

Whilst this should be on a day-to-day basis for the resolution of routine issues, a regular and formal contract review meeting should also be held.

d) contract review meetings should be considered as a two-way exchange of information;

e) whilst the primary purpose of monitoring is to achieve the smooth running of the contract, the monitoring process could also cover the collection of information that could lead to the termination of the contract;

f) The three stages in the non-compliance procedure are: -

- general letter of complaint and requirement to comply;
- formal notification of unacceptable practices and/or substantial non-compliance to the specification or service; and
- letter giving notice of the termination of the contract.

g) prior to enacting this procedure, the contract manager and the Procurement Manager must attempt to make all reasonable contact and liaison with the contractor via the contract monitoring arrangements in order to address any concerns over quality or performance by the contractor;

h) authorisation must be obtained in writing from the Head of Resources/Director of Finance & Corporate Services, prior to termination of the contract;

i) detailed contract management guidance is available from the procurement section and the procurement intranet page. If you have any queries or need any support in relation to contract management please contact the Procurement Manager;

j) the procurement section and procurement intranet page has templates for interim contractor evaluation reports and final contractor evaluation reports to document the performance of the supplier against the contract;

k) Regular monitoring of contract expenditure is important to ensure that contract thresholds are not exceeded. Contract expenditure can be monitored via the POP system. The procurement section has a set of

management tools for monitoring expenditure against contract, these can also be found on the intranet procurement page;

- l) all procurement requests for expenditure incurred against framework contracts must be authorised by the contract manager (where they are not also the budget holder) to confirm that the purchase prices have been appropriately checked and also to ensure that contract expenditure is monitored correctly;
- m) in certain circumstances quotations may be required under framework contracts, if this is the case the quotations must provide sufficient detail such that they can be easily checked to the agreed framework prices. Any prices provided by suppliers for work that do not provide the required level of detail should be passed back to the supplier;
- n) it is extremely important that contract managers monitor their contracts closely in regard to quality of goods and services and also expenditure against the contract. Contract expenditure can be monitored via the POP system. The procurement page on the intranet provides contract management tools and guidance to support contract managers. Advice can also be sought from the procurement manager.

6. Contractor Evaluation Report

On completion of a contract, the contract manager is required to complete a contractor evaluation report. The completed reports are held on file in the procurement section for future reference e.g. if a prospective tenderer has previously been appointed as a contractor to HEFCW, the requisitioning officer/budget holder can refer back to the relevant contractor evaluation report for general information. Please refer to section 10 annex d for a sample report form. Contract Evaluation Forms can be found on the procurement intranet page.

7. Extension of a Contract Period

It is possible to extend a contract up to a total contract period of three years, where provisions have been made in the initial contract award letter for the contract period to be extended.

e.g. 'The contract will be for a period of one year from the date on which the contract commences, with the right on behalf of HEFCW to extend the contract for a further one/two calendar years or part calendar years, at HEFCW's discretion. The option to extend a contract period will be reviewed prior to expiry.'

Where the contract manager wishes to extend a contract period, **and provisions were made in the initial contract award letter for extension of the contract**, the following procedures must be followed: -

Approximately 8 weeks prior to the initial contract expiry date, the contract manager must write to the contractor and ascertain whether or not the contractor is prepared to extend the contract period, and if so, that the current contract rates remain firm or possibly improves (dependent on goods, services, or works being purchased).

In some cases the rates for contract years 2 and 3 may have been agreed when the contract was initially awarded, in which case the rates must be formally confirmed in writing.

On receipt of written confirmation that the contractor wishes to extend the contract, the contract manager must,

- complete section 1 of the 'authorisation to extend a contract' form - see section 10 annex c for a copy which is also available from the procurement section and intranet- clearly stating the extension provision included in the original contract award letter and the reason(s) for requesting the extension;
 - sign the form at section 2 as contract manager;
 - attach copies of any correspondence to and from the contractor agreeing the extension and applicable rates etc.;
 - supply detailed information about expenditure spent or committed to date on the contract;
 - detail the contractor's performance to date against the specification using the interim contractor evaluation report available from the procurement section or procurement intranet page;
 - pass the form to the budget holder and Head of team/Director (if different from the budget holder) for approval at section 2; and
 - forward the authorised form to the Procurement Manager.
- a) section 3 of the form will be reviewed by the Procurement Manager and authorised by the Head of Resources/Director of Finance & Corporate Services;
- b) on receipt of the authorised form, the Procurement Manager will notify the contract manager that the extension has been authorised and file the form on the appropriate contract file;
- c) the contract manager must then: -
- prepare a 'contract extension letter'. A template of which is available from the procurement section and adapt to suit the contract;
 - liaise with the Procurement Manager regarding the content of the letter;
 - forward the letter to the contractor in duplicate, one signed copy is then returned to the Procurement Manager for inclusion in the contract file.
- d) the Procurement Manager will notify Finance of any contract extension, so that the POP system can be updated.

No extension of contract must be initiated without the signed extension letter being returned to the procurement section.

All contracts, which include a provision to extend the contract period, must be reviewed on a regular basis in accordance with the procedures detailed above.

8. Time between re-tendering

All contracts for on-going goods, services and works must usually be subject to re-tendering every three years unless the Chief Executive or Director of Finance & Corporate Services, prior to the award of the initial contract, agrees a variation i.e. the variation must be included at section 1 of the authorisation to award a contract form.

Budget holders should ensure that ample time is built into planning for future tender/re-tender exercises. For example a European procurement exercise takes approximately 5-6 months' tendering time. Early advice should be sought from the Procurement Manager to determine when re-tendering should take place.

9. Guidance

Please direct all purchasing queries to the Procurement Manager. Tel 029 20 682216 karen.wolliner@hefcw.ac.uk

10. Annexes

Annex A Authorisation to Tender Form

Annex B Authorisation to Award a Contract Form

Annex C Authorisation to Extend a Contract Form

Annex D Contractor Evaluation Report Form

All the above documents are available from the procurement section and the procurement intranet page.

Annex A - Authorisation to Tender Form

Section 1 - Proposed Tender Details (To be completed by the Requisitioning Officer)

Tender Name	
Tender Number (Issued by Procurement)	
Proposed type of tender exercise: (appropriate)	(✓ as
Open - (i.e. normal tendering route, publicly advertised invitation to tender usually via the Buy4Wales website)	
Selective - (i.e. used in certain circumstances, where specific potential suppliers only invited, minimum of five)*	
Single - (i.e. used in exceptional circumstances, only one supplier invited)*	
<p>* Please specify your reasons(s) for selecting this type of tender exercise and attach details of prospective tenderers where applicable. Please also attach your draft specification and written expression of interest and any other additional information relating to this tender exercise.</p> <p align="right"><i>(Please increase the size of this section)</i></p>	
If Collaborative arrangement being utilised, insert details here	
Please specify Running or Programme Cost & Budget Code	
Are ESF funds being utilised against this tender?	Yes / No (Delete as appropriate)
Maximum proposed contract period * Subject to annual extension/s	1 Year / 2 Years / 3 Years/ months (delete as appropriate) * (please specify)
Anticipated Contract commencement date	
Anticipated Annual or Initial Contract Value (inc. VAT)	£
Anticipated Total Contract Value (inc. VAT) including any options to extend	£
<p>NB – Written approval must be gained from the Welsh Assembly Government <u>prior</u> to awarding a contract if: -</p> <p>* The anticipated contract value exceeds £25,000 (inc. VAT) <u>and</u></p> <p>* Single tendering has been applied to the contract or the contract is Restricted - i.e. less than 3 tenders will be issued/received.</p>	

Section 2 - Divisional Approval (To be obtained by Requisitioning Officer)

	Name	Signature	Date
Requisitioning Officer			
Budget Holder			
Head of Team / Director (If different from Budget holder above)			
Comments:			

Please attach additional information and supporting documentation and forward to Procurement for Authorisation to be obtained

Section 3 - Authorisation (To be obtained by Procurement)

Reviewed by: Procurement Manager (to confirm procurement procedures have been adhered to)			
Signature		Date	
Comments:			
Authorised by: Head of Finance / Director of Finance & Corporate Services			
Signature		Date	
Comments:			
Authorised by: HEFCW Chief Executive for a Running Cost Contract exceeding £50K and up to £250K (inc. VAT)			
Signature		Date	
Comments:			
NB: In line with HEFCW Financial Regulations, if the tender is for a Running Cost contract, for an individual item in excess of £250K (inc. VAT), Council approval is required prior to the tender process.			
Authorised Form to be returned to Procurement			

This Form must be read and used in conjunction with the Procurement Procedures

Annex B - Authorisation to Award a Contract Form

Section 1 - Summary (To be completed by the Requisitioning Officer/Budget Holder)

Tender Name						
Tender Number						
Requisitioning Officer	Name		Signature		Date	
Budget Holder	Name		Signature		Date	
Head of Team / Director (if different from Budget Holder above)	Name		Signature		Date	
<p><i>In the section below please give a summary of the tender exercise undertaken, an analysis of the bids received and make your recommendation for the award of the contract - clearly stating your reason(s) for doing so. Please attach your evaluation matrix, evaluation documents and cost analysis and any other supporting documentation.</i></p> <p><i>(Please increase the size of this section)</i></p>						
Please specify Running or Programme Cost & Budget Code						
Are ESF funds being utilised against this contract?			Yes / No (Delete as appropriate)			
Annual or Initial Contract Value (inc. VAT)			£			
Total Contract Value (inc. VAT) (including any options to extend for future years)			£			
Is this the lowest cost tender?			Yes / No (Delete as appropriate)			
Is this the highest scoring tender?			Yes / No (Delete as appropriate)			
<p>NB – Written approval must be gained from the Welsh Assembly Government <u>prior</u> to awarding a contract if: -</p> <ul style="list-style-type: none"> * The anticipated contract value exceeds £25,000 (inc. VAT) <u>and</u> * Single tendering has been applied to the contract or the contract is Restricted - i.e. less than 3 tenders were received. 						
<p>Please attach additional information and supporting documentation and forward to Procurement for Authorisation to be obtained</p>						

Section 2 – Authorisation (To be obtained by Procurement)

Reviewed by: Procurement Manager (to confirm procurement procedures have been adhered to)			
Signature		Date	
Comments:			
Authorised by: Head of Finance / Director of Finance & Corporate Services			
Signature		Date	
Comments:			
Authorised by : HEFCW Chief Executive for Running Cost Contracts exceeding £50K and up to £250K(inc. VAT)			
Signature		Date	
Comments:			
<p>NB: In line with HEFCW Financial Regulations, contracts for an individual item in excess of £250K (inc. VAT) must have received prior written Council approval. Procurement check to be undertaken to ensure this has been completed and note any further actions required by Council.</p>			
Authorised form to be returned to Procurement			

This form must be read and used in conjunction with the Procurement Procedures

Annex C - Authorisation to Extend a Contract Form

Section 1 - Contract Details (To be completed by Contract Manager)

Contract Title	
Contract Number	
Current contract period	
Proposed contract extension period	
<i>Please specify: -</i>	
<ul style="list-style-type: none"> The date the contract was first awarded, details of the expenditure spent or committed to date against the contract. Details of contractor's performance to date against the specification. The contract extension provision included in the original contract award letter. The reason(s) for requesting an extension to the contract period. What future plans have been made for new procurement exercises. Confirmation that the supplier is willing to hold prices firm/reduce prices or make improvements to contract performance etc. 	
Please specify Running or Programme Cost & Budget Code	
Anticipated Contract Value (inc. VAT) for the extension period only	£
Total Contract Value (inc VAT) including the extension Value	£
NB – Written approval must be gained from the Welsh Assembly Government <u>prior</u> to awarding a contract if: - <ul style="list-style-type: none"> The anticipated contract value Exceeds £25,000 (inc. VAT) AND Single tendering has been applied to the contract or the contract is Restricted - i.e. less than 3 tenders were received. 	

Section 2 - Divisional Approval (To be obtained by Contract Manager)

	Name	Signature	Date
Requisitioning Officer			
Budget Holder			
Approved by: Head of Team (if different from Budget Holder above)			
Signature		Date	
Comments:			
Please attach additional information and supporting documentation and forward to procurement for authorisation to be obtained			

Section 3 - Authorisation (To be obtained by Procurement)

Reviewed by: Procurement Manager (to confirm procurement procedures have been adhered to)			
Signature		Date	
Comments:			
Authorised by: Head of Resources/Director of Finance & Corporate Services			
Signature		Date	
Comments:			
Authorised form to be returned to procurement			

This form must be read and used in conjunction with the procurement procedures

Annex D - Contractor Evaluation Report

In accordance with HEFCW's procurement procedures, the Contract Manager is required to complete a Contractor Evaluation Report at the end of a contract. Please complete – attaching supporting documentation where considered appropriate, and forward to the procurement section.

Section 1 - Contractor Evaluation Report (To be completed by the Contract Manager)

To: Procurement Manager (name.....)

From: Contract Manager (name.....)

Date:

Copy to:

Contract Details: [Contract Title] & [Contract Number]

Contractor: [Contractor's Name]

The report should demonstrate that the Council has achieved value for money from the contract and that the contract has been managed effectively within approved expenditure limits. The report must provide the following information:

1. Comparison of approval/budgeted expenditure with actual expenditure with an explanation for significant variations.
(lower of £1k or +/-5%). You might wish to attach a copy of your Contract Budget Monitoring Spreadsheet for information.
Did the supplier meet all the contract objectives in the tender specification? Please comment on the criteria and contract objectives and how they were achieved. Where possible this should be quantified and any outcomes should be described, for example number of adverts placed, production of database, and preparation of Accounts etc.
2. A commentary on the achievement of the contract objectives. Where possible this should be quantified and describe the outcomes, for example number of adverts placed, production of database, preparation of Accounts etc.
3. Any other comments relevant to the contract evaluation.
4. State any problems with the contract including administrative, and what action was required to rectify problems.

Please provide an overall summary of approximately one paragraph, stating whether you would award a contract of a similar nature, to the same contractor again.

Please increase the size of this section if necessary

Please now forward your report to procurement

Section 2 - Report Review (To be arranged by Procurement)

Reviewed by: Procurement Manager

Signature		Date	
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Comments:

Head of Resources/Director of Finance & Corporate Services

Signature		Date	
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Comments:

Completed reports to be filed in procurement

This form must be read and used in conjunction with the procurement procedures

1.04 HEFCW Procurement Policy & Strategy Action Plans

HEFCW Corporate Procurement Policy & Role Statement

Implemented November 2005

This document is available online, in large print and electronically on CD. Should you or someone you know require this in an alternative format, please contact us on 029 2068 2218 or email equality@hefcw.ac.uk.

Role Statement

1. The procurement function of the Higher Education Funding Council for Wales (HEFCW) will provide professional, qualified, procurement expertise to its Executive and staff and to the HE sector. It will contribute fully to the achievement of HEFCW aims and objectives and will raise the profile of procurement both internally and within the HE sector. Ensuring that HEFCW's business needs are met through its purchasing of goods, services and works and that the Welsh Assembly Government's Policy aims and objectives are core to its procurement activity. It will proactively manage and develop its suppliers and supply base, identifying and managing any supply risks.

Policy

2. HEFCW, its Management Board and staff have ownership of this procurement policy document. Consultation on the policy document has taken place both internally and within the HE sector. Consultation has also taken place publicly, in line with HEFCW's Equalities policy.
3. The procurement function within HEFCW has a dual role. The first is to support the procurement activity that takes place within HEFCW, to ensure that value for money is obtained when purchasing its own goods, services and works, and to ensure that procurement best practice is always followed.
4. The second part of its role is to work with the higher education sector to advise, guide, support, monitor and collaborate in regard to best procurement practice. HEFCW allocates Higher Education Institutions £430m (2009 -10) and the sector and HEFCW are jointly responsible for ensuring that these funds are spent appropriately and value for money is achieved. HEFCW is responsible for monitoring and reporting to the Welsh Assembly Government on the achievement of savings targets made by the sector.
5. Government policy such as One Wales, Making the Connections: Delivering Better Services for Wales, and Better Value Wales influenced the production of HEFCW's procurement policy, strategy and internal procedures. It also influences its work with the HE sector. HEFCW's policy, strategy and procedures must also accord with HEFCW's Management Statement and Financial Memorandum and annual Remit Letter issued to it by the Welsh Assembly Government.
6. The report by the Wales Audit Office called Procurement in the Higher Education Sector in Wales, featured recommendations to improve procurement in the HE sector and recommended actions for HEFCW itself. HEFCW has built the agreed recommendations into its policy and strategy documents.

7. HEFCW will develop and implement a procurement strategy, which will set out the means by which the policy objectives will be achieved and which will be delivered through a set of key prioritised actions. The strategy document will take the form of an action plan, which will be reviewed by HEFCW on an annual basis. HEFCW has utilised the Assembly's Value Wales Procurement Strategy Tool in developing its own strategy document.

HEFCW Procurement

Procurement Activity

8. HEFCW has analysed its annual expenditure with suppliers for goods, services and works, to understand the scale and importance of procurement activity in terms of amount, nature of purchases, market risk and business risk. This work will inform the routes by which the procurement function undertakes its purchasing.
9. The procurement function will make the best possible use of HEFCW resources, investigating existing available collaborative arrangements, and only letting contracts where no suitable existing collaborative arrangements exist, so that goods and services can be purchased in a quick and efficient manner.
10. Where collaborative arrangements are not available to utilise, HEFCW will tender and award its own contracts, the timescale of contracts will be dependent on the particular goods and services being acquired, the nature of the market place and the needs of HEFCW.

Collaboration

11. The procurement function through its work with the wider public sector and the Assembly's Value Wales Sourcing Plan Steering Group will collaborate whenever and wherever possible to utilise contracts that have been tendered and awarded by other public bodies, thereby saving on the costs of the procurement exercise and improving the potential to secure keener prices and improved quality by combining purchasing power. The procurement function will take into consideration the Value Wales, Sourcing Strategy for continued collaboration when procuring goods and services. It will also collaborate by sharing advice, guidance and experience, to help colleagues across the public sector.
12. Collaboration also takes place with our sister Funding Councils, where economies of scale are achieved by becoming part of much larger procurement exercise that relate to policy development.

Processes & Procedures

13. The procurement function will look to review its current procedures on an annual basis to ensure that they are always fit for purpose and simplify them wherever possible, making purchasing more streamlined. The implementation of a new purchase order processing module will help to improve the quality of procurement information and processing.

Technology

14. The procurement function will assess the use and potential of existing information, processing and communications technology for effectively supporting the procurement process. It has a successful Welsh Purchasing Card scheme, which reduces the volume of low value, low risk transactions and make process and purchase savings. . The implementation of the new

purchase order processing module will also reduce processing costs by moving to a more automated streamlined procure and payments process. The use of the Assembly's Buy4Wales website provides the ability to advertise tenders and obtain quotes electronically. The planned use of the Assembly's xchangewales e-sourcing tools will in future streamline the tendering process for HEFCW.

Corporate & Operational Objectives

15. The procurement function will ensure that HEFCW's business objectives are met by the procurement strategy being linked to Corporate and Operational Plans. The procurement manager will meet as a minimum annually with heads of teams to understand current team roles and responsibilities and review and plan procurement requirements and any training needs. Where necessary the policy and strategy documents will be modified accordingly, to take account of any changes.

Work with Suppliers

16. The procurement function recognises the importance of its suppliers and of the market place. It will review the quality of its supplier management and development plans for enhancing relationships with suppliers to meet the needs of the organisation. The procurement manager will develop and implement a clear strategy to manage its key suppliers effectively.
17. HEFCW is a member of the Business Procurement Task Force led by the Minister for Finance & Public Services Delivery. This task force has been set up to build better relationships between Welsh small to medium sized organisations and public sector procurement, through the implementation of agreed action plans. One key element is improving public procurement processes and behaviours to remove barriers. HEFCW helped to establish the Charter for SME friendly procurement, by taking part in the Assembly's steering group called Opening the Doors, as well as the taskforce itself. The best practice adopted by this charter and the work of the task force will be communicated to HEFCW and the sector on an on-going basis.
18. HEFCW is a registered user of the Assembly's Buy4Wales Website. This is the national procurement website for Welsh public sector purchasers. It aims to bring the entire public sector and its suppliers together. Low and high value procurement opportunities are available to suppliers on line. The website also holds a wealth of procurement information and guidance which is of benefit to HEFCW. HEFCW will normally advertise its formal tender opportunities on this site.

Expertise & Influence

19. A qualified procurement professional manages HEFCW's procurement function. The procurement manager is a member of the Chartered Institute of Purchase and Supply, and has extensive experience of UK and European procurement law.
20. The procurement manager will provide advice and training on all areas of procurement and contract management.
21. Qualified resource is on hand to provide staff and the Management Board with advice on all aspects of procurement. The procurement manager will continue a programme of professional development via HEFCW's Management of Performance and Development Scheme.

Networks

22. The procurement manager has forged links with local, regional and national procurement establishments to ensure that HEFCW's procurement knowledge continues to improve, through the sharing of a broad range of experiences and expertise.

Savings Targets

23. HEFCW's procurement function has implemented a savings measurement system, which will record savings made against each contract. This will enable HEFCW to evidence its procurement savings, against its 3% Making the Connections savings target. The measurement system used is the Value For Money Measurement System implemented by the Value Wales procurement initiative.

Record Keeping

24. HEFCW has developed a procurement register, which is maintained by the procurement manager. The register holds information on its existing tenders and contracts and also historical procurement information. This register will be used to aid the production of management information and also as a tool to highlight additional areas where savings could be made.

Compliance

25. HEFCW's audit and risk team will undertake periodic reviews of the procurement function and procurement undertaken across HEFCW. The auditors will check for compliance against internal procedures and to ensure compliance with UK and European Procurement Directives as well as procurement best practice. The Wales Audit Office will carry out audits of HEFCW's procurement activity as part of their annual audit.

26. HEFCW has a clearly defined process for budget holders to incur expenditure, through to commitment and receipt of goods with segregation of duties. HEFCW's payment terms are communicated to all its suppliers. Financial appraisals of suppliers are undertaken in a fair and appropriate manner, in proportion to the value and risk of the goods or services being procured. HEFCW will aim to pay its suppliers within ten working days wherever possible to help support the SME agenda.

Ethics

27. HEFCW's procurement function has adopted the Chartered Institute of Purchase & Supply Professional Code of Ethics. The ethics cover a number of principles including maintaining the highest possible standard of integrity in all its business relationships.

HEFCW Procurement Exercises

28. Each high value/high risk procurement exercise undertaken by HEFCW will have its own purchasing strategy, which will show understanding of the market place, reduce risk to supply wherever possible, seek to add value and will take into consideration the following subject areas below:

Suppliers

29. HEFCW will provide suppliers with clearly written specifications, and will allow a reasonable amount of time for suppliers to submit their written tenders, make award and evaluation criteria clear and understandable, evaluate all bids on a like for like basis and provide constructive debriefing to unsuccessful tenderers where requested.

Total Life Costing

30. HEFCW will evaluate tenders on a total life cost basis and award the contract to the supplier who submits the most economically advantageous tender in line with the evaluation and award criteria stated in the tender documentation (e.g. price, service levels, quality, technical merit.).

OJEU Directives

31. HEFCW will ensure compliance with the European Procurement Directives and European Treaty Principles (the directive rules followed are dependent on the value and nature of the purchases being undertaken).

Sustainability

32. HEFCW will endeavour to procure in a sustainable manner, taking social and environmental factors into consideration alongside financial and qualitative factors when developing tender award criteria and evaluating tenders. HEFCW has used the Value Wales Sustainable Procurement Assessment Framework Tool' (SPAF), to assess and measure its current position and has produced an action plan to further improve its work on sustainability.

Health & Safety

33. HEFCW will request and assess where applicable, Health & Safety information from suppliers prior to contracting.

Equality

34. HEFCW will ensure that, through its procurement procedures, contractors or sub contractors providing a service to HEFCW are aware of their obligations to adhere to HEFCW's commitment to eliminate unlawful discrimination on the grounds of age, disability, gender, race/ethnicity, religion/belief and sexual orientation and promote equality of opportunity and good relations between all sections of society. These commitments are set out in its Equality Scheme.
35. HEFCW warmly welcomes tenders from all sections of society. HEFCW will promote procedures that are fair and free from prejudice.

Welsh Language Act & Scheme

36. HEFCW will specify in tender documents and contracts any particular requirements as to the use of Welsh, and will monitor the fulfilment of any such requirements by the contractor.

Where HEFCW engages external consultants to undertake studies or reviews in the higher education sector in Wales, it will specify any requirements as to the provision of Welsh language services or the consideration of bilingualism and Welsh medium issues as appropriate to the particular projects concerned.

37. Tender documentation will normally be issued in English only in order to make the most effective use of public money and ensure the cost effectiveness of the tendering process. Exceptions are likely to be tenders for Welsh language services such as translation, Welsh language training or for consultancy work relating to Welsh medium higher education provision, where documentation would be issued bilingually. When any tender is proposed, as part of the authorisation to tender process, advice will be sought from the officer(s) responsible for HEFCW Welsh Language Scheme on whether the tender documentation should be issued bilingually. HEFCW has developed standard procurement letters and templates which are available bilingually.

Freedom of Information

38. HEFCW will alert all tenderers and suppliers to our duties, as laid down under the Freedom of Information Act 2000, The Statutory Code of Practice on the Discharge of Public Authorities Functions issued under section 45 of the FOI Act and the Statutory Code of Practice on Records Management issued under section 46 of the FOI Act. Also the obligation on the Council to follow the National Assembly for Wales Code of Practice on Public Access to information and such further Codes, Protocols and Policies as the Assembly Government may from time to time issue on open government.

Information Security

39. In order to protect HEFCW's information assets, all contractors and suppliers will be required to comply with HEFCW's information security policy. This covers the information security requirements in respect of ICT, buildings, records and human resources. Issues surrounding confidentiality and security will be discussed with contract managers as part of the production of tender and contract documentation.

Procurement Work with the HE Sector

40. HEFCW will work closely with and support the HE sector in regard to procurement improvements. It will need to work together with the sector, if it is to achieve the Assembly Government's aims and objectives in One Wales, Making the Connections: Delivering Better Services for Wales, and Better Value Wales.

41. HEFCW will implement the key recommendations made by the Wales Audit Office report into Procurement In The Higher Education Sector In Wales.

42. HEFCW will update the Assembly Government on progress of recommendations, for HEFCW and the sector in regard to the Wales Audit Office report into Procurement in the HE sector and more generally in regard to improvements in procurement.

Strategy/Action Plan

43. HEFCW has produced, consulted and agreed with the sector a strategy/action plan for achieving the savings targets set out in Better Value Wales and Making the Connections: Delivering Better Services for Wales. The strategy includes monitoring of the Institutions own agreed action plans, which have resulted from the procurement fitness health checks.

44. HEFCW is monitoring the strategy and consulting with institutions and the Assembly Government and identifying any changes necessary.

45. HEFCW will review its own procurement strategy/action plan annually, consulting institutions and the Assembly Government.

Support for the Sector

46. HEFCW has employed a qualified procurement manager to provide professional guidance, support and expertise, to support procurement in the HE sector. The procurement manager will work closely with the sector and institutions where required, to help achieve practical improvements in value for money.

47. HEFCW will develop a procurement section on its website this site will provide institutions with access to procurement information. This information will be available, either directly or via web links to existing information, thereby avoiding duplication or contradiction with any other best practice material in existence.

48. In order to assist institutions in improving their procurement activity HEFCW funded the completion of procurement fitness checks at each institution. One of the key features of the fitness health check was that it was a benchmarking exercise that resulted in a tailored action plan for each institution. The action plan takes account of the different levels it is realistic to expect institutions to achieve, dependent on the nature and extent of the procurement activity it undertakes.

49. Following the completion of each fitness health check and agreed action plan, HEFCW has been monitoring the action plans rigorously, and reporting on progress periodically to the Assembly Government.

50. The procurement manager will visit institutions to discuss with finance and procurement colleagues their progress against the agreed action plans, which have resulted from the procurement fitness health checks. These visits will be seen as a chance for HEFCW to understand any issues, concerns, or barriers to delivery that the institution or sector in general may have.

51. HEFCW will identify how far individual institutions have been successful in developing procurement within their institutions and reducing the gaps identified in their procurement fitness health check action plans.

Consortium/Collaboration

52. HEFCW supported the expansion of the Higher Education Purchasing Consortium Wales (HEPCW), based on an agreed strategy for the sector, that incorporates the main targets and recommendations of One Wales, Better Value Wales and Making the Connections: Delivering Better Services for Wales. The Council recognises that in certain circumstances institutions obtain value for money by using other purchasing consortia.

53. HEFCW's procurement manager will work closely with the consortium procurement manager to avoid any duplication of effort.

54. HEFCW is committed to providing financial assistance for the consortium provided on the basis of agreed targets and effective working with other groups to ensure the most efficient distribution of administrative resources.

55. HEFCW will support UK wide procurement initiatives, where it believes practical benefits will be gained by the sector. E.g. our links with the UUK Strategic Procurement Group.

56. HEFCW will actively welcome and support the bringing together of different sectors to achieve cross sector collaboration in regard to procurement, both within Wales and across the UK.

Savings Targets

57. Making the Connections and the Assembly Audit Committee report require institutions to achieve a 3% procurement savings target, HEFCW is working with institutions and the consortium to secure improvements to procurement systems and practices necessary to deliver their savings targets. HEFCW expects each institution and the Consortium to adopt use of recognised efficiency reporting models such as the Value Wales Benefits Reporting Model (BRM) or the HE sector's Efficiency Measurement Model (EMM) to record their savings. The agreed action plans for each institution, which followed the procurement fitness check, together with collaborative work via the procurement consortium, should ensure that the savings targets are met.

58. HEFCW will take appropriate measures, if institutions persistently fail to co-operate with the reasonable requirements of HEFCW in respect of procurement. Following appropriate consultation, HEFCW will attach Terms and Conditions to funding which will allow it to withdraw grant as a last resort if an Institution persistently fails to co operate with requirements that accord with those set out in One Wales or Making the Connections and other relevant Welsh Assembly Government policies for procurement in the wider public sector in Wales.

Expertise

59. HEFCW will assess the level of expertise available to the sector, and to individual institutions, and develop an appropriate strategy for ensuring that all parts of the sector have access to sufficient professional expertise. This will be organised to ensure optimum benefit for the sector as a whole.

60. HEFCW will work with the sector generally, or institutions or groups of institutions as appropriate, to ensure that expertise is available and fully utilised.

Institutions' Strategies

61. HEFCW will require each institution to develop robust procurement strategies, which set out its objectives and priorities. HEFCW will monitor and review it regularly. HEFCW will use professional support, its own and others', to assess the quality of each strategy and recommend improvements if appropriate. Areas to be covered in the strategy should include, savings targets, practical measures to advance Sustainable Development, Equality and the SME agenda.

Working Together

62. HEFCW's procurement manager will monitor institution's policies, strategies and action plans and where appropriate will take forward issues such as the sharing of best practice and encouraging cross-sector collaboration.

63. HEFCW will work with institutions to help them develop their management information and record keeping including the recording of supplier performance, so that institutions can regularly record and report procurement performance to their governing bodies.

64. HEFCW will work with Institutions to investigate the use of Electronic purchasing and management systems, to help Institutions gain greater control over their purchasing, reduce costs further and provide better management information to support the procurement process. HEFCW will work with the HE Purchasing Consortiums, Procureweb and the Assembly's 'Value Wales' team to support this.
65. Through HEFCW's work with the Assembly Government's 'Business Procurement Task Force' and Supported Factories Sub group', it will share with the sector the groups work, findings, information and guidance produced. It will actively promote the work of the taskforce and encourage take up of the areas of work being generated.

HEFCW Sector - Procurement Action Plan – 2009

No.	Action	Complete By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
1	HEFCW will work with HEPCW and institutions to ensure that their value for money savings information is fully captured and reported. 2007-08 Procurement savings required by institutions in March 2009 so the Council can report to WAG by April 2009.	April 2009	Management Board Council HE Sector Value Wales/WAG	Director of Finance & Corp Services Council WAG		
2	HEFCW will annually review its procurement policy and strategy/action plan documents, consulting with the sector and the Welsh Assembly Government.	December 2009	Management Board Council HE Sector WAG	Director of Finance & Corp Services Council WAG		
3	HEFCW will continue to promote Sustainable Procurement, and monitor use of the Sustainable Procurement Assessment Framework (SPAF), resulting action plans and Sustainable Risk Assessment (SRA) statistics on an annual basis before submitting to WAG.	December 2009	Management Board Council HE Sector Value Wales/WAG	Estates Consultant Director of Finance & Corp Services Council Value Wales/WAG		

No.	Action	Complete By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
4	Informal monitoring of progress on procurement action plans and general procurement progress. To include visits to institutions and progress updates for the Estates Consultant & Director of Finance & Corporate Services on a quarterly basis, prior to assembly quarterly monitoring meetings.	On going/ quarterly basis	Management Board Council HE Sector WAG	Estates Consultant Director of Finance & Corp Services		
5	HEFCW will report progress of HEIs action plans and general procurement progress to Welsh Assembly Government at its quarterly monitoring meetings.	On going/ quarterly basis	Management Board Council HE Sector WAG	Director of Finance & Corp Services Council WAG		
6	HEFCW to continue individual strategies for institutions, dependent on levels of progress made against agreed action plans and other procurement initiatives.	On going	Management Board Council HE Sector WAG	Estates Consultant Director of Finance & Corp Services		
7	Continue our support and work on the Assembly's Business Procurement Taskforce & Supported Factories Sub Group. Attend the taskforce and sub group meetings and champion its work to the sector.	On going	Management Board Council HE Sector Value Wales/WAG	Estates Consultant Director of Finance & Corp Services WAG		

No.	Action	Complete By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
8	HEFCW will feedback to the sector the work of the UUK Procurement group, which is looking to promote procurement at a strategic level within institutions across the United Kingdom.	On going	Management Board Council HE Sector WAG	Estates Consultant Director of Finance & Corp Services		
9	Continue to work with the Welsh Assembly Government 'Value Wales Procurement Team' in regard to all areas of its activity. Ensuring that HE sector interests are effectively represented, and providing additional support and assistance to the sector.	On going	Management Board HE Sector Value Wales/WAG	Estates Consultant Director of Finance & Corp Services		
10	The procurement manager to continue to develop HEFCW procurement web page to provide procurement information.	On going	Management Board HE Sector	Estates Consultant Director of Finance & Corp Services		
11	Work with HEPCW staff to ensure no duplication of effort and to ensure that HEFCW and WAG are aware of the progress the consortium is making.	On going	Management Board Council HE Sector HEPCW staff WAG	Estates Consultant Director of Finance & Corp Services		

No.	Action	Complete By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
12	Represent North Wales institutions at the Assembly's 'Value Wales Sourcing Plan Steering group' quarterly meetings and feedback to institutions.	On going/ quarterly basis	Management Board HE Sector Value Wales/WAG	Estates Consultant Director of Finance & Corp Services		
13	Work with WAG's xchangewales team and the JISC Procureweb team to ensure that the sector has access to technology to support the procurement function.	On going	Management Board HE Sector Value Wales/WAG Procureweb	Estates Consultant Director of Finance & Corp Services WAG		
14	Formal reporting of procurement progress by institution.	Annual reports	Management Board Council HE Sector WAG	Estates Consultant Director of Finance & Corp Services Council WAG		

HEFCW Internal - Procurement Action Plan – 2009

No.	Action	Completed By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
1	Completion of procurement actions covered in HEFCW's Sustainable Procurement Action Plan including contributing to the development of a joint environmental/procurement action plan.	April 2009 – Sept 2010	Staff Management Board H&S & Environmental Management Group Council Suppliers	Estates Consultant Director of Finance & Corp Services		
2	Meet with the Heads of Teams, to assess procurement requirements for the year, to discuss specific projects to be run during the year and plan workshops/procurement training for staff on all aspects of procurement.	April 2009	Procurement Management Board Council	Estates Consultant Director of Finance & Corp Services		
3	Work to support HEFCW's Purchase Order Processing Module, including revising procedures.	April 2009	Procurement Finance Staff Management Team Executive Suppliers	Estates Consultant Director of Finance & Corp Services		

No.	Action	Completed By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
4	Produce Annual Procurement report for 2008/09 for the Director of Finance & Corp Svs and the Management Board to cover tenders and contracts awarded, use of collaborative arrangements, value for money savings statistics, improvements to existing contracts and purchasing card progress.	Sept 2009	Procurement Management Board Council WAG	Estates Consultant Director of Finance and Management Board		
5	Review and revise current HEFCW procurement policy and procurement procedures, to include a review of all forms/procurement tools currently used, to ensure in line with best practice.	November 2009	Procurement Staff Management Team Executive Council	Estates Consultant Director of Finance & Corp Services		
6	Equality Impact Assess HEFCW's Procurement Policy, Action Plans, procurement and purchasing card procedures as part of the annual review of these documents, to include investigation of all the equalities strands.	November 2009	Suppliers Staff Management Team Executive	Estates Consultant Director of Finance & Corp Services		

No.	Action	Completed By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
7	Investigate the E Procurement tools available via WAG's xchangewales programme, with a view to improving HEFCW's procurement process.	December 2009	Management Board Staff Suppliers HEFCW WAG	Estates Consultant Director of Finance & Corp Services Management Board		
8	Annual use of the SPAF, revision of action plans and SRA's and report to Management Board and WAG	February 2010	Procurement Staff Management Board Council Suppliers	Estates Consultant Director of Finance and Corp Services Management Board		
9	Management of HEFCW's Procurement Card Scheme.	On going	Procurement Finance Team Staff Management Board Suppliers	Estates Consultant Director of Finance & Corp Services		
10	Work on HEFCW Internal Working Groups: Health & Safety & Env Mgt Group Corporate Health Standard Group External Equality Group Stress Working Group	On going	Staff Management Board Council	Estates Consultant Director of Finance and Corp Services		

No.	Action	Completed By	Stakeholder(s)	Reporting / Advising to	Key Issues / Implications Achievements	Date Completed
11	Continue to update and populate HEFCW's intranet and website with procurement data and information, to include information for suppliers and also information on the work of the Business Procurement Taskforce and related sub groups.	On going	Procurement Suppliers Management team Executive HE Sector	Estates Consultant Director of Finance & Corp Services		
12	Continue our support of the Business Procurement Taskforce and attend the taskforce and sub group meetings. Communicate the work internally and to the sector and via HEFCW's website.	On going	Procurement Staff Management Team/Executive HE Sector Suppliers	Estates Consultant Director of Finance & Corp Services		

1.05 Procurement Code of Ethics

HEFCW's procurement Code of Ethics is adopted from The Chartered Institute of Purchase & Supply. Its ethics are a measure of any professional public body.

The Institute's code is based upon the wide experience of its members of the vital importance of observance of the letter and spirit of law and conscience. Details of the code of ethics can be found on www.cips.org. A link is available on the procurement intranet page.