

HEFCW Purchasing Procedures

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Higher Education Funding
Council for Wales



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Purchasing - Objectives & Procedures

Introduction

1. 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 staff on issues relating to purchasing and supply. It aims to produce efficiencies and quality improvements by negotiation, clarification, demand management and by the use of collaborative contracts and e-procurement technology. Tenders will be sought for goods and services only where no suitable collaborative arrangements are in place. The Senior Procurement Manager will advise and help on matters relating to day to day purchasing activity and contract management. The Senior Procurement Manager will also investigate the sustainability and environmental issues surrounding the purchases of goods and services for HEFCW.

The Senior Procurement Manager will help support the individual needs of each team within HEFCW. For example, investigating suitable collaborative arrangements, so that staff can call-off a variety of goods and services at competitive rates. The Senior Procurement Manager will work closely with relevant staff when producing specifications and undertaking formal tender exercises, and will assist with contract management where required. The Senior Procurement Manager will help source new suppliers and develop and improve relationships with existing ones.

The work of the purchasing section is based on HEFCW's Procurement Policy and Role Statement which can be found on the procurement intranet page. This document is reviewed on an annual basis and sets out the underlying principles that underpin HEFCW's procurement activity.

The purpose of these procedures is to inform and instruct all staff 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, must have proper stewardship of the public funds for which he has charge. He must ensure that the organisations procurement is systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, and good value. He is assisted in this work 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, sustainable and compliant with procedural, legal and international obligations.

HEFCW staff 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 Senior 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 Sell2Wales 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;
 - Adhere to [Welsh Government Procurement Policy](#);
 - **Early discussions and advice must be sought from the Senior Procurement Manager in regard to any required procurement activity.**

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

National Procurement Service (NPS)

HEFCW has signed up to use the National Procurement Service for Wales (NPS). The service establishes collaborative procurement arrangements for common and repetitively used goods and services on behalf of the Welsh public sector.

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 Senior Procurement Manager, who will confirm that there are no alternative options for supply. Written authorisation must be obtained from the Director of Corporate Services **prior** to any despatch of single tenders.

Welsh Government Approval

When the value of goods and services being purchased by HEFCW exceeds, or is expected to exceed, £50,000 (including VAT) **and** single tendering has been applied, written approval must be obtained from the Welsh Government, **prior** to initiating the tender process.

The written requests for approvals above, are processed by the Senior Procurement Manager.

European Procurement Directive 2014/24/EU

Contracts that are above certain thresholds are required to be advertised and awarded in accordance with the European Procurement Directive 2014/24/EU and the UK Public Contracts Regulations 2015. Current thresholds start at £111,676 (January 2014). Please contact the Senior Procurement Manager for further advice on European Procurement Directives and current thresholds.

Purchasing Cards

HEFCW has a Welsh Purchasing Card Scheme (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. The purchasing card procedures can be found on the Procurement Intranet page.

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 it with the Senior Procurement Manager.

Purchasing Order Processing (POP)

An electronic purchase order processing system is used by 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 use of 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 Director of Corporate Services.

HEFCW's Welsh Language Standards

HEFCW has Welsh Language Standards that we must adhere to in relation to procurement activity. The following describes the requirements set for us by the Welsh Language Commissioner. If you have any queries in regard to them, please discuss with the Senior Procurement Manager.

Any invitations to quote/tender for a contract that you publish must be published in Welsh, and you must not treat a Welsh language version of any invitation less favourably than an English language version.

You must comply with the above in the following circumstances:

- **If the subject matter of the invitation to quote/tender for a contract suggests that it should be published in Welsh, or;**
- **If the anticipated audience, and their expectations, suggests that the invitation should be published in Welsh.**

When you publish invitations to quote/tender for a contract, you must state in the invitation that quotations/tenders may be submitted in Welsh, and that a tender

submitted in Welsh will be treated no less favourably than a tender submitted in English.

You must not treat a quotation/tender for a contract submitted in Welsh less favourably than a quotation/tender submitted in English (including, amongst other matters, in relation to the closing date for receiving quotations/tenders, and in relation to the timescale for informing suppliers of decisions).

If you receive a tender in Welsh and it is necessary to interview the supplier as part of your assessment of the quotation/tender you must (a) offer to provide a translation service from Welsh to English to enable the supplier to use the Welsh language at the interview, and (b) if the supplier wishes to use the Welsh language at the interview, provide simultaneous translation service for that purpose (unless you conduct the interview in Welsh without a translation service).

When you inform a supplier of your decision in relation to a quotation/tender, you must do so in Welsh if the quotation/tender was submitted in Welsh.

General Purchasing Procedures

Wherever possible, the National Procurement Service (NPS) collaborative contracts should be used. Advice on such contracts and how they should be used can be obtained from the Senior Procurement Manager.

The Procurement Authorisation Form must be completed and approved prior to using any collaborative agreement.

If you are not using the NPS or any other collaborative arrangement please follow the procedures set out below.

2. 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 (see Annex C) and authorised prior to raising any purchase orders. The new supplier form with guidance for completion can be found on the procurement page of the intranet.

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

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

All purchases between £2,000 and £24,999 (including VAT) require a minimum of three written quotations.

An evaluation must be completed to demonstrate the most economically advantageous quotation (highest scoring) of at least 3 written quotations. Evaluations should be undertaken using HEFCW's evaluation matrix document. (See Annex No 2 for example and guidance.) The budget holder can approve the purchase via the POP system, unless the following apply:

The budget holder must obtain approval from the Director of 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 brief business case to support the departure must be completed prior to submission to the Director of Corporate Services .

All quotations, along with the completed evaluation matrix must be forwarded to the Finance section following budget holder approval.

If HEFCW is purchasing from a new supplier, a new supplier form must be completed (see Annex C) and authorised by the Senior Procurement Manager prior to raising any purchase orders in the POP system. The new supplier form can be found on the procurement page of the intranet.

2.2 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 open competitive tendering exercise via the Procurement Section. A Procurement Authorisation Form (see Annex A) must be completed and forwarded to the Senior Procurement Manager. The Procurement Authorisation Form can be found on the Procurement intranet page.

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 open 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 Senior Procurement Manager will inform the Finance section of the details of the new contract. Finance will update the POP system and this will allow purchases to be called off under the new contract.

HEFCW uses an e-tendering system to undertake procurements above £25,000 including VAT. The e-tendering tools allow tenders to be supplied, received and reviewed electronically, thereby saving paper, time and resources.

No legal services should be obtained without the relevant budget holder approval. Please discuss any legal services requirements with the Senior Procurement Manager.

Summary of Procurement Procedures

3. If you need to undertake a procurement exercise you must consult the Senior Procurement Manager for guidance in the first instance.

Use of Collaborative Agreements require completion of a Procurement Authorisation Form – seek advice from the Senior Procurement Manager.

Purchase Value (inc. VAT)	Minimum Requirement	Process	Method of Purchase
below £2,000 (inc. VAT)	Single Supplier.	Check with Senior Procurement Manager to see whether suitable National Procurement Service (NPS) or collaborative contract available - If not suitable: One written quote must be sought. Budget holders are required to satisfy themselves that they have obtained value for money. For advice contact the Senior Procurement Manager.	Via Purchase Order Processing system (POP) or Purchasing Card New supplier form if applicable (for purchases via POP only)
£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. An invitation to quote letter and evaluation matrix must be used. 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.	Check with Senior Procurement Manager to see whether suitable NPS or collaborative contract available - If not suitable: A minimum of three written quotes must be sought and the highest scoring supplier must usually be awarded the contract except in the circumstances below where the budget holder must obtain the approval from the 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. 	Via POP system or Purchasing Card Supplying quotations and completed evaluation matrix to the Finance section Contract Award letter may be required dependent on value or risk. New supplier form if applicable (for purchases via POP only)
£25,000 (inc.VAT) and above	Open competitive tendering in accordance with tendering procedures	Completion of a Procurement Authorisation Form forwarded to the Senior Procurement Manager. Check with Senior Procurement Manager to see whether suitable NPS or collaborative contract available - if not suitable: Open tender exercise will be completed and advertised via Sell 2 Wales website (or a possible mini competition if using a collaborative arrangement).	Procurement Authorisation Form Contract Award Letter. New supplier form if applicable (for purchases via POP only) via POP system or Purchasing Card

Procuring Goods and Services between £2,000 and £24,999 including VAT

4. Procedures and Guidance for Obtaining Quotes from Suppliers

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 open tender.

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 seek advice from the Senior Procurement Manager.

In identifying potential suppliers to seek quotations from, staff should be aware and make use of the Sell2Wales website, a link can be found on the Procurement intranet page and the Senior 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 Sell2Wales website can be obtained from the Senior Procurement Manager.

The Senior Procurement Manager can provide information on previous suppliers used by HEFCW and also holds information on suppliers looking to do business with HEFCW.

If you require any help or guidance in sourcing suppliers, please contact the Senior Procurement Manager.

Inviting Suppliers to Quote (ITQ)

- 4.1 A pro forma invitation to quote letter (ITQ) has been developed to support staff when obtaining quotations from suppliers. This form is available from the Senior Procurement Manager and the procurement intranet page, and is included in Annex No 1 of these procedures.

Specifying your requirements

- 4.2 It is important to specify exactly what HEFCW wishes to purchase and the outcomes that need to be achieved. 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 Senior Procurement Manager 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 open tender with the support of the Senior Procurement Manager. A copy of HEFCW's standard Terms & Conditions should also be included. This is available from the Senior Procurement Manager and can also be found on the procurement intranet page.

Sample specifications, templates and guidelines on how to complete a specification can be obtained from the Senior Procurement Manager and can be found on the procurement intranet page. Support is also available if Specific Terms & Conditions are required, for example where there are confidentiality, data or information security requirements.

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

- 4.3 The checklist below contains useful points when obtaining quotations from suppliers, it is not exhaustive and further guidance can be obtained from the Senior Procurement Manager.

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 or services need to be called-off?
8. What are the payment terms and are there any discounts for early payment?
9. Ask whether the supplier accepts payment by purchasing card? (Contact the Senior Procurement Manager for advice and guidance on obtaining and using a purchasing card);
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).

Contract Award Evaluation Criteria

- 4.4 When drafting your invitation to quote letter and specification you must state the award evaluation criteria (and any sub 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.

The Evaluation Matrix

- 4.5 An Evaluation Matrix must be completed when purchasing goods and services between £2,000 and £24,999 (including VAT).

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 only 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 Annex 1 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 given to 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 Senior Procurement Manager. The matrix and guidance for completion can also be found on the procurement intranet page and at Annex 2 of these procedures.

Once budget holder approval has been given, the completed evaluation matrix must be supplied to the Finance section along with the written quotations received.

Evaluation

- 4.6 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 or to respond to any freedom of information requests. All evaluations that are completed for each individual purchase must use the same evaluation criteria and the same weightings. Please contact the Senior Procurement Manager for further advice and guidance on how to complete the evaluation matrix. Guidance can also be found on the procurement intranet page.

Clarification of quotations

- 4.7 Clarification of quotations 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

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

Sole Supplier

- 4.9 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 Senior Procurement Manager who will need to confirm that there are no alternative options for goods or services.

Authorisation of Purchases

5. 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 section 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 Procurement intranet 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 Senior Procurement Manager.

Segregation of Duties

6. In order to protect public funds, procurement and finance 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 stages 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 process in a common sense way. If they cannot follow the rules exactly they must always ask themselves what risks they might be exposed to, 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 Senior Procurement Manager or Director of Corporate Services, who will advise and who will if necessary consult the Head of Internal Audit for advice.

Contractual Purchasing

7. There are some goods and services, which have already undergone procurement exercises and are covered by a Framework contract. Examples of goods and services subject to this procedure are car hire, rail travel, stationery, printing, hotel accommodation and conference services. 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 Senior Procurement Manager or the relevant contract manager (a list of these contracts and managers are on the procurement intranet page).

If you require goods and services that are covered by these contracts, the Senior Procurement Manager will give you the relevant contract number, this contract number must be quoted on the POP system. The Senior Procurement Manager 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 can be 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 advice and guidance to support Contract Managers. Advice can also be sought from the Senior Procurement Manager.

No legal services should be obtained without the relevant budget holder approval. Please discuss any legal services requirements with the Senior Procurement Manager.

Record Keeping

8. A record of all purchasing activity including contract management undertaken must be kept and filed in line with HEFCW's Records Management policies and retention procedures. It allows us to respond to any Freedom of Information requests we may receive. Procurement records may be used as evidence as part of audits carried out by the Head of Internal Audit and external auditors.

Delegated Financial Authority

9. 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.

Conflict of Interest

10. 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. HEFCW's 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 Director of 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 Director of Corporate Services .

Advance Payments

11. 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 Welsh 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, 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 Welsh Public Money prior written approval of the Welsh 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.

Annex No 1

Invitation to Quote Form

Invitation to Quote Form

[Date]

«name»
«job_title»
«name_english»
«address_line_1»
«address_line_2»
«address_line_3»
«post_code»

Dear [Salutation]

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

Introduction

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 & Specific Terms and Conditions)**. 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 based on the following criteria (and any sub 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
Methodology	6
Timescale	4
Quality Assurance/Quality Plan	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 email or letter 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 Specific/General Terms and Conditions. Copies of these conditions are included.

Welsh Language

Quotations may be submitted in Welsh. Any quotations submitted in Welsh will be treated no less favourably than a quotation received in English.

Debriefing

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

If you require this document in an alternative format, please email

info@hefcw.ac.uk

Yours sincerely

[Add e-signature here]

[or your name / job title at end]

Annex No 2

Evaluation Matrix Guidance & Example (PDF)

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 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?

- European and UK procurement law require us to inform contractors of the criteria, and sub 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;
- European and UK Procurement Law require us to provide debriefing information to supplier. 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. Also provides paper trail for any Freedom of Information requests we receive.

3. How do we complete the Matrix for Goods and Services

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. 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 Senior Procurement Manager.

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 Senior Procurement Manager.

NB: The completed evaluation matrix and quotations must be forwarded to the Finance Section once budget holder approval has been obtained.

**Quotation
Evaluation Matrix
Goods & 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									Total Qualitative score	Total Price Submitted	Cost / Price	Total score	
	Weighting =		Weighting =		Weighting =		Weighting =			The total cost inc. VAT submitted by each company is detailed below	(lowest price = maximum score of 5) - total price		
Score Weighting (2/4/6)	Score 1-5	Weighted Score Score x weighting	Total Qualitative Score	Total Price	Weighting =	Total score							
	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		-		-		-		-	-			-	-
Company 2		-		-		-		-	-			-	-
Company 3		-		-		-		-	-			-	-
		-		-		-		-	-			-	-
		-		-		-		-	-			-	-
		-		-		-		-	-			-	-
		-		-		-		-	-			-	-
Maximum possible score		0		0		0		0	-			0	-

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

Weighting: 2 = Low 2 = Medium 6 = High

Contract award recommendation:

Completed by : Print name _____ Date: _____
Sign name _____

Budget Holder Approval: Print Name _____ Date: _____
Sign name _____

Please complete this section to inform Finance to set up the contract in the POP system ***Yes / No (* Delete as appropriate)**

The completed Quotation Evaluation Matrix and quotations must be forwarded to the Finance Section

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

12. Introduction

HEFCW uses an e-tendering system for tenders above £25K (including VAT). The e-tendering tools allow tenders to be supplied, received, reviewed and evaluated electronically, thereby saving paper, time and resources.

Prior to any formal tender exercises being carried out by HEFCW, collaborative contracts will always be explored. The Senior Procurement Manager will investigate the availability of any collaborative arrangements for the required goods and services. By using collaborative contracts 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 benefits on quality due to economies of scale. If the required goods or services are covered by a collaborative contract, the Senior 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 contract 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.

It maybe advisable dependent on the goods or services required, to undertake some market research or engagement with suppliers to help understand the market and identify purchasing options. Advice will be provided by the Senior Procurement Manager on engagement with suppliers.

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

In conjunction with the Contract Manager requesting the goods or services, the Senior Procurement Manager will compile the tender documentation pack 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, on the Sell2Wales.website, to download a tender pack and submit a tender, or complete a pre-qualification document (using the supplier qualification information database (SQuid), 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;

- **single tender** – in exceptional circumstances 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 Senior Procurement Manager, who will confirm that there are no alternative options for supply. Written authorisation (via a single tender request template) must be obtained from the Director of Corporate Services and the Welsh Government prior to any despatch of a single tender in excess of £50,000 including VAT.
- The following points must be borne in mind when undertaking a formal tender exercise: -
- tender documentation must be available 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 Public Contracts Regulations);
- 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;
- where the value of the goods and services being purchased by HEFCW exceeds, or is expected to exceed, £50K (including VAT) **and** single tendering has been applied, written approval must be obtained from the Welsh Government, **prior** to initiating the tender process;
- contracts that are above certain thresholds are required to be advertised and awarded in accordance with the European Procurement Directive 2014/24/EU and the UK Public Contracts Regulations 2015. Current thresholds start at £111,676 (January 2014). Please contact the Senior Procurement Manager for further advice on European Procurement Directives and current thresholds;
- 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 Contract Manager must establish the criteria (and any sub criteria) and weightings 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 Senior 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 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 Senior Procurement Manager, along with a second completed 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 Equality's protected characteristics, e.g. timing of meetings or access issues to the building.

Responsibilities and Tender/Contract Tasks

- 12.1 The summary table below lists tasks covered in the tender process. It highlights areas of responsibility for the Senior Procurement Manager and Contract Manager. In conjunction with the Contract Manager, the Senior Procurement Manager will compile tender documentation and administer the tender exercise.

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

Task	Senior Procurement Manager	Contract Manager
Origination of Procurement Authorisation Form.		✓
Agreement of tender timetable	✓	✓
Preparation of draft specification		✓
Completion of specification and any necessary amendments to Sections A, B, C & D of the tender	✓	
Letter of invitation to tender	✓	
Production & Publication of advert (normally via Sell2Wales website)	✓	✓
List of Tenderers / Suppliers to alert to advert	✓	✓
Distribution of tender packs via e tender tool	✓	
Receipt of tenders	✓	
Opening of tenders	✓	
Analysis of tenders		✓
Completion of –Procurement Authorisation Form – Award section	✓	✓
Letters to unsuccessful tenderers	✓	
Supplier Debriefing	✓	
Contract Award Letter and notify Finance	✓	✓
Compilation of Tender File	✓	
Compilation of Contract File	✓	
Routine Contract Management		✓
Contract Review/Meetings	✓	✓
Origination of Procurement Authorisation Form – Extension section		✓
Contract Extension Letter	✓	✓
Contractor Evaluation Form		✓

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

12.2 Authorisation to Tender

When there is a requirement identified for goods and services valued £25,000 (including VAT) or above, the Contract Manager - must complete an 'Procurement Authorisation Form' - available from the Senior Procurement Manager or procurement intranet page (copy attached Annex A).

The 'Procurement Authorisation Form' must be: -

- authorised by the budget holder - out of whose budget the purchase will be financed; and;
- reviewed by the Senior Procurement Manager.

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 Contract Manager must: -

- obtain an Procurement Authorisation Form from the Senior Procurement Manager or Procurement intranet page and complete all relevant sections - ensuring that reasons for applying open (usual route), selective (in certain circumstances) or (in exceptional circumstances), single tender are stated;
 - state any collaborative arrangements they are interested in using (if known) at this stage;
 - attach the draft specification and any relevant supporting documentation or additional information as appropriate;
 - obtain the budget holder's authorisation
 - forward the form to the Senior Procurement Manager.
- i. The Senior Procurement Manager is responsible for arranging the completion of the 'Procurement Authorisation Form' and issuing a tender number. This involves having the form and any supporting information reviewed by the Senior Procurement Manager. The Senior 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 form must be authorised by the HEFCW Chief Executive for any running cost contract exceeding £50K and up to £250K (including VAT);

- iii. In line with HEFCW Financial Regulations, if the tender is for running cost contract, for an individual item in excess of £250k (including VAT), Council approval is required prior to the tender process.
- 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 Contract Manager.

12.3 Preparing Tender Documentation

On receipt of authorisation, the Senior Procurement Manager will arrange a meeting with the Contract Manager to discuss the 'procurement strategy', the specification, Specific or Standard Terms & Conditions and tender timetable and any pre qualification process if applicable.

As part of the meeting, the Senior Procurement Manager will provide the Contract Manager with examples of the forms that will be included in the tender documentation. 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;
- Specific Terms and Conditions.

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

Any Specific Terms and Conditions applicable to the contract, e.g. confidentiality/data clauses/information security

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 and accepting HEFCW's Terms and Conditions;
- **section d - business statement** - requests details about the tenderer including its commercial activities and financial position;
- 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 (see above) over and above the Standard Terms that need to be included in the tender pack. The Senior Procurement Manager can help draft these specific Terms and Conditions;
- Inclusion of Key Performance Indicators (KPI's)
- 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;
- equalities information relating to areas under the Public Services Equality Duty;
- sustainable, ethical or environmental information;
- details of ability to deliver services 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 Contract Manager to approve, before inclusion in the tender documentation.

12.4 The Tender Exercise

- a. for **open tender** exercises, which is the normal procurement route, the Senior Procurement Manager will:-
 - arrange for an advertisement to be placed on the Sell2Wales website inviting interested parties to either receive tender documentation packs or pre-qualification documents (Squid) via the e-tendering tool and return by an agreed date and time;
 - then either the Contract Manager (with support from the Senior Procurement Manager) will pre-qualify/short list the interested suppliers, prior to the Senior Procurement Manager supplying the tender documentation or if no pre-qualifying/short listing stage is required, supplying all tender documentation.
- b. for **selective tender** exercises, used in certain circumstances: -
 - the Contract Manager /Senior Procurement Manager will detail the names and addresses for supplying the **minimum of five** tender documentation packs;
 - written proof of expressions of interest received, must be documented by the Senior Procurement Manager, prior to a selective tender exercise taking place;
 - the Senior Procurement Manager will forward the tender documentation packs to all tenderers at the same time.
- c. for **single tender** exercises, used in exceptional circumstances: -

prior written approval (via a single tender request template) is required from the Director of Corporate Services and the Welsh Government (for procurements above £50K) prior to the despatch of any single tender. The Senior Procurement Manager will complete the single tender documentation following receipt of written approval;
- d. tenderers will be instructed to submit their completed tenders to the Senior Procurement Manager by the agreed closing date and time.

- 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 Senior 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 via the e-tendering system.

12.5 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 give their reasons for not doing so. The results will be documented on the file.

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

- b. all tenders will be returned via the e-tendering system.
- c. tenders received after the due date and time are **invalid** and will not normally be considered;

12.6 Tender Opening

- a. The Senior Procurement Manager is responsible for arranging the tender opening via the e-tendering system and compiling the tenders ready for evaluation. Tenders are checked to confirm they are
 - o compliant with the requirements of the specification;
 - o check that sections C & D have been signed and dated;
 - o the price schedule has been completed with fixed prices and not estimates; and,
 - o any omissions are recorded.
- b. the Senior Procurement Manager retains the original tender documentation and copies are forwarded to the Contract Manager for evaluation;
- c. 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 Senior 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;
- d. any post tender negotiations are only to be undertaken by the Senior Procurement Manager and are only allowed in certain circumstances.

12.7 Reporting of a Single tender

HEFCW's Framework document with the Welsh Government, requires that where the value of the goods and services to be purchased exceed, or is expected to exceed, £50,000 (including VAT), 'The Welsh Government must be consulted beforehand and approve in writing every proposal to let a single tender'.

The Director of Corporate Services, will seek written approval from the Welsh Government. The Senior Procurement Manager will keep records of all single tender requests and approvals.

12.8 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 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 Senior Procurement Manager will liaise with the Finance team 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 Director of Corporate Services;
- g. any variations to HEFCW's standard payment terms included in the contract must be agreed in writing by the Director of Corporate Services;

- h. the Contract Manager 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 the contract award section of the 'Procurement Authorisation Form' available from the Senior Procurement Manager or procurement intranet page (copy attached at Annex A). This includes obtaining written approval from the budget holder.
 - forward the 'Procurement Authorisation Form' to the Senior Procurement Manager, together with the evaluation matrix, detailed evaluations and cost analysis and any other supporting documentation.
- i. the Senior Procurement Manager will review all evaluation documentation and arrange for completion of the form.
- j. a contract number is allocated and a file established for the new contract. The Senior Procurement Manager will notify the Contract Manager of the contract number;
- k. the Contract Manager in conjunction with the Senior 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 Senior Procurement Manager. The Contract Manager is responsible for adapting the letter to suit the particular contract and the content of the letter must be reviewed and agreed with the Senior Procurement Manager prior to being despatched to the successful tenderer;
- l. regret letters are issued to all unsuccessful companies. The regret letter provides the unsuccessful companies with detailed de-briefing information. The Senior Procurement Manager is responsible for the de-briefing of unsuccessful tenderers (although in some circumstances assistance may be needed from the contract manager);
- m. under European and UK procurement rules a ten day standstill period is required between the decision to award/notification to unsuccessful suppliers (regret letter) and the actual award of the contract, this ten day standstill period gives the unsuccessful supplier an opportunity to challenge the award decision once they are in receipt of their debriefing information;
- n. If there are no challenges made during the ten day standstill period then the contract can then be awarded via a contract award letter to the successful company.

- o. the Contract Manager must sign the contract award letter. The Senior Procurement Manager must sign the letter for and on behalf of HEFCW;
- p. 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 Senior Procurement Manager **prior** to the contract commencement date.
- q. no contract should be initiated without the signed contract award letter being received back by the Senior Procurement Manager. If in any doubt please confirm this with the Senior Procurement Manager;
- r. 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;
- s. the Senior Procurement Manager is responsible for setting up a paper and electronic contract file which will include all documentation received from the successful tenderer, the Procurement Authorisation form and contract award letter. All original tender and contract documentation is filed by the Senior Procurement Manager. The contract manager may keep copy documentation for reference. The Senior Procurement Manager will notify Finance of the award of contract, so that the POP system can be updated;
- t. any new suppliers to HEFCW will need to be set up on the finance system via a new supplier form (see Annex C);
- u. the contract manager and Senior Procurement Manager will need to complete a Value For Money form, this is to document the estimated efficiencies that will be made from the new contract.

12.9 Departures from Contract Procedures

- a. the Contract Manager must document all departures from normal contract procedures on the Procurement Authorisation Form when making their recommendation for the award of the contract. Such instances will then be approved as part of the authorisation process;
 - the following are regarded as examples of 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 acceptance of Terms and Conditions other than HEFCW's;

- o the acceptance of payment terms other than HEFCW's normal payment terms.

12.10 EU & UK Procurement Legislation

EU Procurement Legislation

The European Union (EU) Procurement Directive 2014/24/EU and the Public Contracts Regulations 2015 that implement them in the UK, set out the law on public procurement. Their purpose is to open up the public procurement market and to ensure the free movement of goods and services within the EU. They set out procedures which must be followed before awarding a contract when its value exceeds set thresholds, unless it qualifies for a specific exemption. Furthermore, the principles of open and fair competition, equal treatment, transparency and proportionality must be applied to procurement, irrespective of the value.

UK Procurement Legislation

The European Union (EU) Procurement Directive 2014/24/EU was transposed into national UK law through the Public Contracts Regulations 2015 and came into force on 26 February 2015. Public procurement is governed by these regulations where the contract value exceeds certain thresholds, unless one of the exemptions apply.

12.11 Remedies Directive

In December 2009, regulations implementing the Remedies Directive entered into law in the UK. The Remedies Directive aims to provide more effective remedies for suppliers which suffer as a result of breaches of the public procurement rules by public bodies.

As a result of these new directives, requirements have been placed on public bodies to provide more detailed information to unsuccessful suppliers prior to award of any contract. They also require public bodies to allow a standstill period between the decision making process/notification to unsuccessful suppliers and the award of a contract.

For more detailed information about EU tendering and the Directives, and advice and guidance please contact the Senior Procurement Manager. Details of the EU directives can also be found via a link on the procurement intranet page.

12.12 Contract Monitoring

During the contract period, regular review meetings should be arranged with the contractor to discuss performance of the contract against the specification and review Key Performance Indicators. The meetings can also be used to discuss and resolve any issues that may have arisen.

- a. the Senior Procurement Manager is responsible for monitoring the award of contracts. The contract manager is responsible for the day-to-day management of the contract. The Senior 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 of the contract;
 - monitor any data requirements covered;
 - monitor any ethical/employment policies;
 - keep contractor's performance up to the required standards;
 - ensure that contract Terms and Conditions are followed;
 - KPIs are met;
 - 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 Senior 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 Director of Corporate Services, prior to termination of the contract;
- i. detailed contract management guidance is available from the Senior Procurement Manager. If you have any queries or need any support in relation to contract management please contact the Senior Procurement Manager;
- j. the Senior Procurement Manager has templates for 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.
- 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. Advice on contract management can be sought from the Senior Procurement Manager.

12.13 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 by the Senior Procurement Manager for future reference e.g. if a prospective tenderer has previously been appointed as a contractor to HEFCW, the Contract Manager can refer back to the relevant contractor evaluation report for general information. Please refer to Annex B for a sample report form. Contract Evaluation Forms can be found on the procurement intranet page.

12.14 Extension of a Contract Period

It is possible to extend a contract 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 the extension section of the 'Procurement Authorisation Form' which is available from the Senior Procurement Manager and also the procurement intranet page and clearly state the extension provision included in the original contract award letter and the reason(s) for requesting the extension;
 - 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 Senior Procurement Manager or procurement intranet page;
 - pass the form to the budget holder for approval and
 - forward the authorised form to the Senior Procurement Manager.
- a. the form will be reviewed by the Senior Procurement Manager;
- b. the Senior 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 'draft contract extension letter'. A template of which is available from the Senior Procurement Manager and adapt to suit the contract;
 - liaise with the Senior Procurement Manager regarding the final content of the letter;
 - forward the letter to the contractor in duplicate, one signed copy is then returned to the Senior Procurement Manager for inclusion in the contract file.

- d. the Senior 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 Senior Procurement Manager.

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.

12.15 Time between re-tendering

All HEFCW let contracts for on-going goods, services and works must usually be subject to re-tendering every three years unless the Director of Corporate Services, prior to the award of the initial contract, agrees a variation i.e. the variation must be documented on the Procurement Authorisation Form.

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

12.16 Guidance

Please direct all purchasing queries to the Senior Procurement Manager.
Tel 029 2068 2216 karen.wolliner@hefcw.ac.uk

12.17 Annexes

Annex A Procurement Authorisation Form

Annex B Contractor Evaluation Report Form

Annex C New Supplier Form

The above documents are available from the Senior Procurement Manager and the Procurement intranet page.

Annex A
Procurement Authorisation Form (for procurements of £25K inc. VAT and above / use of all collaborative agreements)

Procurement Title	
Procurement Number (Issued by Senior Procurement Manager)	
Proposed type of Procurement exercise: (✓ as appropriate)	
Open - (i.e. normal tendering route, publicly advertised invitation to tender usually via the Sell2Wales 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 - complete single tender request template)	
<i>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.</i>	
If Collaborative arrangement being utilised, insert details here:	
<i>Please attach all details/information relating to the use of a collaborative agreement here including the requirements to run further competitions.</i>	
<i>(Please increase the size of this section if required)</i>	
Please specify Running or Programme Cost & Budget Code/s	
Are ESF funds being utilised against this tender?	Yes / No (Delete as appropriate)
Maximum proposed contract period * Subject to extension/s	Months/ 1 Year / 2 Years / 3 Years (delete as appropriate) (*please specify details of any possible extensions)
Anticipated Contract commencement date	
Contract Managers Name	
Committee / Council Approval or Chief Executive Officer Delegated Authority Approval	Date of Approval /Committee / Council Ref No (*please specify details)
Anticipated Annual or Initial Contract Value (inc. VAT)	£
Anticipated Total Contract Value (inc. VAT) including any possible options to extend	£
NB – Written approval must be gained from the Welsh Government <u>prior</u> to awarding a contract if: -	
<ul style="list-style-type: none"> • The anticipated contract value exceeds £50,000 (inc. VAT) <u>and</u> • Single tendering has been applied to the contract. 	

Procurement Approval Section			
	Name	Signature	Date
Budget Holder			
Comments:			
Forward to Senior Procurement Manager			

Reviewed by: Senior Procurement Manager			
Signature		Date	
Comments (inc. Welsh Language Standards/GDPR/legislation requirements review):			
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 Running Cost contract, for an individual item in excess of £250K (inc. VAT), Council approval is required prior to the tender process.			

Procurement approval to Award a Contract	
Contract Number (Issued by Senior Procurement Manager)	
<i>If a collaborative agreement is being used, please provide details of guidance followed and competition undertaken in this section (if applicable). (Please increase the size of this section if required)</i>	
<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. (Please increase the size of this section if required)</i>	
Annual or Initial Contract Value (inc. VAT)	£
Total Contract Value (inc. VAT) (including any options to extend for future months/years)	£
Is this the lowest cost tender?	Yes / No (Delete as appropriate)
Is this the highest scoring tender?	Yes / No (Delete as appropriate)
Procurement Approval to Contract	
	Name
	Signature
	Date

Budget Holder			
Comments:			
Please attach additional information and supporting documentation and forward to the Senior Procurement Manager			
Reviewed by: Senior Procurement Manager			
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 Running Cost contract, for an individual item in excess of £250K (inc. VAT), Council approval is required prior to the award process.			

Procurement Approval to Extend a Contract Form			
Contract Title			
Supplier Name			
Current contract period			
Proposed contract extension period			
Please specify: -			
<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. (attaching written confirmation received from supplier/s). 			
<i>Please increase the size of this section if required)</i>			
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	£		
Procurement Approval for Extension			
	Name	Signature	Date
Budget Holder			
Comments:			
Please attach any supporting documentation and forward to the Senior Procurement Manager for Authorisation to be obtained			
Reviewed by: Senior Procurement Manager			

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 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 - 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 Senior Procurement Manager.

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

To: Senior Procurement Manager
From: Contract Manager (name.....)
Date:
Copy to:
Contract Details: [Contract Title] & [Contract Number]
Contractor: [Contractor's Name]

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

1. Comparison of approval/budgeted expenditure with actual expenditure with an explanation for significant variations (lower of £1,000 or +/-5%).
2. 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, reports produced, preparation of Accounts etc.
3. A commentary on the achievement of the contract objectives. Where possible this should be quantified and describe the outcomes.
4. Any other comments relevant to the contract evaluation.
5. 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 now forward your report to the Senior Procurement Manager

Section 2 - Report Review

Reviewed by: Senior Procurement Manager

Signature

Date

Comments:

Director of Corporate Services			
Signature		Date	
Comments:			
Completed report to be filed with HEFCW procurement file			

This form should be read in conjunction with HEFCW procurement procedures.

Annex C

Procurement - New Supplier Form

This form should only be completed if the supplier has not been set up previously on Dream (please check with Finance if necessary)

Name:	Date:
Is the supplier part of a pre-existing framework?	Yes/No
Name of framework:	

New Supplier Details

Company Name:			
Contact:			
Company address:			Finance dept address (if different):
Telephone number:			Finance dept telephone number (if different):
Remittance email Address:			
Company Reg No:			VAT Reg No:
Value of Purchase (Inc VAT):	£		
Nominal code(s) required:			
Bank details attached?	Yes/No		

Senior Procurement Manager Signature: Senior Procurement Manager Print Name: Comments:	Date:	
	No issues - pass to Finance	Issues – refer to Director of Corporate Services
	[]	[]

New Supplier needs further investigation – Discuss with Director of Corporate Services

Director of Corporate Services Signature: Director of Corporate Services Print Name: Comments:	Date:	
	Form returned to Proc Manager	Form not returned to Proc Manager
	[]	[]

Finance use only:		
New supplier set up:		
Nominal code linked:		
Bank details set up:		
Completed by:		

Note: Procurement Procedures require a new supplier to be approved and the order authorised before goods/services can be ordered.

Procurement Code of Ethics

12. 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. Welsh Governments Code of practice: [Ethical employment in supply chains](#).

Version	Date	Comment
1.2	18.9.2014	Revised to take account of change to WG Single tender limit to £50K.
1.3	29.4.2015	Review and revisions relating to EU directives and best practice.
1.4	23.10.2015	Revision to take account of approval for use of collaborative agreements under £25K including VAT.
1.5	19.10.2017	To take account of HEFCW's Welsh Language Standards relating to Procurement.
1.6	01.12.2017	To take account of WG Code of Practice: Ethnical Employment in Supply Chains & GDPR
1.7	24.06.2019	Changing of Job title of Head of Corporate Services to Director of Corporate Services

If you require this document in an alternative format, please email info@hefcw.ac.uk.