

PROCEDURE FS 1 PROCUREMENT POLICY

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1. Procurement Policy

The Institute receives funding from the UK taxpayer and is required to work within EU Procurement Directives, UK Legislation (including Scottish Government Guidelines), Institute Finance Procedures and external funders' award terms and conditions. The Institute is committed to ensuring that all procurement and financial regulations are complied with while aiming to achieve value for money and adhere to environmental policy.

2. Responsibilities

All employees are responsible for ensuring the policy is adhered to. The Purchasing Department will provide advice in achieving this policy. The Purchasing Department is a division of the Finance Department within the Finance Directorate and reports to the Director of Finance. **Any employee operating in breach of this policy may be the subject of disciplinary procedures**

3. Conflict of Interest

It is not possible to define all the circumstances which may cause a conflict of interest, but as a general rule staff should report to the PA of the Director of Finance and Company Secretary, personal involvement in any company or commercial enterprise which is in a contractual relationship with, or which is in the process of negotiating a contract with the Institute. This personal involvement will not preclude the company from supplying the Institute providing the company meets the Institute's overall procurement objectives. Details of any such conflict should be entered on a Conflict of Interest Disclosure Form (see [Appendix B](#)). The Director of Finance will notify the Purchasing Department of the companies with whom a potential conflict may arise. The Purchasing Department will refer details of any orders placed with these companies to the Director of Finance for guidance.

Any employee operating in breach of this policy may be the subject of disciplinary procedures.

4. Suppliers

Suppliers already established and available on eBIS should be used wherever possible.

eBIS suppliers are reviewed on a regular basis and therefore Staff should notify The Purchasing Department of any consistent deterioration in performance so that this can be taken into consideration.

If a supplier is not listed on eBIS, a new supplier request form should be raised in eBIS. This form is reviewed by the Procurement Officer for approval or alternative supplier/method of payment.

The Purchasing Department has delegated authority to substitute an alternative supplier in cases where the single supplier route does not apply. If this authority is exercised, the Purchasing Department will notify the originator of the order of the change in price/supplier.

5. Threshold Limits and Quotes

The Institute has a number of prescribed financial levels above which different procedures apply. These levels, summarised below, will be reviewed periodically and revised as appropriate.

	Limits excl. VAT
No quotes required	For existing suppliers Up to £10,000
Formal Quotes (minimum 3)	£10,000 - £50,000
Formal Tender Public Contract Scotland Tool must be used for advertising and award notices	Anything above £50,000 (ie. for the length of the contract eg. A 4 year contract at £12,500 per year)
Formal Tender Works contracts	Anything over £2,000,000 (specific rules)
Formal Tender Community benefits	Contracts over £4,000,000

Community benefits cover:

- Training and recruitment
 - Availability of sub-contracting opportunities
 - Measures to improve economic, social or environmental wellbeing for the organisation's area in addition to the main purpose of the agreement
 - Details about how community benefits have been incorporated (or not) must be stated in the contract notice
- * Where the value of purchase requires a tender to be obtained, a minimum of three companies should be asked to tender and the tender process should be conducted in conjunction with the Purchasing Department.
- * In a situation where quotes would be required but there is only one supplier, this should be detailed on the requisition in the notes section. **All quotes should be**

treated as confidential and should not be disclosed to 3rd parties without prior consent of the supplier.

- ❖ EU legislation requires Contract Notices to be sent to the Official Journal of the European Union up to 52 days prior to dispatch. In many cases the EU ***negotiated procedure*** will apply for the supply of goods or services if (for technical reasons) the contract may only be carried out by one party or the goods are manufactured purely for the purposes of research. ***However staff should be aware of the legislation as failure to comply could result in sanctions against the institute.***

Please Consult the Procurement Officer, Allison Sandilands, for guidance. EU Guidance is also available on the Scottish Government website detailed below:

<http://www.scotland.gov.uk/Topics/Government/Procurement/buyer-information/spdlowlevel/EUGuidance>

6. Placing Orders

All expenditure for goods and services, including service contracts, related to the James Hutton Group should be made through the Purchase Order Process.

Subject to [Threshold Limits](#) (Section 5) and [Special Cases](#) (Section 9), the general steps for placing an order are:

- Raise order via Requisition Form in eBIS.
- Ensure request is fully completed and contains the following information as a minimum.

Although many of the required details are system generated on eBIS, the following details should be included on the Requisition Form:

- + Name and contact details of person raising the order
- + Date of order
- + Full name and address details of supplier
- + Details of account(s) to be charged. Note: there should be adequate funds available in the account(s) for the purchase.
- + Catalogue number
- + Accurate description of item to be purchased. Insert quotation reference number if applicable
- + Number of units of items being purchased

- + Expected unit cost excluding VAT
 - + Total cost excluding VAT
 - + Delivery charges
 - + VAT
 - + Total cost including VAT
- Authorisation of orders is automated in eBIS.
 - Authorised eBIS order requests are routed to the Purchasing Department to enable an official order to be generated. The Purchasing Department will then place the order, unless otherwise requested, quoting PO number as reference.
 - Where the final order value (excluding VAT) differs from the purchase order by the higher of £100 or 10% of the purchase order value, the Purchasing Department will refer to the end user and obtain authorisation to proceed with the payment. The Purchasing Department may require support from the person who raised the order, particularly in cases where that person has obtained a quotation.
 - ***Under no circumstances should the Requisition Number be used as the order number when placing the order. Only official Purchase Order numbers should be used. No contractual agreements for the supply goods or services should be made prior to the receipt of an official Purchase Order. This is a vital part of procurement policy that all members of staff are required to follow.***
 - ***Invoices without an official purchase order number will be returned to the supplier.***
 - **Note. The James Hutton Group can only guarantee, within reason, receipt of deliveries to Stores between the following hours: Mon – Thursday 08:30 to 16:00, Friday 08:30 – 15:30 with the exception of Public/Privilege Holidays where hours may differ**

7. Goods Received

When received, goods are checked by the Purchasing Department against the Supplier's Delivery Note and the Institute Purchase Order for accuracy of the following details:

- Supplier name and address
- Quantity of each item
- Description of each item

Electronic GRNS may be raised on receipt of an invoice if no delivery note is available.

An electronic GRN is created in eBIS for the end user to accept or reject accordingly. The receiving end user should check the quality of each item (or in the case of bulk supply, a random sample). The receiving end user should also notify any quality discrepancy to the Supplier and the Purchasing Department and appropriate action should be agreed and confirmed in writing. ***It is essential that the GRN for items in this situation are held or rejected to ensure invoices are not settled until disputes are fully resolved.***

On occasions where a supplier requests payment by **PROFORMA** Invoice prior to Goods/Services being supplied, acceptance will still be required to allow payment to proceed. In this situation, acceptance of the GRN is only to allow payment of the invoice and agreement that payment prior to receipt is acceptable. Proforma/GRNs should be accepted promptly to avoid delays in supply.

8. Payment

❖ Invoices without an official Purchase Order Number will be returned to the supplier

On receipt of invoice for the goods Finance will check the system to confirm the goods have been receipted. If they have not, the invoice will be put on hold. If the goods have been goods receipted the invoice will be checked for agreement of the following:

- Supplier name and address
- Order reference
- Quantity of each item or work completed and accepted
- Unit price and total value of each delivered item/item of completed work
- Discounts
- Any additional costs e.g. carriage
- Total invoice value
- Payment terms and associated discounts.
- Where the invoice total (excluding VAT) differs from the purchase order by the higher of £100 or 10% of the purchase order value, Finance will investigate the discrepancy with the supplier. Finance may require support from the person who raised the Order, particularly in cases where that person has obtained a quotation.

9. Special Cases

Should a situation arise that does not appear to be covered by the Institute Procurement Policy, please seek guidance from the Director of Finance.

10. Quote/Tender Process

The key objective of competitive tendering is to ensure that the most suitable supplier is selected to provide goods and services on terms which are likely to offer the best value for money. The quote/tender process must be used for all purchases in excess of £10,000 (see [Section 5](#) above). Staff may also choose to use the quote/tender process for purchases of lesser value.

A list of companies to be invited to tender will be drawn up between the user department and the Procurement Officer. It may be that for technical reasons, there will only be one feasible source of supply. In such a case, a sole-source tender can be carried out to form the basis for negotiation and the development of a formal contract arrangement. The James Hutton Group does not bind itself to accept the lowest or any tender and reserves the right to accept part of a tender.

Preparation of the Invitation to Tender

The Invitation to Tender document is very important to a successful procurement exercise. It must fully describe requirements and conditions, but should not be so prescriptive that opportunities to achieve value for money are lost.

Much of the content of an Invitation to Tender is standardised, formal and procedural; however, the specification of the goods or services required is unique to each tender and must be prepared with care. The document must include accurate descriptions of the goods or services concerned and the quantities required, together with details of the closing date for the return of tenders. A copy of the Institute's Terms and Conditions of Purchase should also be included (see [Appendix A](#)).

In compiling the specification, performance specifications should be used wherever possible, especially with respect to the provision of services. This means that the specification should be based on outcomes or desired results rather than on the prescription of product, design or method.

In devising specifications for materials, preference should be given to standard, readily available materials. The use of trade names, proprietary processes and descriptions, which could limit competition, should be avoided. The specification should be an accurate description of the actual need, ensuring that products specified are appropriate to fulfilling the requirement, but avoiding over-specification, which adds unnecessary cost.

The invitation to tender should include a bid summary sheet where appropriate to show a breakdown of the main tender costs and the total bid sum. **A return envelope or label identifying the unique tender reference number (number to be obtained from the Procurement Officer) should also be included so that incoming tenders are not prematurely opened in error.**

All tenders should be listed on the Institute Intranet.

Tender Register

Finance Services are required to operate a register Appendix E for the issue and receipt of tenders containing the following information as a minimum:

1. Tender reference number. This unique number should be clearly displayed on the envelope or label provided for the return of the tender bid.
2. Name of tendering company
3. Date of issue
4. Brief description of tender
5. Issuing person's name
6. Closing date for the return of tenders
7. Date of receipt of tender
8. Date tender opened
9. Amount of tender
10. Signatures of persons attending the opening of tenders

Conducting the Tender

Before an Invitation to Tender is issued, the basis on which tenders are to be evaluated and who is to be responsible for the evaluation must be agreed between Director of Finance and the user department. Evaluation criteria must be consistent with the information provided in the Invitation to Tender. This criteria will be determined by the user department, in consultation with the Director of Finance or other specialists chosen to advise. Invitations to tender should be issued to all parties at the same time as should any subsequent alterations or clarifications to the Tender.

Receipt of Tenders

Incoming Tenders will be readily identified by the envelope or label issued along with the Invitation to Tender. All packages identified as tenders should be date-stamped upon receipt and held unopened in a secure place by the Procurement Officer until the stated opening date.

If it is necessary to delay the closing date (either through the reasonable request of one or more tenderers or because the Institute has reason to delay the submission of tenders), all those invited to tender must be given an equal opportunity to take advantage of the new date, including the submission of a revised tender if necessary. However, late tenders received after closing date must not be considered.

Opening of Tenders

Tenders should be opened as soon as possible after the closing date in the presence of any two members of staff from:

- Chief Executive Officer
- Director of Finance & Company Secretary
- Director of Research Impact

- Director of Science Excellence
- Director of Corporate Services

At the appointed time of opening the Register of Tenders will be completed and signed to certify that the tenders were opened and recorded correctly. The tender documents will also be initialled by those present. Submissions should be checked to ensure that tenderers have enclosed all necessary documents. The bid summary should be examined to ensure that it does not contain any arithmetical errors.

Evaluation of Tenders

Application of the evaluation criteria should be used in selecting the most satisfactory offer from the tenderers. The rationale for deciding upon the successful tender should be recorded. Once the most satisfactory tender has been identified, a formal notification of the intent to place an order will be sent to the successful bidder. Unsuccessful bidders will receive notification of our intent to award the contract to the successful bidder. This notification must include their score and the score of the winning bid. A brief description highlighting the differences between the two bids should also be included. For OJEU Tenders, the Alcatel statutory 10 day standstill period follows during which time unsuccessful tenderers have the opportunity to legally challenge the Institute's decision. No commercially sensitive information should be revealed in this process.

Adequate records of the evaluation process are essential evidence in situations of legal challenge.

Once the standstill period has elapsed and any challenges addressed, a Purchase Order may be issued. Where the procurement process is complex, it may be deemed appropriate for a formal contract document to be drawn up and signed by both parties to the agreement.

Audit Trail

The register and the successful tender must be retained and available for audit for ten years and therefore all paperwork must be supplied to the Director of Finance.

11. Credit Card Purchases

Credit card purchases may be made instead of purchase orders for travel and accommodation. Credit card orders for goods/services should be directed to Ruby Sutherland in Craigiebuckler and Rhona Davidson in Invergowrie. Credit card orders for books should be directed to Lorraine Roberson. Any purchases made on company credit cards should comply with the agreement credit card holders signed and must have authorisation in line with eBIS approval limits. Credit card statements should be checked promptly on receipt and returned to finance with the correctly authorised back up for processing.

12. Personal Inducements, Business Gifts and Hospitality

Personal inducements of any sort from suppliers are forbidden. Any such inducements should be declined and reported to the PA of the Director of Finance and Company Secretary. Generally, offers of gifts (other than small inexpensive gifts such as diaries, calendars, etc.) should be declined unless to do so would cause embarrassment. All gifts/hospitality valued in excess of £100 must be notified to the PA of the Director of Finance and Company Secretary.

Staff may retain gifts received of such value provided details have been notified and provided the value does not exceed £100. If the gift exceeds £100 it must be surrendered to the PA to the Director of Finance and Company Secretary. The surrendered gift will be donated to the staff association. Staff should always ensure their line manager is aware of any gifts, hospitality or personal inducements offered.

Failure to comply with these procedures may result in disciplinary procedures.

13. Stores Management

The Purchasing Department ensures that adequate arrangements are in place for custody and control of stock. Stocks are monitored regularly by adjusting stock levels and re-order quantities to reflect current usage. Stock is counted at minimum once a year, at the end of the financial year (31st March). Any material difference between recorded and physical quantities is investigated and satisfactory reasons obtained and recorded for audit purposes.

Appendix A

Standard Terms and Conditions

- Instructions
- 1 The Purchase Order Number must be quoted on all correspondence, advice notes and invoices.
 - 2 Part numbers where given, must always be quoted on correspondence, advice notes and invoices.
- Conditions
- 1 No responsibility can be accepted for any order unless issued on our official form.
 - 2 The right is reserved to cancel this order or any part if delivery is not made within the time specified.
 - 3 Goods delivered in excess of the quantities ordered will not be accepted and all charges in respect of the same will be the supplier's responsibility.
 - 4 All materials and goods shall be in every equal to quality, description, specification and to the previous approved supplies (if any) and/or samples submitted (if any) and shall be subject to, the purchaser's inspection and approval within a reasonable time after delivery and if rejected shall be held at the supplier's risk and returnable at the supplier's expense and shall not count as having been delivered unless the purchaser elects to make the materials and goods fit for its purposes in which case the supplier shall be debited with the cost thereof.
 - 5 Unless otherwise stated on this purchase order, payment will be made within 30 days of receipt of the latter of goods or invoices.

Appendix B



CONFLICT OF INTEREST DISCLOSURE

Personal Details

Name:

Staff number:

Group:

Full-time (F) or Part-time (P):

Is there any relationship (internal or external) which could cause potential or apparent conflict of interest with your institute activities? Please provide details to any of the following questions for which the answer is 'Yes'. Please refer to page 2 for further information.

Institute includes all subsidiary companies.

		Yes	No	Details
1.	Do you or any other member of your immediate family have a significant or influential relationship with any of:			
	<ul style="list-style-type: none"> A 3rd party which does business with the institute (e.g. supplier) and whose actions you are in a position to influence? 			
	<ul style="list-style-type: none"> A 3rd party that tests, markets or manufactures a product which could be evaluated or developed further through your research or commercial activities? 			
	<ul style="list-style-type: none"> Any party funding or collaboration in a research or commercial project? 			
	<ul style="list-style-type: none"> Any other business in which there could be a conflict of interest? 			
2.	Have you performed consultancy work			

	or been engaged in any other paid work in the last financial year other than that which has been pre-approved by the Institute?			
3.	Do you hold any position or appointment as a Director (Executive or Non-Executive) or Company Secretary in any company whether or not this company does business with the Institute?			
4.	Are you aware of any other circumstances that could constitute a conflict of interest with your position in the Institute?			

Q1

Please give details of the relationship or financial interest. Example: Son is owner of AB Supplies or my sister is MD of XYZ Research who fund project number 1234 – contribution £355k.

Q2

For consultancy and other outside activities please list the organisation(s) you have worked for, the duties performed and the time spent on the activity.

Q3

Directorships/Company Secretary positions. Please give date of appointment, name and address of company and state if company is involved in any way with your research/commercial activities e.g. in kind support, cash contribution, collaborator

Q4

Provide details of any other conflict with your position you are aware of within the Institute.

This form will be forwarded to Head of Financial Accounting.

Appendix C

Environmental Policy

The James Hutton Group incorporating The James Hutton Institute, James Hutton Limited, Macaulay Scientific Consulting Limited (MSC) and Biomathematics and Statistics Scotland (BioSS) is committed to preventing pollution, saving energy and adopting and promoting environmental best practice for all its operations.

The James Hutton Group's senior management team are committed to the Environmental Management System and will seek to:

- Implement control procedures
- Comply with the requirements of the Environmental Management System, applicable legislation and other requirements to which the organization subscribes
- Monitor the performance of the Environmental Management System with reviews and audits
- Continually improve the effectiveness of the Environmental Management System through a series of objectives and encourage staff engagement in goals
- Allocate sufficient resources to maintain the Environmental Management System and to achieve its environmental objectives within budgetary constraints
- Ensure staff awareness of the Environmental Management System
- Appoint competent personnel to co-ordinate and run the Environmental Management System

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Appendix D

Health & Safety

Contractor Responsibilities

The Contractor represents to the James Hutton Group that they (the Contractor) have satisfied themselves that all necessary tests and examinations have been made prior to delivery of the goods to ensure that the design and/or construction of the goods are safe, comply with legislative requirements and that any associated risks have been reduced to the lowest level.

The Contractor will have made available to the James Hutton Group adequate details of the use for which the goods have been designed and tested and any conditions necessary to ensure that the Goods can be put to use with minimum risk to health or safety.

The contractor shall provide such information/ data on machinery as is required by the Supply of Machinery Safety Regulations.

Purchaser Responsibilities

Purchasers should select the highest quality goods or equipment possible within budgetary constraints, taking into account the relevant health and safety considerations.

Specific health and safety considerations to be taken into account are:

- Suitability for the work and the conditions in which it will be used
- Equipment with the least possible vibration and noise levels*
- Efficiency of the tool
- Tool weight
- Handle design/ comfort
- Grip force needed
- Ease of use/ handling
- Cold from grips or exhausts on compressed air tools
- Dust risk

* N.B. if a higher vibration/ noise tool can be used in a shorter time frame than a low vibration/ noise tool over a protracted period to achieve the same work outcome then the high vibration/ noise tool may give rise to less vibration/noise exposure. Therefore in such a case it might be more appropriate to use a well maintained high vibration/noise tool.

If there is the opportunity to a trial the selected equipment prior to purchase then this should be undertaken in order to assist in confirming suitability.

Advice/ support should be sought from the Health, Safety, Quality and Environment department during the selection process.

When selecting new machinery the noise and vibration risk associated with the machinery/ equipment (manufacturer's noise and vibration emission data) must be ascertained prior to purchase. For equipment with vibration emission data of 2.5m/s^2 or over a vibration exposure assessment must be carried out, or updated where such an assessment already exists. Purchasers should contact the HSQE department in order for this to be done. For equipment with noise (sound pressure levels or SPL) of 80dB a noise exposure assessment must be carried out, or updated where such an assessment already exists. Purchasers should contact the HSQE department in order for this to be done.

A record of the health and safety considerations taken into account upon selection of the purchased machinery/ equipment should be made in the relevant risk assessment.

TENDER Ref No	DUE DATE:	
	AT:	

TENDERER	ISSUE DATE	ISSUED BY	DESCRIPTION OF TENDER	RECEIPT DATE
1).				
2).				
3)				
4).				
5).				
6).				
7).				
8).				
9).				
10).				

DECLARATION The above Tenders have been opened in our presence, and are subject to full evaluation.

OPENING & RECORDING OF TENDER

Date:	Surname	Initials	Signature	Position
Time:	1)			
	2)			
Location:	3)			