

PROCEDURE FS 1 PROCUREMENT POLICY

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VERSION 3 Review Date – 21.10.21

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 the Institute's Sustainable Procurement and Environmental policies.

2. Responsibilities

All employees are responsible for ensuring the policy is adhered to. The Procurement Department will provide advice in achieving this policy. The Procurement 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 subject to disciplinary action.**

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 Procurement Department of the companies with whom a potential conflict may arise. The Procurement 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 subject to disciplinary action.

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 Procurement Department of any consistent deterioration in performance so that this may be taken into consideration. Suppliers which have not been used for a period of 18 months will be de-activated but may be re-activated by submission of a new supplier request.

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 Department for approval or alternative supplier/method of payment.

The Procurement Department has delegated authority to substitute an alternative supplier in cases where the selected supplier is not considered appropriate. If this authority is exercised, the Procurement Department will notify the originator of the order of the change in price/supplier.

5. Threshold Limits and Quotes

The Institute has introduced a series of prescribed financial levels above which different procedures apply. These levels, detailed below, will be reviewed periodically and revised as necessary in accordance with EU, UK and Scottish Government instructions.

	Limits excl. VAT
Minimum one quote required	For existing and new suppliers up to £10,000
Formal Quotes/Tender (minimum 3)	£10,000 - £50,000
Formal Quotes/Tender Supplies and Services	Anything above £50,000 (ie. for the length of the contract eg. A 4year contract at £12,500 per year)
Formal Tender Supplies and Services contracts	Anything over £181,302 (OJEU)
Formal Tender Works contracts	Anything over £4,551,413 (OJEU)

- Where the procurement value is less than £10k additional quotes/tenders may be obtained at the discretion of the Procurement Department.
- Where the procurement value exceeds £10k and quotes/tenders are required, a minimum of three companies should be asked to tender and the tender process should be conducted in conjunction with the Procurement Department. Any contracts above the EU prescribed thresholds must be tendered in accordance with the EU Consolidated Procurement Directive.
- Where there is only one supplier in the marketplace, this must be communicated to the Procurement Department for further investigation and appropriate action.

All tenders/quotes must 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 30 days prior to dispatch. In some 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.*

All tenders are advertised on the Public Contracts Scotland website:

<https://www.publiccontractsscotland.gov.uk/>

Please Consult the Procurement Department 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 a requisition via Multi Supplier 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
- + Supplier

- + Details of account(s) to be charged. Note: there should be adequate funds available in the account(s) for the purchase.
 - + Accurate description of item to be purchased including catalogue/part 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 requisitions is automated in eBIS.
 - Authorised eBIS requisition requests are routed to the Procurement Department to enable an official order to be generated. The Procurement Department will then place the order, unless otherwise requested, quoting the PO number as a 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 Procurement Department will refer to the end user and obtain authorisation to proceed with the payment. The Procurement 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 an important 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.*

7. Goods Received

When received, goods are only checked by the Procurement Department against the Supplier's Delivery Note.

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 Procurement 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 an instance arise that does not appear to be covered by the Institute Procurement Policy, please seek guidance from the Procurement Department.

10. 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 in conjunction with the Procurement Department.

A list of companies to be invited to tender will be drawn up between the user department and the Procurement Department. It may be that for technical reasons, there will only be one feasible source of supply. In such a case, a single-source tender can be carried out once the Procurement Department has carried out the necessary market research.

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 document is standard 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. 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 is not permissible. The specification should be an accurate description of the actual requirement, ensuring that products specified are appropriate to fulfilling the requirement, but avoiding over-specification, which may add unnecessary cost.

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 the Procurement Department and the user department. Evaluation criteria must be consistent with the information provided in the Invitation to Tender and will be determined by the user department, in consultation with the Procurement Department 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 using the Public Contracts Scotland Website.

Evaluation of Tenders

Application of the evaluation criteria should be used in selecting the most satisfactory offer from the tenderers using the Institute's defined scoring mechanism. 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, a statutory 10 days standstill period follows during which time unsuccessful tenderers will 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 contract file and the successful tender must be retained and available for audit for ten years and therefore all paperwork and electronic data will be stored by the Procurement Department.

11. Credit Card Purchases

Any purchases made on company credit cards should comply with the agreement credit card holders signed and must be authorised 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

Any gifts received or given, over £25, should be noted in the gift register.

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 & Company Secretary. Generally, offers of gifts should be declined unless to do so would cause embarrassment. All gifts valued in excess of £25 must be notified to the PA to the Director of Finance & Company Secretary.

Staff may retain gifts received of lower value, provided details have been notified, no perceived conflict or perceived inducement is created, and provided the value does not exceed £75. Small and inexpensive gifts can be accepted and do not have to be listed on the register. If the gift exceeds £75, and cannot be returned, it may be required to be surrendered to the PA to the Director of Finance & Company Secretary. The surrendered gift will be donated to the staff association. Staff should always ensure their line manager is aware of the gifts, hospitality or personal inducements offered. **Failure to comply with these procedures may result in disciplinary procedures.**

13. Stores Management

The Procurement 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

The Institute has four sets of standard Terms and Conditions of Contract which may be used in association with any contracts arranged on behalf of the Institute and these are:

1. Supply of Goods
2. Supply of Goods and Associated Services
3. Supply of Services
4. Supply of Consultancy

Copies of these documents may be obtained from the Procurement Department who will also determine the most appropriate set of Terms and Conditions to be applied based on the subject matter and requirements of the contract.

It should be noted that these Terms and Conditions of contract must not be used in conjunction with any Scottish Government, APUC or other Collaborative Framework Agreements which may already have Terms and Conditions of contract in place.

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 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 organization (s) you have worked for, duties carried out 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 Institute incorporating James Hutton Limited and Biomathematics and Statistics Scotland (BioSS) is committed to preventing pollution, promoting sustainable development, fulfilling its compliance obligations and continually improving its Environmental Management System to enhance environmental performance.

The senior management team of the James Hutton Institute seek to:

- Set environmental objectives to enhance environmental performance
- Implement processes and procedures to ensure environmental risks are reduced and opportunities are addressed
- Evaluate environmental performance through monitoring, reviews and audits
- 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

Appendix D

Health & Safety

Procurement Guidance

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

Specific health and safety considerations to be addressed 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. 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 placing an order, then this should be undertaken in order to assist in confirming suitability.

Advice/ support should be sought from the HSQE department during the selection process if required.

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 to arrange for this to be carried out. 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 to arrange for this to be done.

A record must be kept of the health and safety factors considered during the selection process for the purchased machinery/ equipment and this must be included in the relevant risk assessment.

