

FINANCE PURCHASING PROCEDURES

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1. Authority to Purchase

- 1.1 Council is responsible for all funds of the University from whatever sources those funds are generated, including amounts received under Research Grants and Contracts and Services Rendered activities. Council delegates authority to purchase from those funds (within budget) to Heads of Department.
- 1.2 Budget Holders shall have authority to purchase goods and services only within budget allocated and within specific terms related to the funds made available. Specific terms may be imposed by e.g. the HEFCE in relation to earmarked grants, or by bodies awarding grants for research or other payment.
- 1.3 Deans and Heads of Departments and their designated authorised signatories are not authorised to sign contractual documents. An authorised officer of the University must forward all such documents to the Director of Finance for vetting before signature.
- 1.4 The Director of Finance shall maintain a register of Authorised Signatories to include research grant holders. Deans and Heads of Departments must supply the Director of Finance with specimen signatures including any limitations the Budget Holder wishes to apply of those authorised to certify payment. Any changes to the authorities to sign must be notified to the Director of Finance immediately.

1.5 Authorisation of orders and invoices

- 1.5.1 The Purchase Order ('Order') must be in authorised in accordance with the levels agreed and in force within the School/Unit at the time. Deans and Heads of Planning Units have responsibility for delegation of authority for purchasing within their area.
- 1.5.2 In the absence of a designated authorised signatory, urgent orders requiring approval can be referred to the Finance Director, or his Deputy, who will authorise the request after checking that the funds are available.

Good practice guidelines are recommended as follows:

- Approval should be sought from the Vice Chancellor or his nominated officers for orders in excess of £250,000.
- Deans/Directors of Departments can sign orders up to £250,000.
- Deans/Directors of Departments can delegate authority to sign orders to Heads of Department or Division, and Nominated Officer up to a maximum of £25,000
- Budget Holders that are not Heads of Department or Deans/Directors of Departments Unit can sign up to maximum of £10,000

When expenditure against a Research Grant is authorised by the Grant Holder, the Head of Planning Unit responsible for administration of the grant shall be notified on each occasion.

1.6 Departmental Purchasing Co-ordinator

1.6.1 Authority to purchase is devolved to Budget Holders and all Heads of Department have a duty to implement the Purchasing Policy within their departments. This includes the requirement to nominate a member/s of staff (“Purchasing Co-ordinator”) who will be responsible to the Head of Department and act as the main point of contact for all purchasing matters.

1.6.2 Each department's nominated Purchasing Co-ordinator/s are responsible for

- Raising orders with appropriate authorisation
- Checking goods received against the order/invoice
- Passing properly certified invoices for payment to Finance in the event of a query

2. The Purchase Order

2.1 Purchase of goods and services must be ordered, in advance, using the University's standardised format. Alternatively orders may be printed in an acceptable format agreed with the Finance Director. This is a matter, which comes under regular scrutiny and some criticism for non-compliance, from the external auditors. Failure to comply with the Regulation may therefore lead to disciplinary action.

2.2 Orders will be raised by departmental purchasers within the School/Unit requiring the goods or services regardless of value but in accordance with the University's Purchasing Regulations. All orders should be priced up excluding VAT so that commitment accounting can be achieved.

2.3 Preferred suppliers should be used wherever possible.

2.4 Ordering and requisitioning should follow the standardised format using forms, documents and systems approved by the Director of Finance. Internal requisitions and official Orders shall indicate clearly the nature and quality of the work, goods or services required. Orders should make reference to the University's credit period and any contract, conditions of use, quotation or agreed price relating thereto and shall also make reference to the University's General Conditions of Purchase for Goods and Services.

2.5 It is essential that accurate prices are quoted on the order, especially the copy that goes to the supplier. Prices should be based on a contract, quotation or a current price list with discounts and VAT shown as appropriate.

2.6 There are occasions where an order may not be raised. For example, an emergency call out or a 'standing order' or 'call off' arrangement where one order at the beginning of a year covers deliveries through the full twelve month period. However, these cases will be the exceptions, not the norm.

2.7 Blanket orders can be used where negotiated terms are agreed with a supplier and help to reduce unnecessary paperwork. They must be given a value, which acts as a maximum.

2.8 For Orders in excess of £25,000 (excluding VAT), the Order, must be sent to Purchasing Services for counter-approval on behalf of the Director of Finance before despatch to the supplier. The full documentation may be required for inspection at a later date by the internal auditors. Different thresholds apply to Estates expenditure as agreed with the Director of Finance.

3. Dispatch of Orders

3.1 After authorisation, the Order should be sent direct to the supplier.

4. Receipt of Goods

4.1 A check that the goods or services have been supplied satisfactorily to the agreed specification should be made as soon as is reasonably practicable after taking delivery. Part deliveries should be recorded as appropriate.

4.2 The supplier should be notified of any discrepancies within 48 hours of delivery.

5. Payments

5.1 The University does not undertake to accept any liability for the payment of any invoice unless the goods have been supplied in response to an Order authorised by a designated Officer.

5.1.1 It should be noted that if the Department receives a valid invoice for goods where an Order has not been raised, an order should still be created. Finance will process the invoice in the normal way. However, the Head of School/Unit will be expected to investigate the reasons for the normal procedure not being adhered to and report to the Purchasing Officer.

5.2 When the invoice is received in Finance, from the supplier, it will only be forwarded to the appropriate contact person in the School/Unit in the event there is a discrepancy or query.

5.3 An invoice will only be passed if it agrees with the order:

- Goods have been received, examined and approved as to quality and quantity or the work has been done satisfactorily;
- Prices are correct and in accordance with contracts or quotations where appropriate;
- Arithmetic is correct and discounts have been applied.

5.4 In the event of a query, invoices will be returned to the department. A certification slip must be attached to the invoice authorising payment.

5.5 Invoice queries shall be certified after receipt of goods to which they refer and sent to the Finance Directorate as soon as possible, it is expected this will be done within a week on receipt of the invoice query.

- 5.6 Credit Notes outside of the given tolerances should be processed by attaching a certification slip and following the same procedure as for invoices as above.
- 5.7 Payments required in advance of the goods or services being received should be certified on the supplier's official paperwork and sent to the Finance Directorate. An order should still be raised in all circumstances to enable pre-payment.
- 5.8 All supplier invoices must be certified to the University of Bradford.
- 5.9 Finance will verify authorisation and then post the invoice to the Purchase Ledger and arrange for payment to the supplier under the University's General Conditions of Purchase for Goods and Services.

5.10 Discrepancy

- 5.10.1 Should a departmental purchaser receive an invoice, which is inaccurate, under no circumstances must the invoice be manually altered. It is the responsibility of the Budget Holder to obtain a credit note from the supplier, and forward the documents to the Director of Finance for processing.
- 5.10.2 Care should be taken that discounts are not lost because of delays in approving a queried invoice. If the invoice is not submitted for payment because of an inadequacy in the goods or services of the company, attention should be drawn to that fact, together with a recommendation that the discount should be taken.
- 5.10.3 In the event of a complaint against a supplier that necessitates the withholding of payment, this complaint must be promptly and clearly communicated to the supplier in writing. Copies of any relevant correspondence should be sent to Finance and Purchasing Services for information. Telephone complaints do not constitute adequate notice to the supplier, who may continue to press for payment to the point of litigation. Purchasing Services can advise or assist in particular cases.

5.11 Purchasing Cards

Refer to Purchasing Card Procedures.

5.12 Routine Creditor Payments

Payments for UK invoices and travel claims are normally made fortnightly by cheque and Bacstell IP automated system. See Procedure 14-19 Creditors Handbook.

5.13 Urgent Payments

Occasionally it is not possible for a payment to wait for the routine payment run. Urgent payments should only be done where necessary and commercially justified. Manual cheques are raised daily for this eventuality.

5.14 Foreign Payments

Budget Holders should process foreign transactions in exactly the same way as any other payment. Weekly transfer or cheques can make these payments.

6. Purchasing Procedure

- 6.1 Purchasing procedures should follow a standardised format using common tendering and Order documents as approved by the Director of Finance.
- 6.2 The ability of a supplier to meet the University's requirements should be assessed before any contract is awarded or Order placed. The depth of the assessment will vary according to the value of the contract/order, the complexity of the requirements and financial consequences of the supplier not meeting their obligations. Clearly the resources dedicated to evaluation of suppliers of high value orders/contracts (over £10,000) will be much greater than that dedicated to suppliers of low value contracts/orders.

7. Conditions of Contract

- 7.1 An authorised representative of any potential new supplier must be asked to sign the University's General Conditions of Purchase for Goods and Services before they can be accepted as approved suppliers. One off suppliers will be exempt unless the order exceeds £1,000 excluding VAT. Potential new suppliers, which do not sign, should be referred to Purchasing Services before any transactions are completed.

Exceptions to requesting a supplier to sign the University's General Conditions of Purchase for Goods and Services are:

- a) Rail, Air, Hotel Service Providers
- b) Subscription

- 7.2 The University has formulated the following sets of Conditions of Contract and are detailed in the Purchasing Manual (Section 2):

- University of Bradford Standard Conditions of Purchase
- University of Bradford Standard Conditions of Contract for Services
- University of Bradford Standard Conditions of Contract for Consultancy Services
- Research Equipment Affinity Group Standard Conditions of Purchase

Where these conditions are used, advice should be sought from the Purchasing Office to include modifications where appropriate.

- 7.3 The Purchasing Co-ordinators or Budget Holders are particularly asked not to sign any suppliers' standard sale agreement. If a supplier requires that its standard form be signed, then this must

be forwarded to the Finance Directorate with a covering University Order ensuring the Order has not been issued.

8. Collaboration

- 8.1 In the interests of ensuring best value for money, departments should co-operate with one another to create specialist purchasing expertise in the various Schools / Units across the University. Working parties will be created as required and lead by a representative from the Purchasing Office in the first instance.
- 8.2 In the interests of ensuring best value for money, opportunities must be sought for aggregating and standardising demand for goods and services.
- 8.3 Co-ordinating purchasing arrangements for goods and services of a similar nature or from common source of supply, should be done through the Lead Buyers and by reference to the University's Purchasing Office.

9. Existing Agreements

- 9.1 If an existing University or public sector purchasing arrangement can be used which itself has been awarded by competitive means that agreement can be employed without recourse to a local tendering exercise. These include arrangements made by the regional purchasing group, national University agreements and government departmental agency contracts. Individual School / Unit purchasing agreements must be made available for the use of all other Schools Units.
- 9.2 Where suitable and cost effective supply arrangements are available at either a national, consortia or local level, departments will be expected to utilise them, unless there are good reasons for doing otherwise which must be agreed with the University's Purchasing Office and recorded and attached to the copy Order.
- 9.3 Details of all regional and national contracts and agreements are maintained in the Purchasing Office and are publicised on the www.
- 9.4 With regard to the regional purchasing group agreements it is the responsibility of the Purchasing Office and the University's Lead Buyers on the various regional commodity groups to ensure that these are widely publicised throughout the university.

10. Competitive Quotations and Tenders

10.1 Thresholds (exclusive of VAT)

Orders up to £5,000

For low value orders it is often possible to obtain value for money by reference to existing arrangements as referred to in Section 9. Where no such arrangements are available, purchasers should seek discounts as appropriate.

Orders £5,000 to £25,000

As above, it is often possible to obtain value for money by reference to existing arrangements. However, where no such arrangements are available, purchasers should obtain a minimum of three competitive quotes and regardless of source of funds should follow the University's quotation procedure.

Orders of £50,000 and over

must be referred to the University Purchasing Office and a Whole Life Costing exercise undertaken.

Orders £25,000 to £100,000

Orders and contracts of £25,000 to £100,000 for capital projects, goods and services, should follow the University's Tendering Procedures contained in the Purchasing Manual, and in accordance with the Research Councils Regulations and other grant awarder or outside body. Advice from Purchasing Services is available.

10.2 Exceptions

The exceptions to competitive tendering (>£5,000) are:

- a) there is only one source of supply which must be justified as per Section 11;
- b) the goods or services can be purchased through an existing University or public sector purchasing agreement which itself has been awarded by competitive means;
- c) the goods are of a class which has been recommended as being suitable for purchase by the Budget Holder or Lead Buyer, subject to the approval by the Purchasing Office.
- d) after consultation with the Purchasing Office it is agreed that time does not permit.

10.3 If the lowest quotation is not recommended for acceptance or if no quotation has been sought, a report shall be submitted to the Purchasing office specifying the reason(s) for its non-acceptance.

11. Single Source Tender

11.1 In exceptional circumstances, where there may be only a single source of supply, the tendering / quotations must still be applied, to ensure the University is protected against potential risk. Procedures may be waived with the written consent of the Purchasing Officer and authorisation of Head of Planning Unit.

11.2 Single source tenders for goods and services shall only be permitted when it has been satisfactorily established that there is only one supplier able to provide the goods or services or there are exceptional circumstances. The inviting of tenders from single sources shall be subject to the prior approval of the Purchasing Office.

11.3 Where goods and services are only available from a limited number of suppliers or from appointed agents where a manufacturer controls the price structures, competition shall be encouraged by actively inviting potential competitors to enter the market, adjusting specifications where possible to assist this objective.

12. Tendering Documentation

12.1 Departments must have a procedure for the issue and return of tender documents. The tenders shall be issued on documentation approved by the Director of Finance.

12.2 Tendering contractors/suppliers must be provided with a pre-addressed label addressed to the Purchasing Office and endorsed with the tender identification number, with which to return their tender.

12.3 Tender Register

12.3.1 All tenders issued shall be recorded in a register maintained by Purchasing Services and shall contain the following details:

- Number of tender ie number allocated to the tender label/envelope and documentation.
- Names of suppliers who are sent ITT documentation
- Date of issue
- Description of tender
- Signature of Sender
- Closing date
- Date of receipt
- Date opened
- Value of tender
- Signature of members of opening panel

12.3.2 All quotations issued shall be recorded in a register maintained by the buying department.

12.4 Receipt of Tenders

12.4.1 Incoming tenders will be identified by the tender reply label. Any envelopes or packages identified as tenders will be retained unopened by the Purchasing Officer in a secure place until the opening date.

- 12.4.2 Where a tender is opened by mistake prior to the opening date, the documents shall be retained until the opening date in the opened envelope. The envelope shall be marked 'opened in error', date stamped and signed by the Opening Officer.
- 12.4.3 Tenders shall be opened as soon as possible after the closing date in the presence of the Registrar (For EU tenders only), Purchasing Officer or nominated representative, and where appropriate, a person engaged in the project.
- 12.4.4 Tenders received late must be only considered in very exceptional circumstances. Those not accepted should be opened to identify the supplier and then returned to the sender with a covering letter explaining that they arrived late and could not be considered. The closing date must be strictly adhered to. All tenders received after the specified time must be returned to sender unless the tender envelope is postmarked prior to the closing date. Tenders received after other offers have been opened must not be considered.
- 12.4.5 At the appointed time of opening the tenders the Register of Tenders will be completed and signed to certify the tenders were opened and recorded correctly.

12.5 Acceptance of Tenders

- 12.5.1 There shall be a full evaluation of the tender and after appropriate comparison and negotiation, the tender providing the offer which gives best value for money related to the requirement should be selected. Reasons for not accepting the lowest tender must be fully clarified and recorded.
- 12.5.2 The most satisfactory tender will be accepted by written acknowledgement and placing a Purchase Order signed by the Head of Planning Unit or his nominee.

12.6 Tender – Audit Trail

Registers and any schedule prepared during opening of tenders shall be maintained for at least six years and available to Internal Audit for inspection on request.

13. Whole Life Costing

- 13.1 All purchases are to be made at the lowest overall cost consistent with the desired quality. Factors to be considered in achieving this requirement include price, service and maintenance costs, lifetime cost of the product including disposal, assured delivery times, compliance with specification, and adherence to terms and conditions.
- 13.2 All contracts should ensure best value for money. Tender evaluation for purchases of a single piece of equipment in excess of £50,000 should include a formal Whole Life Costing exercise, following the procedures detailed in the Purchasing Manual.

14. European Community Procurement Regulations

14.1 The University is legally obliged to comply with European Union Directives for the supply of goods and services.

14.2 All Heads of Department must follow the requirements of the Directives when making purchases that exceed the threshold. All such tenders shall be discussed with the University Purchasing Office before proceeding, where further information and advice may be obtained.

14.3 Prior to the issue of invitations to tender the departmental purchaser shall satisfy themselves that the firms to be invited are commercially acceptable.

Category	Contract Value	No. of Tenders Required
A	£1 million plus not less than 5 / OJEU	
B	£500k - £1m	not less than 4 / OJEU
C	£100k - £500k	not less than 4 / OJEU

EU Directives on tendering must be followed for all Goods and Services in excess of the thresholds and must be formally advertised through the OJEU. The thresholds relate to the total value of the contract being awarded (i.e. contract for 3 years with a value of £60,000 p/a would require and EU tender being issued).

The thresholds (exclusive of VAT)

EUROS	249,000	-	£156,442	-	Goods and Services
EUROS	6,242,000	-	£3,927.260	-	Works

14.4 The thresholds are changed periodically and Purchasing Co-ordinators will be informed of the changes by the Purchasing Office and on the www.

14.5 These EU tenders shall follow a standardised format using documentation approved by the Director of Finance. All EU tenders shall be discussed with the Purchasing Office before proceeding.

15. Supplier Appraisal

15.1 The performance of suppliers should be monitored and recorded as this provides an important information base to support effective management and selection of suppliers.

15.2 Suppliers with an annual expenditure in excess of £50,000, or those suppliers with a lower expenditure who are considered critical, shall be formally appraised on an annual basis. The Purchasing Office is responsible for ensuring that those relevant suppliers are appraised by a

nominated member of staff. Appraisals should be carried out using forms documents and systems approved and issued by the Purchasing Office.

16. Retention of Documents

For legal and audit purposes, the accepted quotation/tender documents, orders, and order records must be retained for six years. Original invoices must be retained in Finance for six years. Order records should be sufficient to justify the action taken in each case. Refer to Retention of Documents Working Party.

17. Unauthorised Purchasing

Order and store facilities are to be used only for conducting official University business. They are not for the private use of staff or other organisations supported by the University.

18. Ethics

18.1 It is the policy of the University to conduct its business and operations in accordance with the highest ethical standards. Every effort should be made to preserve the reputation of the University with all who do business with it by adopting a professional and correct approach at all times.

18.2 The University's code of ethics shall be based on that adopted by the Chartered Institute of Purchasing and Supply, a copy of which is available from the Purchasing Office. In particular, staff involved in the procurement of goods and services should follow the guidelines set out below.

18.3 Treat all suppliers and potential suppliers fairly and equally before a contract is awarded.

18.4 Declare to the Director of Finance any personal interest which may impinge upon, or might reasonably be deemed by others to impinge upon, their impartiality in any matter relevant to their purchasing duties.

18.5 Respect the confidentiality of information received in the course of duty and ensures that information given to suppliers is true and fair and not designed to mislead.

18.6 While bearing in mind the advantages to the University of maintaining a continuing relationship with a supplier, avoid any arrangement, which might in the long term, prevent the effective operation of fair competition.

18.7 Decline business gifts other than those of a very small intrinsic value such as business diaries or calendars.

18.8 Where overseas travellers consider refusal to accept a gift would jeopardise a business relationship the gift should be recorded in a departmental register, which details values and place of keeping.

18.9 Not accept hospitality, which may influence or be deemed by others to influence their business decisions and/or which is on a scale significantly greater than the University would be likely to provide in return.

18.10 When it is not easy to decide between what is and is not acceptable in terms of gifts and hospitality, the offer shall be declined or advice sought from the Director of Finance.

18.11 Disciplinary action may be taken against any employee found breaching the Code of Ethics.

19. Stores and Stock Management

19.1 Heads of Department shall ensure that only items used in sufficient volumes, or are critical to the operation of departments and sections using a store, are purchased for stock, and before making a purchase, that:

- The unit cost of the item is sufficiently low to warrant the expenditure
- The item is not obtainable from another costs centre within the university;
- The quantities purchased to keep in store reflect demand.

19.2 All stock shall be held securely, properly identified and stored in conditions that comply with all relevant Health and Safety requirements.

19.3 Stock taking

19.3.1 Stores Operators / Purchasing Co-ordinators are responsible for ensuring that all items held in stock are subject to a stock take every 12 months. This may comprise a full stock take annually at the financial year end or may be carried out cyclical basis. A cyclical stock take procedure involves periodic stock takes (weekly or monthly) of different items (or groups of items) of stock, such that over the course of a year all stock is checked.

19.3.2 On completion of the stock take, or annual cycle of stock takes, all variances between book stock and actual stock over £1,000 are to be reported to the Director of Finance.

19.4 Stock Review

19.4.1 Shelf life, stock level and rate of consumption should be reviewed regularly with a view to reducing wastage, working capital investment and space. All slow moving or potentially obsolete stock shall be reviewed and a decision taken as to when it should continue to be held in stock. Any subsequent disposal of such stock shall follow the procedures laid down for disposal of assets (refer to Section 20.5)

19.4.2 Details of stock levels, stock movements and stock value should be made available to the Purchasing Office as required.

19.5 Disposal

19.5.1 All goods sold to a third party must be under the University's General Conditions of Contract for the Sale of Goods.

19.5.2 Disposal of equipment other than by sale shall comply with University Policy and legislation pertaining to Health, Safety and Environmental requirements in all cases.

19.5.3 For disposal of waste electrical goods consult the relevant policy on the Estates web pages.