APPENDIX 5

Procurement Procedures

Section 1
Procurement Strategy

Background and Purpose
Lancaster University's 2020 strategy is to become a university that is globally significant – a leader in higher education that provides the highest quality research and teaching, and engages locally and internationally on the issues and debates of the day and future. The Procurement Team supports this strategy in its engagement with external suppliers and management of effective commercial arrangements to deliver best value for money. This includes consideration of sustainability objectives.

The purpose of this strategy is to provide a framework within which:

- The Procurement Department will support Lancaster University in the realisation of its vision and strategy;
- There is a proper focus to the University’s procurement activities, minimising commercial risk and giving due regard to the environmental and ethical impact;
- Procurement procedures and performance objectives are developed.

The Procurement Mission
To achieve best value for money in the procurement of works, supplies and services and support the University in delivering world-class research and teaching.

Overarching Procurement Aims and Objectives
Specific annual objectives are developed in line with the strategy and tracked by the Head of Procurement. The overarching aims in support of the strategy are:

- To deliver value for money through good practice procurement, including the application of a Category Management approach;
- To provide an excellent service to our customers and build constructive relationships with suppliers;
- To manage risk and create a positive impact on business operations;
- To continually drive improvements to the way we work that support the University in becoming a top 100 university of global significance;
- Seek opportunities to work collaboratively within the HE Sector, regionally and nationally;
- To endeavour to manage environmental and social impacts of procurement by the development and promotion of sustainable policies and practices.

Compliance
Procurement by or on behalf of the University must comply with the University’s Financial Regulations, all applicable UK and EU law, the laws of other countries as may be appropriate and any agreed contractual obligations.
Ethical, Social and Environmental Responsibility
The University recognises that its procurement decisions have a significant impact on the environment, society and the economy and is committed to improve sustainability in the supply chain.
The University complies with its obligation under the Modern Slavery Act 2015 to publish a Slavery and Human Trafficking Statement annually.
The University will consider how procurement activity can improve the social, economic and environmental well-being of the local area.

Our Commitment to Our Suppliers
Procurement will be conducted so that any supplier with the necessary abilities has a fair opportunity to secure business. We will work with local businesses, small and medium enterprises to assist their participation in appropriate tender opportunities.
The University’s standard payment terms are 30 days from the date of invoice against a valid purchase order.

The Procurement Team
The Procurement Department is responsible for undertaking the procurement of all goods and services on behalf of the University. Each team member has a training and development plan relevant to their job description and where appropriate, aligned with the Chartered Institute of Procurement and Supply (CIPS) and/or the Higher Education Procurement Association (HEPA).
The procurement process will be undertaken in accordance with the Procurement Procedures (Appendix 7 of the Financial Regulations), guidance issued by HEPA and CIPS.

Section 2
Procure to Pay Process Summary
The process of Procure to Pay will be managed entirely by the central Procurement team. The following summarises the whole Procurement to Payment route for all goods and services and the actions necessary by user departments.

i) Source
- The Buyers’ Guide on our website has a list of the University’s preferred suppliers locally and nationally.
- Fast track online catalogues (Marketplace) are in place for labs consumables and stationery.
- If your requirement is under £2500 go directly to request and order stage.
- Above £2500, obtain three quotes.
- Above £25,000 (where the total expenditure with the supplier will not exceed £50,000) attached three quotes and a signed contract under the University’s terms and conditions which can be found at http://www.lancaster.ac.uk/procurement/procurement/terms--conditions/
- Without 3 quotes or an agreed contract on the University’s terms, your requirement may need to be tendered.
- Above £50,000 contact the Category Management Team for guidance.

ii) Request and Order
- Raise a request through the Purchasing Portal.
- We process requests within 1.5 working days.
- Same day processing for Marketplace orders placed before 2pm.
• A purchase order (PO) will be raised in Agresso, routed to the budget approvers and emailed to the supplier once approved.

**iii) Receipt**
• Inform procurement that you have received your goods and services via the portal.
• Goods must be receipted before invoices can be paid.

**iv) Pay**
• Supplier emails invoice to Accounts Payable quoting the relevant PO. If the invoice is sent to the ordering department or does not contain a valid PO it cannot be paid.
• Once the PO matches the invoices and goods or services have been receipted then the invoice is passed for payment.
• Payments are made weekly. Invoices passed for payment on a Monday will be credited to the supplier’s account on the following Thursday.

**v) Contract and Supplier Management**
• Where the contract is for a one-off purchase the monitoring of supplier performance may be limited to ensuring that the goods or service are delivered on time and to the quality specified. Once the goods are delivered or service completed the recipient should advise Procurement of any issues or matters arising from the Procurement.
• Where the contract is for provision over a period of time it is important to monitor the supplier’s performance. The nature of contract management will be agreed when the contract is let and will be jointly carried out by Procurement and end users.

**Section 3**

**Competitive Tendering and Quotations**

All budget holders are required by the Financial Regulations to obtain, goods, services and works at the most economically advantageous whole life cost, consistent with quality and delivery requirements and in accordance with sound business practice.

Subject to any additional rules imposed by funding bodies, the University’s competitive tendering procedures will apply to all expenditure over £50,000 excluding VAT. Below that level, quotations should be obtained in accordance with clause 19.6 of the Financial Regulations.

For purchases where the total expenditure with the supplier is below £50,000 and no preferred supplier exists, budget holders and delegated users in departments may undertake the sourcing exercise themselves.

Guidance is available from the Procurement team and sample forms are available on the procurement website.

Sourcing from only one supplier without alternative quotes is permitted above £2500 only in exceptional circumstances. For example, in relation to the upgrade of existing system or supplies where for reasons of compatibility no alternative exists or in cases of extreme urgency imposed by a 3rd party. Where goods or services are supplied by only one source, proof of this will be required, such as evidence that the requirement was advertised and only one suitable supplier responded.
Where there are no sources of competition available, a quotation must still be obtained and a Single Supplier Request form completed with a full explanation of why competition was not possible.

**Section 4**  
**Procurement of Consultancy Activity**

All expenditure for Consultancy over £5,000 (including VAT) must be approved by the Vice-Chancellor.

A Consultancy Authorisation form must be completed and approved prior to the commitment of any expenditure and in the first instance should be forwarded to the Director of Finance. This authorisation is required over and above the approvals within the existing delegations of approval.

Prior to completing the form and seeking authority to commit University expenditure the appropriate sourcing activity should be undertaken in accordance with the Financial Regulations and these Procurement Procedures.

Should you be unable to comply because of the specialist nature of the requirement then this should be explained on the form.

Please contact Procurement for assistance and advice in obtaining quotations and undertaking competitive tenders.

Where it is the intention to appoint a sole trader or someone who is self employed then it is the responsibility of the purchaser to check employment status. In some instances, the University may be responsible for the payment of income tax.

**Section 5**  
**Conflict of Interest**

Purchases from companies with a person of significant control who is a University employee or where there is a familial, social, commercial or political relationship with an employee, must be strictly controlled.

All purchases where any of these circumstances apply must be referred to the Head of Department or the Dean/Divisional Director, where the Head of Department is involved, for approval and under no circumstances must the employee lead the contract negotiation or management of that supplier.

A conflict of interest declaration is kept for each tender undertaken by Procurement.
Section 6
Use of ebay and Other On-Line Auctions

The same care and regard to the Financial Regulation and Procurement Procedures should be taken when selecting on-line suppliers as would be taken when raising a purchase order. The Procurement team is able to pay for transactions using PayPal however, there are risks associated with bidding on an electronic website such as ebay. It is often more difficult to assess whether the organisation is bone fide and whether they are financially stable. Payment is usually required in advance of delivery, which is contrary to normal procedure and the department making the decision to buy from such a supplier will bear the risk should the item not be as advertised or is not delivered following payment.

Section 7
Sale and Disposal of Assets

IT equipment and software should always be returned to ISS to for potential reuse and otherwise for safe disposal to ensure that university data is removed. Please refer to ISS website for details.

Except for IT equipment and software, each department is responsible for managing the sale and disposal of its surplus assets and the Head of Department is accountable for all decisions taken in relation to that disposal.

Although special consideration must be given to the disposal of potentially hazardous items and those items that no longer comply with legislation, under normal circumstances the best value outcome to the University must be the major consideration when disposing of assets. The current value of the item should be established at an early stage in the process to ensure best value.

Once value is established, the first step should be to offer items for re-use internally. If re-use is not possible, the University has contracts in place with a number of disposals companies. Details can be found on our Buyers Guide webpage.

If assets are to be transferred either permanently or temporarily to another organisation, e.g. a Research team moves to another University, a detailed agreement must be made with that organisation as to the payments, loan periods, ownership, warranties, disposal, etc.

Section 8
Purchasing Cards

The Purchasing Card System, is a VISA based charge card system used to procure low value goods and services. Whilst it is still essential that all purchases are authorised prior to the commitment of expenditure, many low value purchases can be purchased more will be more efficiently using the Purchasing Card.

Purchasing cards are issued to individuals, nominated by their Head of Department or Manager, and who are authorised to make purchases on behalf of their department. The card is used to place orders for low value goods and services in agreed categories and up to a predetermined spending limit. There is a monthly credit limit assigned to each card as well as a maximum limit for each transaction.
It is recommended that purchasing cards are used in departments for:-

- emergency purchases,
- couriers
- low value on-line purchases (less than £1,000)
- low value foreign payments
- higher value foreign payments in consultation with procurement and with the appropriate temporary increase to the credit limit

Members of staff issued with a Purchasing Card must sign a User Agreement prior to taking ownership of the card. In signing the agreement they are confirming they:-

- understand that they are making financial commitments on behalf of Lancaster University, will purchase in line with the procurement policy and strategy set out in this appendix and will seek to obtain the best value, using recommended suppliers wherever possible.
- will only use the Lancaster University Purchasing Card for the procurement of goods and services on behalf of Lancaster University. The University Purchasing Card must never be used to make personal purchases, either for the cardholder or for others.
- agree that should they violate the terms they will reimburse the University for all charges incurred and for any fees related to the collection of these charges. Any card misuse will result in withdrawal of the card facility.

All transactions are loaded on a daily basis into workflow in Agresso for verification and approval. These should be actioned as soon as possible to ensure purchases are correctly accounted for and must be completed prior to month end.

Application forms are obtained from Procurement and must be approved by both the Head of Department and Dean, or equivalent, prior to a new card being ordered.

 Guidance on the use of Purchasing Cards can be found in the Procurement webpages at http://www.lancaster.ac.uk/procurement/procurement/procurement-policy--forms/

### Section 9

**Travel Guidance and Travel & Expense Cards**

**Travel Guidelines**

Travellers are requested to consult with the central travel team in anticipation of a trip. The central travel team will advise the best way to organise, book and purchase travel. For the majority of requests a traveller can simply submit an online request for their booking. The link is located at https://staffportal.lancs.ac.uk/request/

Users can also book routine trips such as UK train travel directly at this link. All travel quotations/bookings associated with travel on University business should be sourced through the University’s approved Travel Management Suppliers. This will ensure a duty of care for travellers and opportunities for the University to collaborate arrangements offering value for money. Exceptions outside of this policy must be agreed with the central travel team in advance and recorded to enable reclaims through e-expenses.
For all flights, a traveller profile will need to be completed in advance.

Traveller profiles are paramount to the accuracy of the data on the booking as this information is used to produce a ticket for travel. If the name on the ticket does not match the name which appears on the traveller’s passport, this may result in the trip being cancelled on arrival at the outbound airport.

Please discuss details with the travel team in advance of the booking.

Health and Safety for Travellers

If you are travelling outside Western Europe consult with your GP in advance so that they can give you any immunisations and advice. A source of advice on health travel can be found on www.masta.org. If you take prescribed medication you may need a doctor’s letter to confirm details to foreign customs. If travelling from the UK to EU, it is advisable to take your EHIC card with you as this allows you to access “National Health” services.

Risk Management

Risk management needs to be considered for all trips. For trips outside Europe a suitable and sufficient risk assessment(s) must be carried out by the individual or lead member of staff.

Within Europe and the UK where the trip is a routine meeting or conference, a risk assessment may not be appropriate. The nature and complexity of the risk assessment will vary with the type of activity being undertaken, and therefore should be proportionate to the level of risk identified. Details are located on the University’s safety office web pages: http://www.lancaster.ac.uk/depts/safety/riskassess.html

Related documents:-

i) Travel Insurance Cover
http://www.lancs.ac.uk/depts/purchase/local/insurance/travel.html

ii) Expenses Policy
http://www.lancs.ac.uk/depts/finance/Section/ApprovedExpensesManual.pdf

Travel and Expense Cards

The Corporate Barclaycard Card or Travel and Expense (T&E) Card, as it is more commonly known, is a VISA based charge card, available for use by frequent travellers, i.e. University personnel who travel and incur significant expense on University business and who otherwise would need to make frequent and large expense claims

Unlike most visa based cards it is not a credit card and therefore it does not incur monthly interest. Instead any amounts charged to your T&E card (of which the cardholder is the sole signatory) will be settled monthly through the university bank account.

The card has a monthly credit limit which is set at the point of ordering but can be adjusted if authorised.
The T&E card can be used to pay any business expenses where Visa is accepted, including cash if authorised and enabled with a PIN number. It should not be used for the purchase of goods or services unless there is an emergency requirement whilst you are away from the University. Members of staff being allocated a T&E Card must sign a User Agreement prior to taking ownership of the card. In signing the agreement they are confirming they:

- understand that they are making financial commitments on behalf of Lancaster University and will seek to obtain the best value, using recommended suppliers wherever possible.
- will only use the card for travel and subsistence expenses and not for the purchase of goods and other services and that they will not use the card to make personal purchases, either for themselves or for others.
- will ensure all expenses are in accordance with the Expenses Manual and any dispensations agreed from time to time between the University and the Inland Revenue and that if they exceed any such dispensation it must be declared.
- agree that should they violate the terms they will reimburse the University for all charges incurred and for any fees related to the collection of these charges. Any card misuse could result in withdrawal of the card facility and/or disciplinary action.

Expenditure must be reported on a monthly basis by completing the transaction log and forwarding with all receipts to Finance, Accounts Payable. Failure to do this on a timely basis may result in the card being withdrawn.

Application forms can be obtained from Procurement and must be approved by both the Head of Department and Dean, or equivalent, prior to a new card being ordered.