

APPENDIX 5

Procurement Procedures

Section 1

Procurement Strategy

Background and Purpose

Lancaster University's strategy is to become a university that is globally significant – a leader in higher education that provides the highest quality research and teaching, with positive engagement locally and internationally. The Procurement Team supports this strategy in its engagement with external suppliers and management of effective commercial arrangements to deliver best value for money.

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 mitigate 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 minimise the negative and maximise the positive environmental, social and ethical impact of our expenditure.

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. More specifically:

We have declared a climate emergency and aim to be net carbon zero by 2035;

We seek to minimise the risk of human rights abuses occurring in our supply chain,

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 to allow any supplier with the necessary abilities 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 to pay invoices with a valid purchase order within 30 days of the date of invoice.

The Procurement Team

The Procurement Department is responsible for undertaking the purchasing 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 is undertaken in accordance with these Procurement Procedures, applicable legislation and guidance issued by HEPA, CIPS and Crown Commercial Services.

Section 2

Procure to Pay Process Summary

The process of Procure to Pay (P2P) is managed by the central Procurement team. The following summarises the P2P 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 that staff should buy from;
- If your requirement is under £2500 go directly to Request and Order stage below;
- 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](#);
- 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;
- Fast track online catalogues (Marketplace) are in place for labs consumables, stationery and other frequently purchased items;
- Same day processing for Marketplace orders placed before 2pm;
- A requisition will be raised in Agresso, routed to the budget approvers and emailed to the supplier as a Purchase Order (PO) once approved.

iii) *Receipt*

- Inform procurement that you have received your goods and services via the portal;

iv) *Pay*

- All invoices must be sent to Accounts Payable quoting the relevant PO. If the invoice 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 is normally 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 a contract is put in place 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 on sourcing is available from the Procurement team and sample forms are available on the procurement web site.

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

Where it is the intention to appoint a worker or contractor through a limited company or another type of intermediary, off-payroll rules (IR35) may apply. It is the responsibility of the purchaser to check employment status and in some instances, the University may deduct income tax from payments.

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.

Where any of these circumstances apply, a decision on how to approach purchasing must be referred to the Head of Department or the Dean/Divisional Director, where the Head of Department is involved as soon as the potential conflict arises. Under no circumstances must the employee lead the contract negotiation or management of that supplier.

Where external advisers are involved in the purchase or tender, a conflict of interest declaration is required.

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 auction sites 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 using on-line auction sites. It is often more difficult to assess whether the organisation is bone fide and whether they are financially stable. Payment is made 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](#) web pages.

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. Many low value purchases can be purchased more efficiently using the Purchasing Card although it is still a requirement for all purchases are to be appropriately authorised and made in line with the both the Procurement Procedures and Expenses Policy. All cardholders must read and ensure they understand the relevant policies before using their 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.

The use of Purchasing Cards in departments is limited to low value, one off purchases. Currently the maximum permitted value is £2500 but most cardholders will have significantly lower transaction limit. The University's Procurement policy and Expenses policy apply equally to Purchasing Card expenditure and transactions are regularly audited.

Use of purchasing cards for IT equipment including PCs, Laptop, Tablets or Mobiles Phones is prohibited.

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 Expenses policy and Procurement policy 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 and with the express permission of the card holder. 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. Card activity is monitored and misuse will result in withdrawal of the card facility may result in disciplinary action.

Further guidance on the use of Purchasing Cards can be found in the [Procurement webpages](#)

Section 9

Travel

Travel Guidelines

All travel on University business should be booked with the University's approved travel providers. This will ensure a duty of care for travellers, opportunities for value for money and more sustainable options. Self-service tools are designed for travellers to book their own flights, hotels and UK rail travel, on the Purchase Request Portal on the staff intranet [at this link](#).

For more complex flights, car hire, airport taxis and European rail travel, a request should be made via the Travel Request portal at the above link.

For all flights, a traveller profile needs 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.

Health and Safety for Travellers

Risk management needs to be considered for all trips and where appropriate (generally when travelling outside of Europe) a sufficient risk assessment must be carried out. Details on risk assessment can be found on the Safety Office website. The Foreign, Commonwealth and Development office guidance must be followed.

<https://www.gov.uk/foreign-travel-advice>

Travel and Expense Cards

The Corporate Barclaycard Card or Travel and Expense (T&E) Card, 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.

Members of staff 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 University travel providers where they are able to meet requirements;
- will only use the card for travel and subsistence expenses and not for the purchase of goods and other services;
- will not use the card to make personal purchases, either for themselves or for others;
- will ensure all expenses are in accordance with the staff Expenses Policy;
- 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.

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.