



Northern Ireland - Ireland

European Regional Development Fund

VICTIMS SUPPORT PROGRAMME

&

PEACE IV

Guidance Note on Procurement

G5/VSS

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Please note: in this document “Programmes” refers to both the Peace IV and the Victims and Survivors Programme. Peace IV refers to the EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland 2014-2020.

1. Introduction and Background

- 1.1. During the implementation of the Programmes, it is assumed that almost every funded organisation will be required to buy goods and/or services, eg, purchase of client treatments, procurement of respite trips, etc. Whenever purchases are made, contracts awarded and external suppliers engaged, public procurement rules must be observed. These rules are intended to ensure a transparent and fair competition and aim to achieve value for money.
- 1.2. Best value for money should be the key consideration in purchasing goods and services – obtaining the most advantageous combination of cost, quality and sustainability to meet customer requirements, i.e MEAT: Most Economical Advantageous Tender. **A competitive process carried out in an open, objective and transparent manner can achieve best value for money in public procurement.**
- 1.3. The use of open competition either through a price check or inviting quotations or tenders is the only acceptable method of procurement that can demonstrate best value has been achieved in the use of public funds.
- 1.4. This Guidance Note outlines the key requirements of Managing Public Money NI (MPMNI). The table at [Annex 1](#) details the necessary procurement thresholds and procurement processes for VSS funded organisations.
- 1.5. This Guidance Note should be read in conjunction with:
 - Standard Terms and Conditions of Grant, in particular Section 4.3

2. Responsibility of the Funded Organisation

- 2.1. As an Arms Length Body (ALB) of The Executive Office (TEO), The Victims and Survivors Service (VSS) must comply with public procurement procedures. It is essential that not only are correct procedures followed but that supporting documentation to this effect is retained to verify this by funded organisations.
- 2.2. The funded organisation is responsible for compliance with the procurement guidance set out in this document and any further guidance or updates that are issued during the funding period.

3. Failure to Comply with Procurement Rules

- 3.1. Failure to comply with the procurement guidance set out in this document, or in future guidance notes issued, will lead to the related expenditure being deemed ineligible and in recovery action. Repeated breaches of procurement guidance will impact on funding that is made available and could lead to a suspension or cessation of funding.

4. Fundamentals of Procurement

- 4.1. The procurement process should satisfy the 12 guiding procurement principles:
 1. **Accountability:** The Responsible Officers of the funded organisation are ultimately responsible for procurement within the organisation. They must satisfy themselves that authority for procurement is appropriately delegated;
 2. **Competitive Supply:** Procurement should be carried out by competition unless there are convincing reasons to the contrary;
 3. **Consistency:** All suppliers should expect the same treatment in a procurement exercise;
 4. **Effectiveness:** Any procurement process should have clear aims and objectives;
 5. **Efficiency:** Procurement processes should be carried out as cost effectively as possible;
 6. **Fair Dealing:** Suppliers should be treated fairly and without unfair discrimination, including protection of commercial confidentiality where required. Funded organisations should not impose unnecessary burdens or constraints on suppliers or potential suppliers;
 7. **Integration:** In line with the Executive's policy on joined-up government, procurement policies should pay due regard to the Executive's other economic and social policies, rather than cut across them;
 8. **Integrity:** There should be no corruption or collusion with suppliers or others;
 9. **Informed Decision Making:** Funded organisations need to base decisions on accurate information and to monitor requirements to ensure that they are being met;
 10. **Legality:** Funded organisations must conform to any applicable legal requirements;
 11. **Responsiveness:** Funded organisations should endeavour to meet the aspirations, expectations and needs of the community served by the procurement;

12. **Transparency:** Funded organisations should ensure that there is openness and clarity on procurement procedures being employed.

4.2. The procurement process should also satisfy the following five principles:

1. Procure the right **Goods or Service** – Ensure you purchase the right goods. For higher value items (those over £5,000) draw up a specification document or Terms of Reference (ToR) outlining exactly what is required. Consult with those who may be affected by the procurement, as to what you think is required.
2. Buy the right **Quantity** – often the larger the quantity the better the price. Negotiate with your supplier for volume reductions then make fewer orders. However, always ensure that the volume you are buying will be used.
3. Purchase items of the right **Quality** – a cheap item may not offer best value for money if it breaks down regularly and an expensive item may be over specified for the job it is intended to do. Ensure that the item or service you are buying is of sufficient quality to meet your needs.
4. Purchase at the right **Price** – there are three categories of costs when considering price:
 - Purchase price – which covers the up front/initial cost of the item;
 - Lifecycle costs - which include other costs that may be incurred in owning and running the item; and
 - Wholelife costs - all running costs associated with the item throughout the period of the contract.
5. The right **Location** – ensure that the supplier knows exactly where you need the goods to be delivered.

5. Documents to be retained

- 5.1. In order to demonstrate compliance with the principles of procurement, the full purchasing procedure should be **documented and retained**, including:
 - the brief/specification of goods/services required, commonly referred to as the Terms of Reference (ToR) or Invitation to Tender (ITT);
 - the selection and award criteria, normally detailed in the ITT;
 - evidence of the required quotations/tenders being requested (including advertisements where applicable). Evidence of the advertisement **must** include the name and date of the newspaper;
 - the quotations/tenders submitted, including the unsuccessful submissions;
 - appraisal/evaluation/assessment of tenders including the decision making rationale for selection of the preferred supplier;

- evidence of communications issued to successful and unsuccessful suppliers;
 - evidence of conflicts of interest declared by assessment panel members. See example at [Annex 2](#).
- 5.2. All documentation must be appropriately signed and dated. **Any retrospective creation of documentation will automatically result in the tender competition being declared null and void, referral to the VSS Chief Executive for investigation and the expenditure will be declared ineligible.** This will also impact on the funding that is made available and could lead to a suspension or cessation of funding.
- 5.3. VSS reserves the right to contact third party service providers in order to verify authenticity of documentation presented for verification.

6. Planning for Procurement - Tendering Principles

- 6.1 The funded organisation must include realistic budget projections for the Letter of Offer should goods and/or services be required. The following section outlines the basic steps, but must only be considered as advice, as it remains the responsibility of the funded organisation to ensure they have the most up to date information.
- 6.2 Before you commence tendering for goods or services at the project implementation stage it is important that you familiarise yourself with the following steps:
1. Start the tendering process at an appropriate time to allow completion before the required goods or services are needed;
 2. Specify the goods or services you require in a ToR;
 3. The ToR should not be unduly restrictive as to prevent potential suppliers from competing in the competition. ToR documents which are considered unduly restrictive or favouring one supplier over another will render the procurement process invalid and subsequent expenditure ineligible;
 4. Follow the guidance in the procurement thresholds ([Annex 1](#)) to establish the number of quotations required;
 5. A Procurement Checklist is attached at [Annex 3](#) which can be used to assist funded organisations in relation to procedures to be followed for each threshold. The use of the Procurement Checklist is not mandatory but recommended as an aide memoire;
 6. Prepare the tender paperwork/ToR, the selection and award criteria, including the weighting of each, should be stated in the specification and

- made available to potential suppliers. Please note that this criterion must be clearly outlined in the tender document and **cannot be changed** after the tender has been issued. Selection criteria must be clear about the number of years of experience/examples of previous work that is required;
7. The same list of goods and/or services must be presented to all suppliers;
 8. If a prospective supplier asks a question from the funded organisation (usually a clarification question on an aspect of the tender) the funded organisation must ensure that the information in the answer is circulated to all the suppliers invited to submission a quotation/tender;
 9. Establish an Evaluation Panel to assess the tenders. A suitably qualified and experienced individual must supervise the tendering process;
 10. Ensure tenders are opened at the same time and no advance knowledge of bids is made available to anyone prior to this opening or during the tendering process;
 11. Any conflict of interest or potential conflict of interest at any stage of the process must be fully recorded ([Annex 2](#));
 12. The selection criteria and weighting used to assess quotations/tenders must be clearly set out in the ToR/ITT
 13. Evidence of the above must be maintained on file, including the unsuccessful tender documents;
 14. Documentation including notes of decisions and assessment of tenders must be retained. Where scores are awarded against criteria, the reasons for awarding the scores must be recorded. The award of a score for cost must be computed on an objective mathematical basis, with the lowest price receiving 100% of the available score and all other tenders receiving scores proportionately;
 15. The Evaluation Panel must be careful to preserve equality of treatment of tenderers and to fully understand and document the reasons for all their decisions that lead to the selection and rejection of tenders and/or the award of a contract;
 16. Receipts, invoices and copies of all bids must be retained for inspection.

7. Confidentiality

- 7.1. The contents of each tender must not be disclosed to any party outside of the formal evaluation process. Each tender should be viewed as restricted commercial material until after the award decision.

8. Evaluation Criteria

- 8.1 There are two distinct criteria which can be applied in the evaluation of tenders

and when both are used together, they must always be clearly and separately identified:

- Selection Criteria
- Award Criteria

8.2 The criteria for evaluation (ie, the selection and award criteria) should be clearly set out in the ToR or ITT which should be made available to all potential suppliers. The weighting given to the various criteria should be stated. **Selection criteria must not be scored.** Selection criteria must result in a pass or fail answer. Appropriately specified experience or other criteria may be used as selection or award criteria.

8.3 Only those tenders that have met the selection criteria will then proceed to the award criteria.

8.4 The **award criteria** should be linked to the subject matter of the contract to determine that an offer is the most economically advantageous and can include but is not limited to:

- Quality;
- Price;
- Technical merit;
- Aesthetic and functional characteristics;
- Running costs;
- Cost effectiveness;
- Methodology;
- After sales services;
- Technical Assistance;
- Delivery date and delivery period;
- Contingency; and
- Period of completion.

8.5 **Please note that for legal reasons experience may not be used as an award criterion for scoring tenders.**

8.6 There is no requirement, however, to use both selection criteria and award criteria. For the majority of low value procurements selection criteria will not be required. This type of approach (ie, the use of selection and award criteria), however, is considered useful when there are numerous suppliers available to submit bids.

8.7 The names of all Evaluation Panel members must be recorded and evidence that a conflict of interests declaration has been completed.

- 8.8 The tenders received should be scored according to the award criteria included in the ToR. There can never be additional award criteria added during the ITT evaluation process if it was not stated in the original tender documentation.
- 8.9 When scores are awarded against criteria, the reasons for awarding the score must be recorded. The award of a score for cost must be computed on an objective mathematical basis, with the lowest price receiving 100% of the available score and all other tenders receiving scores proportionately. All score sheets must be signed and dated by tender panel members.
- 8.10 A clarification meeting, including a presentation by, and interview of, the providers may be arranged if desired. Again, this step should be clearly outlined in the ToR/ITT. Arrangements for such interviews must be consistent with the principles of procurement outlined in Section 4 above.

9. Direct Award Contracts

- 9.1 A Direct Award Contract (DAC) is normally only applicable where there is only one supplier of the service. This is highly unusual.
- 9.2 Competitive tendering is recommended for all procurement exercises to ensure value for money and transparency, therefore, funded organisations should rarely, if ever have a requirement for a DAC.
- 9.3 In **exceptional** circumstances, if there appears to be no option but to use a DAC, then a full rationale must be forwarded for approval to your dedicated Programmes Support Officer within VSS. Approval must be received **before** any procurement of goods services takes place.
- 9.4 All DAC require the written approval of the VSS Chief Executive Officer.
- 9.5 Failure to comply with this approval process will lead to the expenditure being deemed ineligible and potential recovery procedures.

10. Further Guidance

- 10.1 Procurement can be a complex area. If there are any queries, the VSS would encourage funded organisations to seek guidance from their appointed Programmes Support Officer before commencing procurement exercises.

Annex 1: Procurement Thresholds for Goods and Services

Estimated value of Goods or Services (incl VAT)	Quotations / Tender Requirements	Minimum Documentation to Retain
Up to £200	<p>Procurement not required, however, must demonstrate value for money, ie, that the cost incurred for the goods and services can be considered reasonable.</p> <p>For one off items, not de-aggregated requirements, ie, contracts for goods and services should not be deliberately spread across several procurements to bring them under the £200 limit. If this is seen to be happening, the resulting expenditure will be deemed ineligible.</p>	
£200 - £5,000	A “price-check”, in advance of the contract award, with at least 2 suppliers who ordinarily supply the relevant good/service	<p>A price-check can take the form of an oral or written quote, internet check, leaflet, or similar.</p> <p>Details of all price checks must be retained for examination.</p>
<p>VSP - £5,000 - £30,000</p> <p>PEACE IV - £5,000 - £25,000</p>	A minimum of 3 written quotations sought through a tender process from competent suppliers who ordinarily supply the relevant service.	<ol style="list-style-type: none"> 1. Evidence that appropriate number of quotations were sought from prospective bidders/suppliers (copy of emails, letters issued, etc) 2. Terms of Reference/Specification sent to all potential suppliers. 3. All tenders/quotes received and evidence they were received within the specified timeframe (date stamped). 4. Documented evidence of evaluation of tenders/quotes to include: signed scoring matrix, names of assessment panel members, note of decision making. 5. Correspondence with the successful and unsuccessful suppliers. 6. Contract or equivalent awarded to successful supplier. 7. Documented changes or addendums to contract.
VSP £30,000 and over	A tender process undertaken by the Central Procurement Directorate within the Department of Finance, co-ordinated by the VSS	
PEACE IV £25,000 and over	VSS funded organisations do not have any procurement over £25k. If in doubt, please contact your VSS Programmes Officer.	

Annex 2: Conflict of Interest for Tender Panel Members

1. _____ is committed to protecting the integrity of its procurement process and protecting those involved in “Tender Process” by ensuring that no conflict of interest exists. With that in mind:
 - a. Any member of a “Tender Evaluation Panel” should not have any Conflict of Interest (personal or monetary) in the tender that he/she has been asked to evaluate.
 - b. Any member of a “Tender Evaluation Panel” who declares a Conflict of Interest in a particular tender will **NOT** be permitted to be involved with that tender,
 - c. Please note that tender documentation will not be released to the panel until completion and return of the declaration confirming **NO** conflict of interest exists.
 - d. The names of the companies who have returned documents are attached. Please read carefully.

SECTION A

Tender Evaluation Panel Members and any other involved in the tender process must carefully read the statements at (i) and (ii) below and delete the statement that does **NOT** apply.

- i. I hereby declare that **I do not have** an external personal or monetary interest in the subject matter of the tender referred to below.
- ii. I hereby declare that **I have** an external personal or monetary interest in the subject matter of the tender referred to below.

Tender: _____

Signed: _____ **Printed:** _____

Date: _____

Annex 3: Procurement Checklist

Funded Organisation:

Type of Good / Service Required:

Value of Goods / Services:

Complete boxes below

Procurement of Goods / Services: **Up to £200**

There is no requirement to obtain a price-check or quotations for goods or services with a value of £200. However, funded organisations should assure themselves that value for money is being obtained. The box below should be completed if a value for money exercise has been completed:

	Yes	No
Has a price-check been completed or quotations sought?	<input type="checkbox"/>	<input type="checkbox"/>

Procurement of Goods / Services: **£200.01 - £5,000.00**

	Yes	No
Has a price-check been completed or quotations sought from a minimum of 2 suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
Is there a written record?	<input type="checkbox"/>	<input type="checkbox"/>
Provide a separate, detailed rationale for any question answered with No above. Provide written evidence of all quotes/price checks received.		

Signed:

Position:

Date:

Procurement of Goods / Services: **£5,000.01 - £30,000 (£25,000 if PIV)**

	Yes	No
Were 3 written quotes sought and received?	<input type="checkbox"/>	<input type="checkbox"/>
Was a Terms of Reference or ITT issued to suppliers prior to responses?	<input type="checkbox"/>	<input type="checkbox"/>
Are all tenders/quotes received within the specified timeframe and date stamped?	<input type="checkbox"/>	<input type="checkbox"/>
Was an Evaluation Panel convened?	<input type="checkbox"/>	<input type="checkbox"/>
Was there an individual scoring matrix prepared, and signed by each panel member?	<input type="checkbox"/>	<input type="checkbox"/>
Did each Panel member complete a Conflict of Interest declaration form?	<input type="checkbox"/>	<input type="checkbox"/>
Was there an agreed group scoring matrix prepared by the Panel Chair and signed by all panel members?	<input type="checkbox"/>	<input type="checkbox"/>
Are there adequate reasons for rejection/acceptance of Tenderers?	<input type="checkbox"/>	<input type="checkbox"/>
Have decisions been communicated to all suppliers by post?	<input type="checkbox"/>	<input type="checkbox"/>
Were the reasons for rejection included in correspondence to the unsuccessful suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
If the answer to any of the questions above is No , any resulting expenditure will be deemed ineligible .		

Signed:

Position:

Date: