



What is Procurement?

Procurement is the acquisition of goods and/or services - simple procurement may involve nothing more than repeat purchasing. Essentially procurement is about spending money and managing how money is spent.

It is important for a community organisation to employ best practice in terms of procurement when acquiring goods and services and to adopt a procurement policy. This provides a form of protection by way of keeping clear records for audit trails, ensuring segregation of duties and hence ensuring the organisation is legally accountable for any contract decisions taken.

An organisation's procurement policy should include:

An organisation's adopted procurement policy should include:

Purchase Ordering Procedures – All purchases should go through an ordering system. To make a purchase, an order number should be obtained and an order form completed. The person requesting the purchase must complete an order form with full details including cost, supplier, date of event or meeting and cost centre, for example, if in receipt of two grants a community organisation should code to the related funder(s). The order number received must be given to the supplier to quote on invoices or related documentation. Authorisation should be obtained before the order is placed.

Segregation of Duties - This includes systems employed to carry out checks and sign and approve orders and payments. It is good practice for goods received to be checked off against copy order documentation before the delivery note is signed. Any discrepancy between actual goods and delivery note details should be noted on the delivery note before acceptance (or rejection) of goods. When the invoice is received, the copy

from the order book along with the delivery note should be attached to the back of the invoice and passed for processing. Approval of the stamped invoice should normally be by the same person who requested the order. The invoice should then be forwarded for authorisation.

- **Authorised Cheque Signatories** - This should be in line with internal guidelines and the bank mandate. Cheques should always have more than one signatory.
- **Quotations & Tendering** - Appropriate limits should be set to purchase goods/services and provide guidance for the award of contracts.

Benefits of Procurement

- Provides best value route
- Provides a structure for managing suppliers/services
- Provides better management of risk
- Provides better quality services for the stakeholders/users

Why is procurement necessary?

In our everyday lives we follow procurement considerations when purchasing goods and services for our homes. We automatically shop around and negotiate to obtain best value for our money. The same principles should be followed when in receipt of public funding.

Quotations and Tendering

Depending on an organisation's adopted policy, the person responsible for a specific piece of work is responsible for obtaining the appropriate quotations. Two oral quotations are necessary for items/services between £500 and £1,000 (noted in writing by group). If the cheapest supplier is not chosen, the reason must be documented. These quotations are valid for a specific piece of work or for a year from the date of selection, whichever is appropriate. The quotations pro forma must be used

to detail all information (a sample pro forma is provided below). Where less than two quotations have been obtained, reasons for this must be clearly documented.

Opening of Tenders

The tender envelopes should be opened at the specified time by two people. The tender form should be signed and dated in the appropriate place by both people.

The date of opening, company name and amount quoted should be recorded on a tender schedule (further information on templates and procurement procedures can be sought from RCN). To ensure that no other tenders can be introduced at a later date, the unused portion of the schedule should be ruled through.

Award of Contract

After the tender schedule has been prepared, a decision on the successful tender should be taken as soon as possible.

Acceptance of a tender and the award of a contract will be made on the basis of the offer which:

- (a) offers the lowest price, or
- (b) is the most economically advantageous to the organisation.

Criteria which may be used to determine that an offer is the most economically advantageous include price, delivery date, running costs, cost effectiveness, quality, aesthetic and functional characteristics, technical merit, after sales service, and technical assistance (whole life costs).

Note: Where the lowest tender has not been accepted, the reasons for this decision must be recorded and retained on file.



Quotations Pro Forma

Quotes for the purchase of goods and services between £500 and £1,000

Supplier	Item	Cost inc VAT	Purchased from (tick box)

Where less than required/stipulated number of quotes obtained, please give the reason.

If the cheapest quote was not selected, please give the reason.

Signed: _____ Date _____

Approved by _____ Date _____
(Management)

Example of Tendering

A group may wish to purchase a given product or service. If the cost for that product/service is over the threshold that has been established (eg Group X policy: 'any product/service desired that is over £1,000 requires a bidding process'), depending on policy or legal requirements, Group X is required to state the product/service desired and make the contract open to the bidding process. Group X may have ten bidders that state the cost of the product/service they are willing to provide. Then, Group X will usually select the lowest bidder. If the lowest bidder is deemed incompetent to provide the desired product/service, Group X will then select the bidder who has the next best price, and is competent to provide the product/service.

EU Guidelines for quotations and tenders for items/services

Below £1,000	2 oral quotations
£1,001 - £10,000	3 tenders
£10,001 - £30,000	4 tenders
£30,001 – and above	Open tendering secured by public advertisement (Group should discuss minimum requirements with Funding Body)