

## PURCHASING & LOGISTICS DEPARTMENT

### PROCUREMENT GUIDE

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## Contents

1. Introduction	3
2. The Purchasing and Logistics Department	4
3. Principles of Procurement	4
4. Definition of Terms	7
5. How to get what you need	10
6. Terms used for requisitioning	12
7. What happens to the requisition ?	15
8. Who can place purchase orders ?	15
9. Emergency / Out of Hours Ordering	16
10. Receiving Goods	16
11. Returns	17
12. Financial Thresholds	17
13. Quotations, Tendering and Contract Management	20
14. Agreements with Suppliers	25
15. Goods on loan or “free trial”	25
16. Frequently Asked Questions	26
Appendix A : Code of Ethics	28
Appendix B : Contact Details for Purchasing & Logistics Staff	29
Appendix C : Emergency Ordering Procedure	31

## 1.0 Introduction

- 1.1 The Purchasing and Logistics Department is part of the Finance Directorate, with responsibility for ensuring that all purchasing within the Trust is carried out in accordance with:
- European Union Procurement directives
  - UK Procurement Legislation
  - National Health Service Directives
  - E.S.T.H.'s own policies & procedures, especially but not limited to:
    - Standing Orders
    - Standing Financial Instructions (SFIs),
    - Scheme of Delegation
    - Medical Devices Policy
    - Environmental Policy
- 1.2 This guide is to help end users obtain the best value for the Trust and its patients and to make the process as easy to use as possible within the framework of the Trust's policies and procedures for non-pay expenditure.
- 1.3 It is important to note that this guide also applies to:
- Capital purchases
  - Purchases via charitable funds
  - Elements of pay expenditure relating to the contractual arrangements for agency temporary staff.
- 1.4 There are three essential requirements that the Purchasing and Logistics Department must fulfil at all times:
- Ensure that the Trust complies with all the relevant rules and regulations relating to procurement
  - Strive to achieve the best value for money for customers in the Trust
  - Be professional, objective and ethical in the department's business relationships.
- 1.5 The procedures for good practice apply to all staff and cover all areas of non-pay expenditure including the areas listed at para 1.3 above. They can only be varied with specific written authority as set out in the Trust Standing Financial Instructions and Scheme of Delegation.

## 2.0 The Purchasing and Logistics Department

2.1 Purchasing and Logistics (P&L) is made up of three teams:

- a. **The Category Team** (split into Medical & Surgical and Non-Medical & Surgical) which is responsible for supporting the Trust's procurement aims by ensuring compliance with SFIs and researching opportunities for Best Value and Cost Improvement Savings (C.I.P.) by means of tendering and quotations as well as through supplier management.

The Category Team is responsible for the procurement of:

- Goods and services
- Capital projects (equipment),
- Minor equipment i.e. items with a value of less than £5,000
- Assisting the Estates & Facilities Dept. in procuring services provided to the Trust such as Catering and Transportation
- Consultancy Services
- Building projects (the tendering process only)
- Maintenance of equipment

- b. **The Supply Chain Team**, encompassing **the Materials Management (MM) and the Receipt & Despatch (R&D) teams.**

- i. The MM team is responsible for the day-to-day buying, ordering and putting-away of managed areas for stock and managed non-stock by way of PAR (prevention against run-out) level top-up through e-DC (electronic data capture) which is a NHS Supply Chain processing function.
- ii. The R&D team is responsible for the receipting of deliveries through the R&D point and the logistics of delivering them to the correct end user

- c. **The Support & Systems Team** which is responsible for procurement administration, building and maintaining e-catalogues, providing iProcurement training on SBS Oracle and helpdesk support.

## 3.0 Principles of Procurement

3.1 The following principles apply to all purchasing within the Trust:

3.1.1 All clinical and non-clinical products and services – including items purchased with donated money (i.e. charitable funds) – must be purchased using the official requisitioning process. Please note that Standing Financial Instructions and EU Procurement legislation also apply to the purchase of items purchased with charitable funds.

3.1.2 Trust procedures for procurement apply to all departments and to all staff.

3.1.3 The majority of goods and services must be ordered on an official purchase order, raised and issued by the Purchasing and Logistics Department (see 'Who Can Place Purchase Orders' - Section 8)

- 3.1.4 There are some categories of expenditure where there is no benefit to paying via a purchase order such as utilities and clinical agency staff. These payments are made via the non-P.O. route. ( see the Procurement section on the Trust's Intranet for the 'P.O. Exception' Report).
- 3.1.5 Where there is either a national or local contract in place with a supplier, it must be used to place an order unless it can be demonstrated that an alternative would be better. Care must be taken not to break the terms and conditions of an existing contract where, for instance, a supplier has been granted exclusivity for a specified period.
- 3.1.6 No one may place a purchase order with a supplier, unless they have obtained an order number from Purchasing and Logistics or have formal authority from the Director of Finance.
- 3.2 The Executive Directors and Divisional/Directorate management teams are responsible for ensuring that financial procedures are followed. Divisional/Directorate accountants ensure that financial procedures are being used correctly and can advise on their use. Purchasing and Logistics are responsible for ensuring that procurement is compliant with all relevant legislation and best practice and that best value is obtained.
- 3.3 Failure to comply with procedures, or any divergence from them, should be reported to the Director of Finance as required by the Trust Standing Financial Instructions
- 3.4 **Legal and ethical concerns**  
Whether verified or not, all concerns about the legal and/or ethical conduct of suppliers should be logged. It is worth noting that poor legal and ethical practices often manifest themselves initially as minor and unverifiable incidents - a pattern of behaviour may, if such incidents are logged properly, become apparent well before any provable wrongdoing.
- 3.5 **Gifts, hospitality and other inducements**  
Only gifts of small intrinsic value - pens, desk diaries and the like - may be accepted from actual or potential suppliers. Gifts of real worth should be reported, and returned to the supplier with a polite explanation of why the offer is unacceptable. Suppliers who persist in making such offers should be made aware that the Trust will cease to deal with them. On occasion it is necessary both to give and receive hospitality. However, any hospitality offered or accepted must be modest and proportional to the occasion, and of the type and scale that would be offered if the situation were reversed. Invitations to visit user sites, attend specialist conferences, association annual dinners and the like as the guest of a supplier should be treated with caution and approved in advance by the line manager. Invitations extended to a spouse or other guest will be declined except in exceptional circumstances which should be approved by the line manager. All invitations to sporting occasions and other functions with little or no business content should be reported and declined. This applies at all times, not just in working hours. Invitations should be declined politely but firmly. Some inducements are unavoidable, as they come packaged with the product. The obvious example is 'air miles' earned on business travel. All benefits gained through spending the Trust's funds are the property of the Trust and should be reported and surrendered (although if they are of no value to the Trust the Head of Purchasing may authorise the recipient to retain them).

**3.6 Conflicts of interest**

When dealing with suppliers, potential conflicts of interest can sometimes arise. Spouses or other relatives may be employed by the supplier company or possess shareholdings or other stakes; personal friendships may grow up over time. Such potential conflicts should be reported to your manager as soon as they are identified. They will not normally prevent our trading with the company concerned, but it may be in everybody's interests to arrange for the expenditure to be handled by someone else.

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#### 4.0 Definition of terms

<b>Bravo Solutions</b>	The Trust's e-tendering and contract management tool
<b>C.P.S.G.</b>	This Clinical Procurement Steering Group is the high-level forum for senior members of the clinical directorates and Procurement to agree on and monitor Trust-wide savings initiatives.
<b>e-DC</b>	Electronic Data Capture
<b>Indemnity Form</b>	Protects (indemnifies) the Trust against litigation taken out by third parties, when the product or service which causes the accident is owned and insured by a supplier.
<b>Invitation to Tender</b>	The formal document issued by the Purchasing and Logistics Department to seek offers from prospective contractors for the supply of goods and services.
<b>Lead time</b>	The time taken from ordering the goods to actual receipt.
<b>Materials Management</b>	The process of ordering (also known as MM), supplying and putting away stock and non-stock items to pre-agreed levels on behalf of wards and departments.
<b>Multiquote</b>	A web-based tool which allows the Trust to obtain rapid turn-around quotations for lower-value ( < £ 20,000 ) purchases
<b>NHS Supply Chain</b>	National Health Service Supply Chain, currently provided by DHL, responsible for the NHS's warehousing and logistics operation. Goods ordered from NHS Supply Chain are known as 'Stock'.
<b>OJEU</b>	Official Journal of the European Union. This is the website on which tenders above a lifetime value of (currently) £ 113,057 must be published.
<b>On contract</b>	Means that the goods/services required are formally recognised as a commodity that may be bought from a supplier who has been awarded a formal contract or framework agreement by the Trust or any external body with whom we have a suitable agreement.
<b>Purchase Order (PO)</b>	Contract document raised to order goods/services requested on a requisition.
<b>Pre Qualification</b>	This document (known as a PQQ) is used

<b>Questionnaire</b>	as part of the tendering process in order to establish the general ability of a bidder to supply the required goods or service e.g. their financial status and their history of supplying similar goods and services. This should lead to a shortlist of no more than 6 bidders who will be invited to tender
<b>Purchasing Advisory Groups</b>	These are meetings (known as PAGs) which Procurement hold with individual directorates on a regular basis in order to ensure a joint approach to all purchasing activity, product standardisation, product trials etc.
<b>Purchasing Index (P.I.)</b>	A spend analysis tool used by Procurement which provides a breakdown of the Trust's expenditure and also allows the Trust to benchmark its price/volume profile against other participating London NHS Trusts.
<b>Purchase-to-Pay (P2P)</b>	This refers to the business processes that cover requisitioning, purchasing, receiving, paying for and accounting for goods and services
<b>Quotation</b>	The offer for goods or services valued below £ 20,000 received from a supplier
<b>SBS Oracle iProcurement</b>	A module of the Trust's integrated Finance/ Purchasing system that enables the on-line requisitioning and approval of goods and services.
The link to the Oracle User Guides is :	(1) <a href="http://insight/eProc/iprocurement quick reference guides.html">http://insight/eProc/iprocurement quick reference guides.html</a> for the Quick Reference Guides and (2) <a href="http://www.sbs.nhs.uk/tm-trust.html">http://www.sbs.nhs.uk/tm-trust.html</a> for the SBS Oracle iProcurement P2P Training Manuals
<b>Scheme of Delegation</b>	(SoD) The Trust's Delegation of Authority scheme that devolves responsibility for specific aspects of financial control and management.
<b>Single Tender Action</b>	Purchasing without obtaining competitive quotations or tenders. STA's (or waivers) should be exceptional and only apply e.g. in sole supplier scenarios or where bridging expenditure is required while a tender process is run in parallel.
<b>SOLO</b>	NHS Supply Chain Online Ordering

**Stock item**

Goods ordered from NHS Supply Chain. These items are listed in the NHS Supply Chain catalogue or online at [www.supplychain.nhs.uk](http://www.supplychain.nhs.uk).

**Standing Order**

An official purchase order that authorises product deliveries at set intervals over an agreed period of time.

**Top up**

Another name for materials management, the automatic ordering and replenishment of goods on a ward or department from a catalogue of products agreed with the ward/department manager.

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## 5.0 How to get what you need

5.1 The following products and services are available in-house:

<b>Drugs and Sterile fluids</b>	Contact the Pharmacy Department
<b>Sterile packs</b>	Epsom – contact HSDU St. Helier – contact Epsom HSDU
<b>Estates Services</b>	Contact the Estates department helpdesk based at Sutton Hospital (723) 3939
<b>Catering</b>	Epsom – (701) 6555 St. Helier – (721) 2195
<b>Cleaning</b>	Epsom - (701) 6391 St. Helier – (721) 3561 Sutton- (723) 4442

5.2 Purchasing and Logistics need to order all other products and services from external sources (the Trust holds no stock on site except on individual wards and departments).

**For Non stock/stock products** Enter requests on-line via SBS Oracle iProcurement for non-stock items and via NHS Supply Chain Online for stock items

### Exceptions

**IT hardware and software** The requisitioner should contact the Information Services (IS) department (on 721 2333) for guidance on specifying the Trust's requirements and selecting the standardised equipment most suitable for their needs and budget. The paper IS requisition (IT7) then needs to be completed and countersigned by the budget holder before forwarding to the IS Dept. IS then input the requisition into SBS Oracle iProcurement and it is sent electronically for the Asst. Director of Performance and Information to approve. Once approved, it is passed to Purchasing & Logistics to raise a purchase order. Please note that all purchases of hardware and software must be approved by the Asst. Director of Performance and Information. It is important to involve IS as early as possible in the procurement process to ensure that the necessary approvals to proceed with the project are obtained and that there are no delays in placing an order.

5.3 Stock catalogue manuals for products purchased via NHS Supply Chain are available via the Materials Management team on request. They will be delivered to

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the departments on the next scheduled delivery date or by placing an order via SOLO for non-materials-managed departments. (see appendix B for staff details).

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## 6.0 Terms used for requisitioning

6.1 These are some terms that are commonly used in the requisitioning process:

<b>Authorised Signatory/ Approver</b>	Is not necessarily the Budget Holder. Authorised Signatories are able to approve expenditure up to a maximum value in accordance with the Scheme of Delegation. In SBS Oracle iProcurement the Authorised Signatory is known as the Approver.
<b>Budget</b>	The amount of money available to spend to support the work of the ward/department.
<b>Budget Holder</b>	The person responsible for the expenditure and management of a ward, department or area's budget.
<b>Catalogue Product/Item</b>	A product included in the SBS Oracle iProcurement electronic catalogue
<b>Cost Centre</b>	<p>Six character reference number eg K12345 used to identify the ward/department/area that the goods are charged to. The budget holder will know the number(s) which he/she is responsible for. These character references will default to a particular 'Deliver-to-Location' but this can be changed by the requisitioner in the Requisition Information Screen (without changing the 'Deliver-to-Location')</p> <p>In NHS Supply Chain the Cost Centre is linked to the Requisition Point and cannot be changed</p>
<b>Deliver-to Location Code</b>	<p>The Deliver-to Location Code, is an alphanumeric code which identifies the ward or department on the Trust's SBS Oracle iProcurement purchasing system. It is used to ensure that the goods are delivered to the right department. This is <b>not</b> the same as the Cost Centre, e.g. A2 and B Block Theatres at St. Helier use the same cost centre but have different Deliver-to Location Codes.</p> <p>These start with RVR followed by 4 figures and then description. Where the 4<sup>th</sup> character is a 0 the delivery is via Receipt and Despatch, a 1 denotes direct delivery. eg</p> <p>RVR0717 PURCHASING &amp; LOGISTICS ELIZ WD and RVR1717 PURCHASING &amp; LOGISTICS ELIZ WD - DIRECT DELIVERY. These should default when a requisition is raised. If not please contact the eProcurement Helpdesk on (723) 4060</p>

<b>eClass</b>	NHS-eClass (known as Category when raising an SBS Oracle iProcurement requisition) is the NHS bespoke classification system for products and services, used to facilitate the accurate analysis of expenditure. For e-Catalogue items this will default into the requisition line. For non-catalogue items the Requisitioner must enter the details. A copy of the SBS Oracle iProcurement Category Listing can be found on the Purchasing & Logistics page of the Trust Intranet : <a href="http://insight/eproc/index.html">http://insight/eproc/index.html</a>
<b>Non-Catalogue Item</b>	An item or service entered as 'free-text' in SBS Oracle iProcurement
<b>Non-pay expenditure</b>	Money spent on everything except staff pay.
<b>Non-stock item</b>	Any product not supplied by the NHS Supply Chain
<b>NSV Code</b>	An alphanumeric code used by NHS Supply Chain incorporating 3 letters and 3 numbers, for example, ABC123. This code is unique to a product, and identifies it to the purchasing system. It should not be confused with a supplier's product code which can usefully be included in the product description on a non-stock requisition.
<b>Product Code</b>	Usually the supplier's product code. There are also 'product codes' in SBS Oracle iProcurement for all items included in the electronic catalogue.
<b>Quantity, Qty.</b>	How many of each ' <i>Unit of Measure</i> ' or ' <i>Unit of Issue</i> ' are required.
<b>Requisition</b>	The electronic document raised by a ward or department, specifying the goods/services required and authorised by an appropriate signatory from the Scheme of Delegation, to enable Purchasing and Logistics to obtain costs and raise an order
<b>Requisitioner</b>	The person who is writing or inputting the requisition, and usually the contact for any queries about the requisition.

**Requisition Point / Deliver to Location**

Each ward and department is identified by a number – the internal delivery point – in the purchasing system.  
In NHS Supply Chain the requisition point is a 6 figure code beginning with 150 eg 150717.  
In SBS Oracle i-Procurement , the Deliver-to-Location starts with RVR followed by 4 figures and then the description. Where the 4<sup>th</sup> character is a 0 the delivery is via Receipt and Despatch, a 1 denotes direct delivery.  
eg RVR0717 PURCHASING & LOGISTICS ELIZ WD  
and RVR1717 PURCHASING & LOGISTICS ELIZ WD - DIRECT DELIVERY

**Requisition Point Number**

Similar to Deliver-to Location Code, it is a 6 figure code beginning with 150 eg 150717 which identifies the ward or department on the Trust's purchasing systems. It ensures that the goods are delivered to the right department. This is not the same as the Cost Centre, e.g. A2 and B Block Theatres at St. Helier use the same cost centre but have different Requisition Points. The Budget Holder should have details of the Requisition Point. If not, please contact the eProcurement Helpdesk on (723) 4060

**Ship-to Address**

The address to which the supplier will deliver goods. This is usually Receipt & Despatch but there may be exceptions depending on the site and type of goods/service being delivered. These are linked to the Deliver-to Location

**Subjective Code**

Sometimes referred to as Expense Code or Account Code. Four digit reference number used to identify the type of product ordered for the budget statement and finance system. The budget holder should be able to advise on this. Alternatively, details can be found on the Trust Intranet

<http://insight/services/Finance&IS/Finance/index.html>

and use the SBS – Financial Code Converter

**Unit of Measure**

Also known as Unit of Issue. This is the 'pack size' that the item is sold in, eg each, box of 10, box of 100 etc.

## 7.0 What happens to the requisition ?

- 7.1 SBS Oracle iProcurement requisitions for **catalogue items** (products selected from the electronic catalogue) generate a Purchase Order on approval and are auto-emailed/faxed to the supplier after approval.
- 7.2 SBS Oracle iProcurement requisitions for **non-catalogue** goods or services follow the process detailed below :
- Checks are carried out by Procurement & Logistics to ensure that best value will be obtained from the suggested supplier. If not, alternative suppliers may be approached.
  - Checks are carried out to ensure the procurement is in accordance with financial limits and Trust policies
  - An official, numbered purchase order document is created which is emailed or faxed to the supplier
- 7.3 **NHS Supply Chain Stock items** will be ordered as soon as the requisition has been authorised

## 8.0 Who can place purchase orders?

- 8.1 The only departments that currently have authority to place purchase orders with external suppliers are:

**Purchasing and Logistics** for non-pay spend including goods purchased with charitable funds (excluding drugs and pharmaceutical products)

**Pharmacy** for drugs and pharmaceutical products

**Estates & Facilities** for departments within the Directorate

- 8.2 **Procurement order via the following four routes:**

**SBS Oracle iProcurement** which is the facility for end-users to create requisitions by entering 'shopping baskets' on-line for goods and services.

**E-Catalogues** : where items are regularly used by the Trust (but not bought via NHS Supply Chain), they should be loaded as e-catalogue products that are available to order via the SBS Oracle iProcurement system. Orders are generated automatically on approval of the requisition whereas non-catalogue items require buyer intervention.

**Materials Management or 'top-up'** which enables many wards and departments in the Trust to have a pre-agreed catalogue and stock levels of products which are ordered and put away for them by the Materials Management team.

**Remote Requisitioning** using SOLO (NHS Supply Chain Online Ordering) which allows a department to order goods online through the NHS Supply Chain online catalogue.

- 8.3 Staff in wards and departments should always send requests (requisitions) for goods and services to the Purchasing & Logistics Department via the e-procurement system.

Departments not managed by the Materials Management team will place their own orders on SOLO and have to go through their approval process.

- 8.4 It is important to remember that an order is a legally binding contract to purchase and there may be no way of avoiding the commitment if a mistake is made. Consequently, staff should not place orders directly with suppliers.
- 8.5 An approved requisition gives Purchasing and Logistics authorisation to order the goods, and commits a department to paying for them.
- 8.6 The authorisation on the e-procurement system is designed to ensure that all requisitions comply with the limits to approve expenditure referred to in para 12.5 . A similar process is managed by Finance where invoices are not covered by an order. These invoices are approved via the Non-PO Notification process in SBS Oracle iProcurement.

## 9.0 Emergency / Out of Hours Ordering

Requisitions for catalogue items will automatically, and immediately, convert to a Purchase Order on approval. Provided the Purchase Order is approved before 4 p.m. (Monday to Friday), it will be emailed or faxed to suppliers on the same day; otherwise, it will be sent the next working day.

Requisitions for non-catalogue items are usually processed within 48 hours.

If an order must be placed in advance of these time-frames or outside of standard working hours, please refer to the 'Emergency Ordering Procedure / During and Out of Hours Ordering Procedure' (Appendix C)

## 10.0 Receiving Goods

- 10.1 **Stock** (NHS Supply Chain). Delivered directly to R & D and then delivered to end user via the R & D team. If there are any missing goods or the delivery is incorrect, the end user should telephone R & D (see Appendix B for contact details) to notify the discrepancy (see para 11 : 'Returns')

**Non-stock.** Ordered by Materials Management or by Purchasing & Logistics and which have a delivery address of Receipt & Despatch. They are receipted by the Logistics Rep. and delivered to the end user with return of signed proof of delivery for filing

10.2 If there are any missing goods or the delivery is incorrect, the end user needs to telephone Purchasing and Logistics and ask the Category Team so that they can contact the supplier to rectify the mistake. P&L will ask the supplier to raise a credit note against the error and request redelivery of missing or replacement of incorrect goods. Then SBS can match the original delivery invoice with the credit note and secondary delivery invoice

10.3 It is the relevant end user's responsibility to ensure that any electrical items are safety-checked by the Electro Medical Physics Engineering Departments before they are used. Please liaise with the Medical Physics Technicians:

Epsom 701 5353  
St Helier 721 2268

**10.4 For direct deliveries:**

When goods are ordered as a direct delivery to a department, it is the requisitioner's responsibility (or another requisitioner within the department but not the approver) to receipt directly onto SBS Oracle iProcurement. Delays in confirming or recording the receipt of goods will delay the payment of invoices and cost time and money – it can also prejudice the supply of future orders.

10.5 Departments should generally expect to receive goods within a week of the order being sent to the supplier. If goods do not arrive, Wards and Departments should e-mail : [eProcurement@esth.nhs.uk](mailto:eProcurement@esth.nhs.uk) with details of the order number and the Helpdesk will forward the request to the appropriate buyer.

10.6 For help or information regarding invoice Notifications please contact:  
Non-Purchase Order Invoices:  
Non-PO Time-Out Mgr : 723 3814

Purchase Order Invoices:  
PO Time-Out Mgr : 723 3809

**11.0 Returns**

11.1 If NHS Supply Chain (e-DC or SOLO) ordered stock or managed non-stock products are no longer required for whatever reason, the end user should contact the MM team immediately in order to facilitate or help facilitate the return within a 3-working-day turn-around period as required by NHS Supply Chain.

**12.0 Financial Thresholds**

12.1 Purchasing and Logistics' role is to obtain the maximum possible benefit from the money spent by the Trust on goods and services, constantly seeking value for money, reliability, responsiveness and innovation for the delivery of health care, employing the above principles.

12.2 The Trust's Purchasing and Logistics department should therefore be involved, prior to initial contact being made with suppliers, to advise on the necessary procurement procedures for the intended purchase to avoid compromising the Trust.

12.3 The purchasing process becomes more rigorous as expenditure increases. The financial limits listed below and detailed in the following paragraphs apply to all purchases undertaken by the Trust:

- Purchasing Limits
- Requisition authorisation
- Approval process to award a contract
- Approval process for an extension to a contract
- Waiver of Standing Financial Instructions

#### 12.4 **Purchasing Limits**

12.4.1 The complexity of a purchasing process to obtain best value is governed by the following controls set out in the Trust's Standing Financial Instructions.

<b>Up to £5,000*</b>	One quotation required
<b>From £5,001 to £20,000*</b>	At least 3 written quotations.(estimated time up to 3 weeks)
<b>£20,001 to £113,057*</b>	Local Tender with between three and six formally competitive written offers. (estimated time up to 3 months)
<b>Above £113,057*</b>	OJEU tender for Supplies and Services except building works which have a higher threshold.(estimated time 6 to 12 months – may be longer for extremely complex contracts)

- All of the above figures are exclusive of VAT and are for the expected lifetime of the contract including built-in extension options.

#### **It is important to note that:**

- It is not acceptable to split orders to avoid financial thresholds.
- The above limits apply equally to charitable fund purchases which are also subject to SFIs and EU Procurement legislation.
- The only exception to EU Procurement legislation applying to charitable fund purchases is where the asset is donated. However, the Trust has an obligation to demonstrate that it has used donated funds appropriately and that the Trust has obtained best value for the goods or services purchased.
- If the rules for purchases over the EU threshold are not adhered to and the Trust receives a formal challenge, the contract may be set aside and the Trust fined up to 10% of its total annual turnover if the challenge is successful.
- If quotations or tenders cannot be sought, perhaps because there is only one possible supplier or to meet a temporary need whilst a full tender process is

carried out, then a Single Tender Action / Waiver must be obtained. See para 12.8 below

## 12.5 Requisition authorisation

Requisitions can only be authorised by the appropriate person as set out in the Finance Directorate's Scheme of Delegation, the current version of which can be found in Datix on the Trust's Intranet

## 12.6 Approval process to award a contract

As above, see Scheme of Delegation in Datix

## 12.7 Extending a contract

12.7.1 Although a contract may allow for a period of, eg 5 years, often the contract will include a clause that states a minimum, core contract period of 3 years, expressed as 3+1+1 meaning that a 3 year contract may be extended one year at a time for a total of two years (i.e. 5 year contract in total)

The above clause is included to allow the Trust the flexibility to terminate the contract at the end of the minimum contract period, if e.g.:

- there has been a change in technology which will allow the Trust to improve patient care by entering into new contractual arrangements
- new products may have entered the market that will improve patient care.
- the market for these goods or services has become more competitive due to an increase in the number of suppliers of these goods or services or production costs have reduced. In this instance re-tendering the contract prior to the end of the minimum contract period could reduce the cost to the Trust by the end of year 3.

12.7.2 Where a tendering exercise is expected to take a minimum of 6 months, the market review and approval process will need to be commenced at least 9 months before the end of the minimum period, particularly where Trust Board and/or Executive Committee approval is required. Note that the Procurement Dept. has a record of all the Trust's known contracts and will inform the relevant end-users about approaching contract end / renewal dates. All tender exercises above the (lifetime) value of £ 20,000 will be managed by Procurement through Bravo, the Trust's e-tendering and contract management tool. Below £ 20,000, Procurement will obtain 3 quotations and manage the process through 'Multiquote'.

## 12.8 Waiver of Standing Financial Instructions

12.8.1 In exceptional circumstances, as set out in the Standing Financial Instructions, there may be a requirement to obtain approval for single tender or quotation action. In such circumstances Purchasing and Logistics should be approached to discuss the reason for the request and ascertain if it meets the criteria for consideration of approval of single tender action.

12.8.2 If so, a numbered form will be issued for completion. This is a "Request to waive Standing Financial Instructions" (also known as Single Tender Actions) which will include guidance on how it should be completed.

12.8.3 The form should then be returned to Purchasing and Logistics. The Head of Purchasing and Logistics will then consider the reasons for the request and make a recommendation to the Director of Finance for final approval.

Waivers completed incorrectly and not containing relevant supporting information will be returned to the requisitioner for further details to be submitted.

Once the Director of Finance (and, depending on the value, also the Chief Executive) has countersigned the waiver, Procurement will contact the requisitioner, who will then raise a requisition.

12.8.4 Purchasing and Logistics regularly provide a report to the Audit Committee of all approved waivers of Standing Financial Instructions .

### 12.9 **Reporting to the Purchasing Department**

The following must be reported to and recorded by the Purchasing Department:

- any actual or potential unethical approach or inducement, evidence of restrictive practices, possible conflicts of interest
- information on illegal or unacceptable practices by a supplier which could be to our discredit if we were known to be a customer
- failure by a supplier to meet our requirements, in terms of quality, quantity or delivery
- all requests by a supplier to vary the terms of a contract after it has been agreed
- occasions where the prices or other terms offered by a preferred supplier or under a call-off contract appear to be less favourable than is available elsewhere in the marketplace
- reluctance or refusal by a preferred supplier to bid for a contract, or to enter a realistic bid; reluctance or refusal to supply under the terms of an existing framework or call-off contract
- warranties, guarantees, service agreements and so on must be lodged with the Purchasing Department.

## 13.0 **Quotations, Tendering and Contract Management**

### 13.1 **Objective**

To ensure methods are defined and that requests for Quotations and Tendering are handled, evaluated and replied to in an appropriate Manner.

To ensure methods are defined for effective Contract Management on behalf of the Trust.

### 13.2 **Responsibilities**

It is the responsibility of the Head of Procurement to ensure that this procedure is complied with and that the relevant records are maintained.

It is the responsibility of the Head of Procurement to ensure that all Quotations, Tenders and Contracts are handled and managed in a fair and unbiased manner.

### 13.3 **General**

Staff carrying out Quotations, Tendering and Contracts Processes will be competent to undertake the work required.

The Head of Procurement will determine and provide the resources required to carry out Quotations, Tendering and Contracts Processes.

It is the responsibility of staff to familiarise themselves with the relevant Trust Standing Financial Instructions. The Head of Procurement will provide advice and guidance as necessary

It is the responsibility of the Head of Procurement to ensure that all items required for Quotations, Tendering and Contracts Processes are purchased in compliance with Trust SFIs, the Trust SOD and all relevant legislation and that risk assessments are undertaken for activities associated with these processes.

#### 13.4 **Issue of a quotation request**

Invitations to quote for goods/services are issued through Multiquote.

The number of quotations to be invited will be at least three. Potential suppliers will be asked to provide quotations if:

- The value of goods required from a non-contracted company/companies is going to be between £5,000 and £20,000 (excluding VAT) for the lifetime of the contract in line with current Trust Standing Financial Instructions.

#### 13.5 **Selection of supplier following quotation process**

Each quotation will be analysed by a member of Purchasing and Logistics staff with possible consultation with the Head of Procurement. The contract will be awarded and the customer will then be notified of the decision.

Evaluation will be based on the best Value for Money for the Trust. Evidence of this will be recorded in Multiquote.

The successful supplier, together with brief details of the reason for the award, the total value and the order number will be recorded in Multiquote.

The successful supplier will be notified of the decisions via Multiquote.

The successful quotation, along with copies of the unsuccessful quotes and other documentation will be held in Multiquote

In cases of a quotation other than the lowest being accepted, reasons must be in accordance with Trust Standing Financial Instructions and agreed by a Trust representative. The reasons will be recorded in Multiquote.

#### 13.6 **Tendering**

Details of all tenders are held on Bravo. Electronic reminders of expiry dates are set for 6-12 months depending on the complexity of the contract.

- Procurement and Logistics will first check national framework agreements such as NHS Supply Chain, LPP and GPS in order to ascertain availability of the item/s.

If possible, Purchasing and Logistics will source the item/s via one of the above frameworks which would make it unnecessary to go out to tender and therefore save time, although a (shorter) mini competition may be required within the framework process in order to ensure best value. The stand-alone tendering process will be undertaken if no framework matches can be found or if Purchasing & Logistics believe that a stand-alone contract is likely to provide better value for money.

When a tendered contract is due to expire, the Purchasing and Logistics Department will contact the internal customer to discuss the new tendering process and agree members of an evaluation panel. A tender evaluation panel will consist of the following personnel:

- Department representative(s)
- Purchasing and Logistics representative
- Finance representative
- I.T., Estates & Facilities or HR representative as appropriate

Specifications for the tender will be devised by the internal customer with input from Finance and other relevant departments as necessary and under the guidance of the Purchasing and Logistics Department. This will enable the potential suppliers to ascertain the type of bid they are required to submit.

Where possible, the Purchasing and Logistics Department will use existing or previous ESTH specifications as a basis on which to let the customer construct the new specification.

When in-house specifications are not readily available, Purchasing and Logistics staff can contact other Trusts or framework holders to obtain information which they have used for tenders of the same/similar requirements.

### 13.7 **OJEU Tenders**

Items over £113,057 will need to be advertised on the OJEU website. The website will contain a brief summary of the item/s the customer requires as well as an outline of the planned tender. The 'Restricted Procedure' is the usual vehicle; however, other procedures such as Competitive Dialogue may be used depending on the nature and complexity of the tender

Wording of an OJEU advertisement will be agreed with the internal customer with input from a Contract Specialist. Bidders will be given a minimum of 30 days to submit an 'Express of Interest' (EOI).

If there are more than half a dozen EOI's, a Pre-Qualification Questionnaire (PQQ) is sent out to bidders to complete, normally within 2-3 weeks. These will then be assessed by the Tender Evaluation Panel according to a pre-set scoring system. This will result in a shortlist of usually no more than six bidders who will be 'Invited to Tender' with the unsuccessful bidders being offered a telephone debrief.

The shortlisted bidders have a minimum of 35 days in which to submit their tender via the Bravo e-tendering tool. Each panel member then scores the tender submissions individually, followed by a meeting of the panel in order to compare scores and produce a common, initial scoring matrix.

The next stage involves contacting referees, arranging supplier presentations for the Evaluation Panel (if appropriate) and visits to a supplier's or referee's site (again, if appropriate).

Once the above have been concluded, tender scores are revisited, taking all of the above stages into consideration.

The bidder who achieves the highest score, will be recommended by the Panel to be awarded the business.

The Tender Lead will produce a Tender Adjudication Report which summarises the tender process and results as well as the justification for recommending the winning bid. This report is then signed by the Head of Procurement before being sent to the Director of Finance (and, depending on the value, possibly also to the Chief Executive and to TEC) for final approval.

The successful bidder will be notified of the decision via an 'Intention to Award' letter while the unsuccessful bidders are also informed in writing. There then follows a 10 day stand still period, known as the 'Alcatel' period during which the unsuccessful bidders have the right to a debrief either in person or over the telephone. It is essential that the Evaluation Panel keep a written record of all scores and justifications in order to be able to provide de-briefs to the unsuccessful bidders so as to avoid being challenged as that would cause the remaining tender process to stop until the challenge has been resolved.

Once the 10 day stand still period has passed without a challenge, the successful bidder will receive a second letter, the 'Confirmation of Award' letter, usually subject to contract i.e. the bidder and ESTH need to agree on a project implementation timeline and schedule of KPIs. Once agreed, the contract will be signed and an order for the goods/services will be placed. In the case of a tender which was advertised on OJEU, the award details must also be sent to the OJEU website for registration.

### 13.8 **Local Tenders**

Items with a lifetime value of £20,000 - £113,057 are considered local tenders and do not need to be advertised on OJEU

The Purchasing and Logistics Department will ask the lead end user to create a specification which will be added to the standard tender package.

The end user in cooperation with the Purchasing & Logistics Dept. will identify several potential suppliers who will then be contacted by Procurement with the aim of eliciting about 6 tender submissions. Procurement can set the tender response time which is usually within 2-3 weeks. This will be managed via Bravo.

Tender submissions will be assessed and scored by the Evaluation Panel according to the pre-set scoring system in the 'Invitation to Tender' documents.

The next stage involves contacting referees, arranging supplier presentations (if appropriate) for the Evaluation Panel and visits to a supplier's or referee's site (again, if appropriate).

Once the above have been concluded, tender scores are then revisited, taking all of the above stages into consideration.

The bidder who achieves the highest score, will be recommended by the Panel to be awarded the business.

The Tender Lead will produce a Tender Adjudication Report as detailed above for OJEU Tenders.

The successful bidder /unsuccessful bidder (s) will be notified of the decisions as detailed above for OJEU Tenders.

### 13.9 **Contract Management**

It is important to remember that a tender award is the beginning – and not the end- of the process. A lot of work goes into preparing, evaluating and awarding tenders. It then becomes important to focus on the actual performance of the contract and to ensure that the successful supplier delivers on what they offered in their tender submission. This is the contract management phase.

The best way to ensure that a supplier actually does what they have promised is to build measurable Key Performance Indicators (KPIs) into the tender and then hold regular (e.g. quarterly) meetings between Purchasing & Logistics, the end-users and the supplier.

### 13.10 **Typical Key Performance Indicators (KPIs)**

#### **i. Compensation Clauses**

If the supplier fails to reach a certain performance target e.g. to resolve a technical fault within the agreed time frame on 98% of occasions, then the pre-agreed KPI clause, which could lead to financial or non-financial compensation, needs to be invoked.

If the fulfilment of a contract requires operational details such as agreed delivery times, help desk details, etc, then it is advisable to establish a Service Level Agreement (SLA) as well which can be agreed post-tender award.

#### **ii.Price Stability**

If a supplier has agreed to keep their prices firm during the core period of the contract, then this needs to be checked. If there are attempted or 'accidental' price increases, this needs to be brought to the supplier's attention and reversed.

In addition to measuring KPIs, all suppliers have to sign the NHS Terms and Conditions as part of their bid for the business and they cover standard issues such as insurance, non-discrimination and the environment. A contract may be awarded even if some of these criteria in the Terms and Conditions have not been fully met as long as the supplier commits to achieving the expected standards within a set period. The contract reviews should then also cover progress on these issues.

#### **iii.Sales Up-Dates**

It is useful to ask the supplier to send in monthly or quarterly ESTH sales volumes and turnover figures which allows the Trust to monitor sales and judge how predictable earlier forecasts were.

## **14.0 Agreements with Suppliers (including tenders, contracts, leases, maintenance contracts and verbal understandings)**

- 14.1 The Trust has clear rules on who has authority to place and sign contracts, or make any other agreement with a supplier which must always involve Purchasing and Logistics. Please refer to the Scheme of Delegation for the rules relating to who can sign a contract.
- 14.2 The Trust's tendering and contracting procedures aim to ensure that the Trust can obtain what it needs, when it is needed, while at the same time:
- complying with national and European regulations
  - complying with the Trust's own Standing Financial Instructions
  - complying with 'Commercial Sponsorship – Ethical Standards for the NHS.
  - Securing and being able to demonstrate best value for money
  - making sure spending is covered by an approved budget
  - safeguarding the Trust against fraud, theft and abuse
  - safeguarding staff against allegations of wrongdoing
- 14.3 This means that all supplies of goods and services must be subject to a competitive process. Fair and open competition must be observed at all times. No advantage must be given to any tenderer over any other, and no favour accepted by any employee from any existing or intending contractor.
- 14.4 The Trust's rules for contracting and purchasing are set out in the SFIs. While this guide provides an outline, it does not override the need for staff to be aware of SFIs and refer to them in case of doubt.
- 14.5 For further information, or in the event of uncertainty, Trust staff are asked to e-mail the eProcurement Helpdesk at [eProcurement@esth.nhs.uk](mailto:eProcurement@esth.nhs.uk) and the Helpdesk will forward the request to the appropriate Buyer / Category Manager

## **15.0 Goods on loan or “free trial”**

- 15.1 The Trust has a Supplier Representative Policy, the key objectives of which are to:
- Define the procedures to be followed by supplier representatives wishing to engage with Trust staff.
  - Decrease the amount of management and clinical time lost to unsolicited contact by supplier representatives approaching clinicians direct
  - Provide guidance to staff on how to deal with unsolicited approaches from supplier representatives
  - Prevent Trust staff from entering into an agreement to procure products outside of those listed as standard or contracted without consultation with relevant senior managers and the Purchasing and Logistics Department
  - Obtain the approval to introduce a new product from a Purchasing Advisory Group
- Only after the procedures in this policy have been followed, may any

loan be accepted.

## **16.0 Frequently Asked Questions**

### **16.1. Are purchasing/ordering and requisitioning the same thing?**

No, they are not. 'Purchasing' implies a formal order, signed on the Trust's behalf, committing it to a legally binding contract with an outside body, manufacturer or supplier, initiating a supply of goods or services.

A 'Requisition' is essentially an internal request either for goods or services to be ordered by the Purchasing and Logistics Department, to ensure the correct procedures are followed.

A requisition number should never be used as an order number, or a requisition form as an order form, outside the Trust.

### **16.2. Where do stock items come from?**

Stock items come from the NHS Supply Chain warehouse at Maidstone and are delivered to Receipt and Despatch at each of the Trust's sites for onward delivery to wards and departments.

### **16.3. Why can't we order goods without an approved requisition?**

An approved requisition is a commitment from you, giving the Procurement Dept. the right to spend your department's money. Everything the Trust buys, has to be covered by somebody's budget, and be accounted for. Ordering goods outside the system leaves managers without a clear picture of what budget they have available to spend and threatens the Trust's ability to meet its statutory duties.

### **16.4. What do I do if I need something that we have not bought before?**

Do not worry if you do not know a supplier. The Purchasing and Logistics Department will source the product for you.

Enter the requisition in SBS Oracle iProcurement as a non-catalogue item, with as much detail as possible including the maximum price you are prepared to pay.

### **16.5. Why can't I receive stock items on the same day? Aren't they held on site?**

The Trust does not have an on-site stockroom, all our 'stock' is delivered from the NHS Supply Chain warehouse at Maidstone, to an agreed delivery schedule. We receive goods within 48 hours of the order being keyed into the system, subject to the delivery days to the Trust from NHS Supply Chain. You can get items the next day and, for clinical emergencies, the same day, but there is a carriage charge for this service.

### **16.6. Why can't items be sent directly to my department rather than to a delivery point?**

We encourage deliveries to a central point both for security (we do not want lots of drivers walking around the hospital) and to make sure there is separation of duties

(that goods are checked in by someone other than the person who ordered them). This is good practice that is required by our Auditors and is a protection for staff.

It also simplifies the process for the end-user and speeds up invoice payment because the electronic receipt - and any paperwork essential for payment - is processed by Receipt & Despatch.

**16.7. Why isn't stationery classed as an urgent item if I have run out of something?**

It is unusual for stationery to suffer from an unforeseeable shortage, and for this reason we ask for your assistance in monitoring your requirements and ordering ahead of need. Very occasionally, something happens that makes this impossible. For example, we may need to undertake an emergency mailing, and require labels on the same day, in which case we will arrange for them to be delivered but usually it is possible to borrow the item you need from another area and replace it when you receive your order.

**16.8. What do I do if I am running out of something?**

Where it is practical to do so, borrow the item from another ward or department and immediately place a requisition. The Materials Management Team may be able to tell you where else the product is used. The advantage of product standardisation is that many areas will use the same non-specialist products.

If the item you are running out of is normally topped up by the Materials Management staff, you should contact your ward representative. Tell them of the problem and tell them why your usage has increased so that they can adjust the order quantities for the future, if necessary. If the product is out of stock, the Purchasing and Logistics Department will try to re-source it for you.

**16.9. Why can't we order things directly from the supplier?**

The procedures explained in the guide have been devised to protect you and the Trust.

Only the Trust's purchase order forms (either electronic or hard-copy, the latter for capital and charitable funds only) are an official instruction to a supplier and protect our rights as an NHS consumer using NHS Terms and Conditions of Purchase. The order has to be approved by someone other than the person who receives the goods in order to comply with audit requirements

By ordering through the Purchasing and Logistics Department you can be sure that checks have been made and prices obtained that make sure you get the best value for money.

**16.10. How do I get round having to get quotes or going out to tender?**

You can't. We are all bound by Standing Financial Instructions.

**16.11. Why does the Trust have all these rules?**

All Trust money has to be accounted for and must be seen to be wisely spent. The rules protect the Trust from fraud and they protect staff from accusations of wrongdoing. We must also comply with UK and European law as reflected in our Standing Financial Instructions.

## **Appendix A**

### **Code of Ethics**

This Code is based on that subscribed to by all members of the Chartered Institute of Purchasing & Supply.

Persons engaged in any aspect of purchasing on behalf of the Trust shall never use their authority for personal gain and shall seek to uphold and enhance the standing of the Trust by:

- maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside this organisation.\*
- fostering the highest possible standards of professional competence amongst those for whom they are responsible.
- optimising the use of resources for which they are responsible to provide the maximum benefit to the Trust.
- complying both with the letter and the spirit of the law of the country(ies) in which they operate and with which they deal and complying with all contractual obligations incurred by or on behalf of the Trust.
- rejecting any business practice which might reasonably be deemed improper.

\* Clearly, it is not possible under current employment law to fully extend this principle to the conduct of employees in their private lives. Nonetheless, it should be emphasised to employees that integrity is indivisible: that their reputation for probity in their private dealings almost inevitably reflects on the reputation of their employer

## Appendix B

### Contact Details for Purchasing and Logistics Staff

Post Holder	Node	Ext	Job title	Responsibilities
Patrick von Aulock	723	4010 / 4021	Head of Purchasing & Logistics	Overall
<b>SUPPORT &amp; SYSTEMS TEAM</b>				
John King	723	4030	Support Services Mgr	Information management, systems support
Alan Brown	723	4024	Catalogue Manager	Product database, reports, invoice queries
Vacant Post	723	4026	P.O. Time-Out Manager	Invoice queries & administration support
Liz Wright	723	4060	Training & Communications Officer	iProcurement training & helpdesk support
<b>SUPPLY CHAIN TEAM</b>				
Brett Seamer	723	4033	Supply Chain Category Manager	Operational activities (Materials Management and Receipt & Despatch), procurement advisor (Supply Chain)
<b>Epsom General Hospital Materials Management and Receipt &amp; Despatch team</b>				
Allison Nicholls	701	6688	Logistics Supervisor	Team Supervision and Ward top-up, receipts & internal goods distribution
Stephanie Boyd	701	6689	Logistics Representative	Ward top-up, receipts & internal goods distribution
Danny Isted	701	6687	Logistics Representative	Ward top-up, receipts & internal goods distribution
Chris Cooper	701	5124	Logistics Administrator	Receipts and internal goods distribution
Larry Ude	701	5124	Logistics Officer	Receipts and internal goods distribution
<b>St Helier &amp; Sutton Hospitals Materials Management and Receipt &amp; Despatch team</b>				
Vacant Post	721	3098	Logistics Supervisor	Team Supervision and Ward top-up, receipts & internal goods distribution
John Atkins	721	2350	Logistics Representative	Ward top-up, receipts & internal goods distribution

Tulay Bennett	721	2914	Logistics Representative	Ward top-up, receipts & internal goods distribution
Rodney Simon	721	2670	Logistics Administrator	Receipts and internal goods distribution
Lenny Pearce	721	2670	Logistics Officer	Internal goods distribution
<b>CATEGORY MANAGEMENT</b>				
<b>Non Medical and Surgical Category Team</b>				
Daniel James	723	4011	Category Manager	Non- Medical Surgical tenders and contracts
Lisa Leech	723	4032	Category Buyer	Non- Medical Surgical tenders and contracts
Rick Brendel	723	4031	Category Buyer	Non- Medical Surgical tenders and contracts; maintenance contracts
Ann Buckley	723	4012	Category Assistant	Medical & non-medical non-catalogue requisitions
<b>Medical and Surgical Category Team</b>				
Liz Chapman	723	4025	Category Manager	Medical Surgical tenders and contracts
Anna Wilkin	723	4020	Category Support Lead	Medical Surgical tenders and contracts; advising on Oracle implementation
Vacant Post	723	4013	Category Buyer	Medical Surgical tenders and contracts