

# **NILGOSC Purchasing Policy**

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**NILGOSC**

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## **1. Introduction**

- 1.1 NILGOSC, as a Non Departmental Public Body, is required to comply with Northern Ireland Public Procurement Policy and guidance issued by Construction & Procurement Delivery (CPD) within the Department of Finance and the Procurement Board.
- 1.2 This document sets out NILGOSC's policy for the purchase of all goods and services and has been developed in line with Northern Ireland Procurement Policy and the associated guidance. It also details the responsibilities of the Committee, senior management and those involved in purchasing as regards maintaining ethical standards.
- 1.3 Detailed procedures for the purchase of all goods and services in line with this Purchasing Policy are documented in NILGOSC's Purchasing Procedures.

## **2. Purchasing Objectives**

- 2.1 NILGOSC's Purchasing Policy has the following objectives:
  - 2.1.1 To ensure maximum value for money is achieved for all purchases of goods and services.
  - 2.1.2 To ensure the purchasing of goods and services within NILGOSC complies with all relevant legislation.
  - 2.1.3 To ensure the principles of accountability, competitive supply, consistency, effectiveness, efficiency, fair-dealing, integration, integrity, informed decision-making, legality, responsiveness and transparency are adopted throughout NILGOSC's procurement processes.
  - 2.1.4 To ensure that NILGOSC's commitments under Section 75 of the Northern Ireland Act 1998 and the Freedom of Information Act 2000 are met.
  - 2.1.5 To ensure all relevant contracts are compliant with the General Data Protection Regulation.

## **3. Equality of Opportunity and Sustainable Development**

- 3.1 NILGOSC recognizes its responsibility to contribute to delivering greater equality, social inclusion and sustainable development in its procurement practices.
- 3.2 NILGOSC is committed to ensuring the goods and services it purchases are manufactured, delivered, used and disposed of in an environmentally and socially responsible manner while delivering long term value for money for the business.

- 3.3 Equality of opportunity and sustainable development will be addressed at each stage of the procurement exercise, proportionate to the nature and scale of the procurement as set out in NILGOSC's Purchasing Procedures and guidance notes.

## **4. Ethical Standards for Purchasing**

- 4.1 Committee members and staff who influence or undertake purchasing of goods and services must:
- 4.1.1 Uphold the highest ethical standards.
  - 4.1.2 Ensure that they do not use their position to obtain personal gain from those doing business or seeking to do business with NILGOSC.
  - 4.1.3 Comply with the NILGOSC Acceptance of Gifts, Services and Hospitality Policy to ensure NILGOSC can demonstrate that no undue influence has been applied (or could be inferred) by anyone dealing with NILGOSC, and that decisions reached regarding public expenditure and hospitality expenditure are based on value for money and incurred in accordance with the principles of regularity and propriety.
  - 4.1.4 Ensure they do not undertake commitments or involvements that give rise to a conflict of interest between fulfilling responsibilities to NILGOSC and fulfilling responsibilities arising from such other commitment or involvement.
  - 4.1.5 Seek advice from the Deputy Secretary/Secretary if they consider that there is an actual or potential conflict of interest arising from existing or prospective commitments or involvement.
  - 4.1.6 Formally declare any source of potentially conflicting interest in a register kept for that purpose by the Deputy Secretary/Secretary. Their immediate or their immediate relative involvement must be registered as follows:
    - acting as director or employee of any organisation providing goods or services for reward to NILGOSC.
    - investing substantially in, or receiving benefits directly or indirectly from, any organisation actually or potentially engaged in the supply of goods or services to NILGOSC.

## **5. Responsibility for Procurement within NILGOSC**

- 5.1 The Finance Team has overall responsibility for procurement within NILGOSC, including administering the tender process and generating purchase orders for approval. This excludes responsibility for strategic investment purchases.
- 5.2 The Finance Manager will ensure that NILGOSC follows NI Public Procurement Policy, the associated guidance issued by CPD, and best practice in public procurement.

- 5.3 The Secretary and Deputy Secretary are empowered to authorise all purchases except those that require Committee approval (see Section 11) and those that require approval by the Department for Communities and/or the Department of Finance (see Section 8).

## **6. Centre of Procurement Expertise**

- 6.1 NILGOSC is required to carry out its procurement activities by means of a documented Service Level Agreement with CPD or a relevant Centre of Procurement Expertise (CoPE) in accordance with Northern Ireland Public Procurement Policy.
- 6.2 In order to comply with this requirement, NILGOSC has signed a Service Level Agreement with the Education Authority (South Eastern Region). Details of this arrangement are outlined in Appendix 1.

## **7. Economic Appraisal**

- 7.1 NILGOSC will apply the principles of economic appraisal with appropriate and proportionate effort to all decisions concerning spending or saving money. This will include the award of contracts without competition, contract extension and contract modifications.
- 7.2 A comprehensive Business Case will be prepared for all projects over £250,000.
- 7.3 Economic Appraisals will be prepared using the templates set out in NILGOSC's Purchasing Procedures.

## **8. Expenditure Approval**

- 8.1 Expenditure which falls outside NILGOSC's delegations must be approved by the Department for Communities.
- 8.2 The Department for Communities must be notified of any expenditure which is not provided for in NILGOSC's annual budget.
- 8.3 Expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits, must be approved by the Department for Communities and the Department of Finance.
- 8.4 Expenditure that would entail contractual commitments to significant levels of spending in future years for which plans have not been set must be approved by the Department of Finance.
- 8.5 Taking out insurance other than commercial property, employers' liability, public liability, travel and any other insurance required to protect the security of the pension fund must be approved by the Department for Communities and the Department of Finance.
- 8.6 IT Projects over £1 million and Capital Projects over £2 million must be approved by the Department of Finance.

## **9. Award of Contracts**

- 9.1 All contracts, where possible, will be awarded on a competitive basis.
- 9.2 NILGOSC aims to use Crown Commercial Service, CPD, CoPE and Local Government Pension Scheme collaborative contracts/frameworks where possible. Where such a contract/framework exists, NILGOSC will assess its suitability. If it is not deemed suitable for NILGOSC's needs or is not deemed to be value for money or cost effective, NILGOSC will document the rationale and run its own competition.
- 9.3 Contracts that are above the European Threshold will be awarded based on either lowest price, or the Most Economically Advantageous Tender (MEAT). These criteria ensure compliance with EU Directives and guarantee that tenders are assessed in conditions of effective competition.
- 9.4 Contracts below the European Threshold will be awarded based on either the lowest acceptable price which meets the specification and any mandatory requirements/minimum standards, or the best combination of price and quality (BPQ).
- 9.5 The optimum procurement control limits set by the Procurement Board and guidance issued with respect to procurements below the threshold for public advertisement are reflected in NILGOSC's Purchasing Procedures.

## **10. Award of Contracts without Competition (Direct Award Contracts)**

- 10.1 NILGOSC aims to carry out all procurement by means of competition. NILGOSC may however depart from the usual obligations on competition and transparency, including for those contracts permitted in Regulation 32 of The Public Contracts Regulations 2015 (see Appendix 2).
- 10.2 Purchases up to £5,000 awarded without a competition are not considered to be Direct Award Contracts if they are dealt with in accordance with Procurement Guidance Note 04/12: Procurement Control Limits.
- 10.3 Where NILGOSC intends to award a contract in excess of £5,000 without competition the following will apply:
  - 10.3.1 Assurance will be sought from NILGOSC's CoPE that a direct award approach is appropriate for the contract.
  - 10.3.2 Prior approval of the Accounting Officer is required.
  - 10.3.3 Prior approval of the Management Committee is required.
  - 10.3.4 Prior approval of the Departmental Accounting Officer approval is required.
  - 10.3.5 Where the contract relates to the appointment of external consultants, prior approval of the Permanent Secretary is required.
  - 10.3.6 Where the contract is awarded under Regulation 32 of the Public Contracts Regulations 2015, a contract award notice or a voluntary Ex Ante

Transparency Notice will be placed in the Official Journal of the European Union.

- 10.4 Detailed procedures for Direct Award Contracts are set out in NILGOSC's Purchasing Procedures.

## **11. Contracts Reserved for Committee Approval**

- 11.1 The following contracts are reserved for Committee approval:

- Fund Managers
- Bankers
- Internal Auditor
- Global Custodian
- Property Advisor
- Investment Advisor
- Actuary
- Capital Projects over £75,000
- All tenders exceeding £100,000
- All tenders above the EU threshold
- Direct Award Contracts

- 11.2 The Audit Committee will advise the Management Committee on the appointment of the Internal Auditor.

- 11.3 Notwithstanding the above, the Secretary and Deputy Secretary are empowered to sign contracts on behalf of NILGOSC once the contracts have been approved by the Committee.

## **12. Appointment of Financial Services Providers**

- 12.1 The appointment of Financial Services providers may be carried out by means of a tender exercise from a Select List compiled by the Investment Advisor or by an open tender exercise.

- 12.2 Where the amount of the tender exceeds the European Union threshold, there is no requirement to place a notice in the Official Journal of the European Union as this is covered by a specific exception in relation to public service contracts for financial services by Section 10 of the Public Contract Regulations 2015.

- 12.3 The Department for Communities has confirmed that it is appropriate that the appointment of Financial Services providers is carried out by means of a tender exercise from a Select List compiled by the Investment Advisor.

## **13. Appointment of Bankers**

- 13.1 A comprehensive review of banking arrangements will be carried out every 3 years, with a competitive tender process taking place at least every 3-5 years unless a suitable collaborative framework is available.

## **14. Appointment of Consultants**

- 14.1 A full Business Case will be prepared for all consultancy assignments expected to exceed £10,000, and a proportionate Business Case for all consultancy assignments below £10,000.
- 14.2 A detailed assessment will be carried out for large-scale external consultancy projects (over £1million).
- 14.3 An annual statement on the status of all consultancies completed and/or started in each financial year will be provided to the Department for Communities.
- 14.4 Approval for the appointment of consultants will be obtained as follows:
  - 14.4.1 Ministerial approval for all external consultancy assignments.
  - 14.4.2 Departmental Accounting Officer, Ministerial and the Department of Finance approval for external consultancy assignments over £75,000.
  - 14.4.3 Departmental Accounting Officer approval for external consultancy direct award contracts.

## **15. Project Management**

- 15.1 NILGOSC will maintain an effective system of project management for all projects.
- 15.2 For the purpose of the NI Gateway Review Process, NILGOSC will apply a de minimis limit of £500,000 for projects below which a Risk Potential Assessment (RPA) is not required. For those projects exceeding £500,000, an RPA will be completed and forwarded for consideration to CPD's Centre of Expertise for Programme and Project Management.

## **16. Contract Management**

- 16.1 NILGOSC will maintain an effective system of contract management for all contracts, proportionate to the value, risk and complexity of the contract.
- 16.2 Effective contract management will ensure the following:
  - 16.2.1 The terms and conditions of the contract are met in full and the goods/services provided comply with NILGOSC's specified requirements;
  - 16.2.2 There is documented evidence of good performance to assist in evidencing the achievement of value for money and benefit realisation; and
  - 16.2.3 There is documented evidence of poor/unsatisfactory performance to facilitate improvement and, in exceptional cases, to permit early recourse to NILGOSC's rights under the default provisions.

### Construction & Procurement Delivery

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As an Executive Agency within the Department of Finance (Northern Ireland), Construction & Procurement Delivery provides a professional, fully inclusive procurement service to an increasing number of public sector organisations.

The core business of Construction & Procurement Delivery is to establish on behalf of customers effective contracts for the procurement of goods and services and provide advice and support to enable them to achieve value for money improvements in procurement.

Construction & Procurement Delivery is a commercially orientated professional purchasing executive agency, created to maximise value for money and ensure fair and open competition for government business.

NILGOSC can ask Construction & Procurement Delivery to act on their behalf if and when the Committee feels that it would be necessary.

The Department of Finance has decided that Departments, their Agencies, NDPBs and public corporations should carry out their procurement activities by means of Service Level Agreements with Construction & Procurement Delivery or a relevant Centre of Expertise (C.O.P.E.).

There are a number of centres with specialist procurement expertise across the public sector. NILGOSC carries out its procurement activities by means of a documented Service Level Agreement with the Education Authority (South Eastern Region). This enables NILGOSC to comply with the government's directive and allow NILGOSC to carry out the majority of its procurement by using the purchasing contracts of the Education Authority (South Eastern Region).

### Regulation 32 of the Public Contracts Regulations 2015

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Regulation 32 of the Public Contracts Regulations 2015 stipulates the specific cases and circumstances in which contracting authorities may award public contracts by a negotiated procedure without prior publication. The relevant circumstances are summarised below.

#### **1. General grounds – public works contracts, public supply contracts and public service contracts**

- 1.1 Where no tenders, no suitable tenders, no requests to participate or no suitable requests to participate have been submitted in response to an open procedure or a restricted procedure, provided that the initial conditions of the contract are not substantially altered and that a report is sent to the Commission where it so requests;
- 1.2 Where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons:—
- (i) the aim of the procurement is the creation or acquisition of a unique work of art or artistic performance,
  - (ii) competition is absent for technical reasons,
  - (iii) the protection of exclusive rights, including intellectual property rights,
- but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;
- 1.3 Insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with.

For the purposes of paragraph 1.1 -

- (a) A tender shall be considered not to be suitable where it is irrelevant to the contract, being manifestly incapable, without substantial changes, of meeting the contracting authority's needs and requirements as specified in the procurement documents;
- (b) A request to participate shall be considered not to be suitable where the economic operator concerned—
  - (i) is to be or may be excluded under regulation 57, or
  - (ii) does not meet the selection criteria.

For the purposes of paragraph 1.3, the circumstances invoked to justify extreme urgency must not in any event be attributable to the contracting authority.

## **2. Additional grounds - public supply contracts**

- 2.1 Where the products involved are manufactured purely for the purpose of research, experimentation, study or development, but contracts awarded in reliance on this sub-paragraph shall not include quantity production to establish commercial viability or to recover research and development costs;
- 2.2 For additional deliveries by the original supplier which are intended either as a partial replacement of supplies or installations or as the extension of existing supplies or installations where a change of supplier would oblige the contracting authority to acquire supplies having different technical characteristics which would result in incompatibility or disproportionate technical difficulties in operation and maintenance;
- 2.3 For supplies quoted and purchased on a commodity market;
- 2.4 For the purchase of supplies or services on particularly advantageous terms, from either a supplier which is definitively winding up its business activities, or the liquidator in an insolvency procedure, an arrangement with creditors, or a similar procedure under national laws or regulations.

In the case of paragraph 2.2, the duration of the contract, as well as that of recurrent contracts, shall not, save in exceptional circumstances, exceed 3 years.

## **3. Additional grounds - public service contracts that follow a design contest**

The negotiated procedure without prior publication may be used for public service contracts where the contract concerned—

- 3.1 follows a design contest organised in accordance with this Part, and
- 3.2 is to be awarded, under the rules provided for in the design contest, to—
  - (i) the winner of the design contest, or
  - (ii) one of the winners of the design contest.

Where paragraph 3.2(ii) applies, all winners must be invited to participate in the negotiation.

## **4. Additional grounds - new works or services which repeat similar ones**

- 4.1 The negotiated procedure without prior publication may be used for new works and services consisting of the repetition of similar works or services entrusted to the economic operator to which the same contracting authority awarded an original contract, provided that such works or services are in conformity with a basic project for which the original contract was awarded following a procedure in accordance with Regulation 26(1) and (2).
- 4.2 The basic project shall indicate the extent of possible additional works or services and the conditions under which they will be awarded.
- 4.3 As soon as the first project is put up for tender, the possible use of this procedure shall be disclosed and the total estimated cost of subsequent works or services

shall be taken into consideration by the contracting authority when it applies regulation 5.

- 4.4 This procedure may be used only during the 3 years following the conclusion of the original contract.