

# **Tenders and Quotations – Financial Procedures**

**V3.0**

**31 December 2014**

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## **1. Introduction**

- 1.1. As well as Contract Law and Public Procurement Directives, Royal Cornwall Hospitals NHS Trust has its own procedures which must be followed.
- 1.2. The basic rules are set out in the Trust's Standing Financial Instructions (SFIs).
- 1.3. This guide sets out the procurement process for contracts under the European Union (EU) Threshold, and relates to tendering for general goods and services. Information is also included regarding those projects over the threshold but advice should be sought from the Procurement and Supplies team to provide support and assistance.
- 1.4. Capital build and Works projects are subject to specific requirements and the procurement for these will be undertaken by the Capital Planning or Estates teams, but the general rules in respect of quotations and tenders are as stated in this document.
- 1.5. Note: if the goods or services required are available on an existing contract let on behalf of the NHS, other relevant government agencies, or Royal Cornwall Hospitals NHS Trust specifically, the tendering and contracting will already have been undertaken and it is not necessary to repeat the process.
- 1.6. This version supersedes any previous versions of this document.

## **2. Purpose of this Policy/Procedure**

The purpose of these procedures is to highlight to managers the procedures to be followed, and to improve understanding in respect of Tendering and Quotations.

## **3. Scope**

This policy applies to all staff involved with the procurement of goods or services.

## **4. Definitions / Glossary**

Definition of a contract: a promise which the Law will enforce.

## **5. Ownership and Responsibilities**

5.1. The Director of Finance is responsible for ensuring currency of the procedures and the Head of Procurement and Supplies is responsible for providing advice and support to ensure compliance.

### **5.2. Role of the Managers**

Line managers are responsible for:

- Ensuring compliance with these financial procedures
- Ensuring that their staff are aware of SFIs and finance procedures and comply accordingly

### 5.3. Role of the Finance and Performance Committee

The Finance and Performance Committee is responsible for:

- Approval of the Financial Procedure for Tenders and Contracts and monitoring compliance.

### 5.4. Role of Individual Staff

All staff members are responsible for:

- Being familiar with the Standing Financial Instructions and financial procedures in respect of tenders and quotations and comply with the requirements detailed therein

## 6. Standards and Practice

### 6.1. What is a contract?

6.2. A contract can be identified as a promise which the Law will enforce and can be any one of the following:

- Formal contract entered into for works, goods and services
- Official orders raised for works, goods and services
- Verbal orders for works, goods and services

### 6.3. What are the Trust's financial limits?

6.4. Over £7,500 Minimum of 3 quotations are required

6.5. Over £50,000 Minimum of 3 tenders are required, the number will depend on the number of suppliers in the market and must be sufficient to ensure adequate competition

### 6.6. What are the EU Limits (as at 01.01.2014)

6.7. Supplies and Services Part A	£111,676
6.8. Services Part B	£172,514
6.9. Works	£4,322,012

6.10 All contracts that exceed the above EU thresholds will be subject to the Public Procurement Directives. Those below the EU thresholds are still subject to the requirement that they be dealt with in a transparent, non-discriminatory way, and the opportunity advertised appropriately.

6.11 All Supplies in excess of £111,676 and Part A Services are contracts that must be advertised in the Official Journal of the European Union (OJEU). Details of the Services which are classified as Part A can be obtained from the Procurement and Supplies team.

6.12 Part B Services are contracts that do not have to be advertised in OJEU unless the Trust wishes to do so, but they must comply with the Regulations in that they are dealt with in a transparent, non-discriminatory way, which will require a level of advertising to make the opportunity known. A technical specification must be produced for Part B Services and a Contract Award Notice placed in the Official Journal. For guidance and support on Part B Services contact the Procurement and Supplies team.

### **6.13 Estimating the contract value**

Contract value is defined as the total estimated value excluding VAT payable over the lifetime of the contract (eg a three year contract with an anticipated annual expenditure of £50,000 has a contract value of £150,000 for these purposes). The contract value must include all elements, eg capital cost of the item, consumables and on-going maintenance requirements for a piece of equipment.

### **6.14 Overview of the Procurement process**

The process detailed on the flowchart attached at Appendix 3 relates to general goods and services. Procurement and Supplies staff will provide guidance and assistance in the process, and will obtain quotations and tenders on behalf of the Trust where appropriate. Capital Planning and Estates staff will undertake the procurement for capital build and works procurement, with support from Procurement and Supplies when required.

Procurement and Supplies staff who can advise on the process can be contacted on 01209 310043, 01209 310044, 01209 310054, 01209 310064 or 01209 310040.

### **6.15 Inviting Quotations**

#### **6.16 Number of suppliers**

Where the expenditure is expected to be between £7,500 and £50,000 inc VAT a minimum of 3 competitive quotations in writing shall be obtained (unless the goods or services are covered by an existing contract in which case it is not necessary to seek further competition).

6.17 The firms invited to quote should either be selected from the Trust's approved firms contractors list or those known by Procurement and Supplies to be the most appropriate to offer for the business concerned (based on previous history, references received, financial standing, etc), or an advert for interested companies can be placed on appropriate websites (eg Tenders in Cornwall, Contracts Finder or Tactica electronic tendering system) by the Procurement and Supplies team.

- 6.18 **Confidentiality**  
All quotations should be treated as confidential and should be retained for inspection in accordance with the NHS Code of Practice – Records Management.
- 6.19 **Return of Quotations**  
Quotations should be returned in a sealed envelope, clearly marked with the type of goods/service and the return date.
- 6.20 **Receipt and safe custody of Quotations**  
Envelopes containing quotations should be date stamped to show date of arrival and should be held in a secure locked area until the date and time of opening.
- 6.21 **Opening of Quotations**  
Quotations may be opened within the originating department but must be opened by two members of staff who have not originated the document. Each page of the quotations received showing price information must be signed and dated by each person opening them, and the details recorded in the departmental quotation register.
- 6.22 **Electronic Quotations**  
Where the quotations have been issued and returned via electronic means, the quotations will be held in a secure mailbox until the due date for opening. Quotations can be released from the secure mailbox by two members of staff who have not originated the quotation. The electronic process used must record details of the date and time of opening and the personnel involved in the opening of the quotations for audit purposes.
- 6.23 **Acceptance of Offer**
- 6.24 The lowest quotation to specification should be accepted and an official order raised to cover the purchase.
- 6.25 If, in exceptional circumstances, it is considered that the lowest quotation should not be accepted, an “other than lowest” quotation waiver form (available from Procurement and Supplies) should be completed and submitted to the Director of Finance for consideration and approval before any order can be placed.
- 6.26 **Non-competitive Quotations**  
Non-competitive (single) quotations in writing may be obtained if:
- The supply of goods/services are of a special nature for which it is not possible to obtain competitive quotations
  - The goods/services are required urgently
- 6.27 In the event of a non-competitive quotation being sought, a single quotation waiver form (available from Procurement and Supplies) must be completed and submitted to the Director of Finance for consideration and approval before any order can be placed.

## **6.28 Inviting Tenders**

### **6.29 Number of suppliers**

Where the expenditure is expected to be between £50,000 and £111,676 a minimum of three competitive tenders in writing shall be obtained (unless the goods are covered by an existing contract in which case it is not necessary to seek further competition).

6.30 The firms invited to tender should either be selected from the Trust's approval firms contractors list or those known by Procurement and Supplies to be the most appropriate to offer for the business concerned (based on previous history, references received, financial standing, etc), or those who have responded to an advert placed on appropriate websites by the Procurement and Supplies team.

6.31 To comply with Public Procurement Regulations, tender opportunities should be non-discriminatory and advertised sufficiently – this would include advertising in the local press or relevant trade journal if appropriate, or on one or more websites (eg Tenders in Cornwall, Contracts Finder or Tactica electronic tendering system).

6.32 The evaluation and award criteria must be agreed and signed off by the requesting department and finance department and details included within the tender documentation.

### **6.33 Confidentiality**

All tenders should be treated as confidential and should be retained for inspection in accordance with the NHS Code of Practice – Records Management.

### **6.34 Return of Tenders**

Tenders should be returned in a sealed envelope (unless the electronic tendering system is used – see 6.41 below), clearly marked with the type of goods/service and return date and time. Tenders should be returned to the Tenders Administrator who will arrange opening by two senior officers designated by the Chief Executive.

### **6.35 Receipt and Safe Custody of Tenders**

The date and time of receipt of each tender shall be endorsed on the unopened tender envelope/package. Tenders shall be held in a secure locked area until the date and time of opening.

### **6.36 Opening Formal Tenders**

6.37 As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened in the presence of two senior officers designated by the Chief Executive and not from the originating department.

6.38 Every tender document received shall be stamped with the date of opening and initialled by two of those present at the opening. Every

envelope shall be referenced to the tender and shall be retained with the tender documents.

- 6.39 All pages of the tender documents containing the tender prices or making specific reference to terms and conditions stipulated by the tenderer shall be stamped in the presence of the persons witnessing the opening, with a uniquely identifiable stamp, which shall be held securely in the charge of the nominated officer.
- 6.40 A permanent record shall be maintained to show for each set of competitive invitations despatched:
- The names of firms/individuals invited
  - The names of and the number of firms/individuals from which tenders have been received
  - The total price(s) tendered
  - Closing date and time
  - Date and time of opening
  - The names and signatures of the persons present at the opening
- 6.41 **Electronic Tendering**  
Where the tenders have been issued and returned via electronic means, the tenders will be held in a secure mailbox until the due date for opening. Tenders can be released from the secure mailbox by two procurement officials not involved in managing the procurement or issuing the documentation. The electronic process used must record details of the date and time of opening, and the personnel involved in the opening of the tenders, for audit purposes.
- 6.42 **Admissibility and Acceptance of Formal Tenders**
- 6.43 In considering which tender to accept, if any, the designated officers shall have regard to whether value for money will be obtained by the Trust and whether the number of tenders received provides adequate competition. In cases of doubt they should consult the Chief Executive or Director of Finance. If for any reason it appears that tenders received are not strictly competitive, no contract shall be awarded without the approval of the Chief Executive or Director of Finance.
- 6.44 Tenders received after the due time and date may be considered only if the Chief Executive, Director of Finance, or nominated officer decides that there are exceptional circumstances, eg where significant financial, technical or delivery advantages would accrue, and is satisfied that there is no reason to doubt the bona fide of the tenders concerned. The Chief Executive, Director of Finance or nominated officer shall decide whether these tenders are admissible or whether re-tendering is required.
- 6.45 Technically late tenders (ie those despatched in good time but delayed through no fault of the tenderer) may at the discretion of the Chief Executive or Director of Finance be regarded as having arrived in due time.

- 6.46 Incomplete tenders (ie those from which information necessary for the adjudication of the tender is missing) and amended tenders (ie those amended by the tenderer on his own initiative in writing) should be dealt with in the same way as late tenders under paragraph 6.45.
- 6.47 Where examination of the tender reveals errors which would affect the tender figure, the tenderer is to be given details of such errors and given the opportunity to confirm or withdraw the offer.
- 6.48 Necessary discussions with a tenderer on the contents of his tender, in order to clarify technical points, etc, before the award of a contract need not disqualify the tender, but no post-tender negotiation can be undertaken. Details of such discussions must be recorded in writing and retained with the tender documentation.
- 6.49 While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, and while re-tenders are being obtained, the tender documents shall remain strictly confidential and kept in safekeeping by the Tenders Administrator or within the secure mailbox of the electronic system.
- 6.50 **Single Tender Return**  
Where only one tender is received the Trust shall, as far as practicable, ensure that the price to be paid is fair and reasonable and provides value for money. In these circumstances, a comparison to the estimate of probable cost calculated before the tendering process began is to be made, and/or benchmarking with another organisation undertaken.
- 6.51 **Non-competitive Tenders**
- 6.52 In the event of only one non-competitive tender being sought, a single tender waiver form (available from Procurement and Supplies) must be completed and submitted to the Director of Finance for consideration and approval before any order or contract can be placed.
- 6.53 Where a single tender has been sought and approved, the details must be reported to the Trust's Audit Committee by the Director of Finance.
- 6.54 **Acceptance of Offers**
- 6.55 The Most Economically Advantageous Tender (MEAT) scored against the evaluation criteria should be accepted and an official order or contract document raised to cover the purchase.
- 6.56 A recommendation for award form (available from Procurement and Supplies) will be completed and submitted to the Director of Finance for approval before the business can be awarded.
- 6.57 Contracts with a total value of £1m+ must be referred to the Trust Board for consideration before a contract award can be made.

- 6.58 If it is considered that the Most Economically Advantageous Tender (MEAT) should not be accepted, an “other than lowest” tender waiver form (available from Procurement and Supplies) should be completed and submitted to the Director of Finance for consideration and approval before any contract or order can be placed.
- 6.59 Where acceptance of other than the Most Economically Advantageous Tender is approved, the details must be reported to the Trust’s Audit Committee by the Director of Finance.
- 6.60 **Tenders above the OJEU Threshold for Goods and Services**
- 6.61 See attached flowchart at Appendix 4 for process.
- 6.62 Contact Procurement and Supplies for advice and support.
- 6.63 The department requiring the goods or services will be required to produce a specification of requirements, together with proposed contract evaluation and award criteria.
- 6.64 The evaluation and award criteria must be signed off by the finance department and included within the tender documentation.
- 6.65 Procurement and Supplies will place an advert in the Official Journal of the European Union, plus the Tenders in Cornwall website and any press/trade journal if appropriate.
- 6.66 Procurement and Supplies will receive the expressions of interest from suppliers.
- 6.67 A pre-qualification questionnaire will be used to ensure the capability and competence of potential suppliers.
- 6.68 Procurement and Supplies will invite tenders on behalf of the requesting department.
- 6.69 The advert will be placed, expressions of interest received, tenders issued and returned via the Tactica e-tendering software.
- 6.70 Tenders will be received, opened and adjudicated in the same way as tenders below the OJEU threshold as indicated in section 6.28 – 6.59 above.
- 6.71 Tenders will be subjected to the Alcatel stand-still period whereby the successful and unsuccessful tenderers are notified of the decision but the contract cannot commence until a period of 10 days has elapsed (to allow challenge from unsuccessful tenderers).
- 6.72 Acceptance of tenders, single tender process, award of business, referral to Trust Board, etc, will be in the same way as indicated for tenders below the OJEU threshold as indicated in section 6.28 – 6.59 above.

- 6.73 Procurement and Supplies will issue a Contract Award Notice for publication in the Official Journal of the European Union.
- 6.74 All tenders submitted must be retained for inspection in accordance with the NHS Code of Practice – Records Management.

## 7. Dissemination and Implementation

- 7.1. This procedure will be published on the Trust Document Library following authorisation by the Director of Finance. Immediately following publication the Head of Procurement and Supplies will ensure that its publication is highlighted across the Trust via the Daily Bulletin. Implementation of this policy will be supported through department visits and training as required to resolve any issues as they arise.
- 7.2. Trust staff will be made aware of their responsibilities in respect of tenders and quotations through generic and specific training programmes and guidance.

## 8. Monitoring compliance and effectiveness

Element to be monitored	Compliance on whether quotations and tenders were sought where expenditure exceeded the limits stated
Lead	Head of Procurement and Supplies
Tool	Internal and External audits and review of orders not placed against contract
Frequency	Minimum of once per annum
Reporting arrangements	Single tenders will be reported to the Audit Committee. Contracts with a value of £1m+ will be referred to the Trust Board.
Acting on recommendations and Lead(s)	Finance and Procurement personnel will act on the recommendations.
Change in practice and lessons to be shared	Required changes to practice will be identified and actioned within 3 months of identification. The Head of Procurement and Supplies will take changes forward as appropriate.

## 9. Updating and Review

- 9.1. These procedures will be reviewed every 3 years by the Head of Procurement and Supplies and any revisions will be considered and agreed by the Director of Finance.
- 9.2. Revisions may be made ahead of the review date when the procedural document requires updating. Where the revisions are significant and the overall policy is changed, the Head of Procurement will ensure the revised document is taken through the standard consultation, approval

and dissemination processes.

- 9.3. Where the revisions are minor, e.g. amended job titles or changes in the organisational structure, approval will be sought from the Executive Director responsible for signatory approval, and the procedures will be re-published accordingly without having gone through the full consultation and ratification process.
- 9.4. Any revision activity is to be recorded in the Version Control Table as part of the document control process.

## **10. Equality and Diversity**

- 10.1 This document complies with the Royal Cornwall Hospitals NHS Trust service Equality and Diversity statement which can be found in the 'Equality, Diversity & Human Rights Policy' or the Equality and Diversity website.

### **10.2 Equality Impact Assessment**

All public bodies have a statutory obligation to undertake Equality Impact Assessments on all policy documents.

- 10.2.1 The Initial Equality Impact Assessment Screening Form is at Appendix 2.

## Appendix 1. Governance Information

<b>Document Title</b>	Tenders and Quotations – Financial Procedures			
<b>Date Issued/Approved:</b>	Date signed			
<b>Date Valid From:</b>	1 <sup>st</sup> February 2015			
<b>Date Valid To:</b>	31 <sup>st</sup> January 2018			
<b>Directorate / Department responsible (author/owner):</b>	Lisa Symons Head of Procurement and Supplies			
<b>Contact details:</b>	01209 310040			
<b>Brief summary of contents</b>	This guide sets out the procurement process for obtaining quotations and tenders for general goods and services			
<b>Suggested Keywords:</b>	Tenders, Tendering, Quotes, Quotations, Contract, Supplies, Procurement, OJEU Tenders, Public Procurement Regulations			
<b>Target Audience</b>	RCHT	PCH	CFT	KCCG
	✓			
<b>Executive Director responsible for Policy:</b>	Director of Finance			
<b>Date revised:</b>	December 2014			
<b>This document replaces (exact title of previous version):</b>	Tenders and Quotations – Financial Procedures V2.0			
<b>Approval route (names of committees)/consultation:</b>	Finance and Performance Committee			
<b>Divisional Manager confirming approval processes</b>	Director of Finance			
<b>Name and Post Title of additional signatories</b>	'Not Required'			
<b>Signature of Executive Director giving approval</b>	{Original Copy Signed}			
<b>Publication Location (refer to Policy on Policies – Approvals and Ratification):</b>	Internet & Intranet	✓	Intranet Only	
<b>Document Library Folder/Sub Folder</b>	Finance / Procurement			
<b>Links to key external standards</b>	CQC Outcome 26 – Financial Position			
<b>Related Documents:</b>	Standing Financial Instructions			

<b>Training Need Identified?</b>	No
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**Version Control Table**

<b>Date</b>	<b>Version No</b>	<b>Summary of Changes</b>	<b>Changes Made by (Name and Job Title)</b>
	V1.0	Initial Issue	Garry Cooper
31 Jan 12	V2.0	Previous version history not known. Reformat and annual update.	Lisa Symons Head of Procurement and Supplies
31 Dec 14	V3.0	3 year review and update	Lisa Symons Head of Procurement and Supplies

**All or part of this document can be released under the Freedom of Information Act 2000**

**This document is to be retained for 10 years from the date of expiry.**

**This document is only valid on the day of printing**

**Controlled Document**

This document has been created following the Royal Cornwall Hospitals NHS Trust Policy on Document Production. It should not be altered in any way without the express permission of the author or their Line Manager.

## Appendix 2. Initial Equality Impact Assessment Form

Name of the strategy / policy /proposal / service function to be assessed (hereafter referred to as policy) (Provide brief description):	
Directorate and service area:	Is this a new or existing Policy? Existing
Name of individual completing assessment:	Telephone: 01209 310040
1. Policy Aim* Who is the strategy / policy / proposal / service function aimed at?	To highlight to Trust managers and staff the procedures to be followed for Tendering and Quotations
2. Policy Objectives*	To improve the management and control over Tenders and Quotations.
3. Policy – intended Outcomes*	Improved understanding of the process involved in respect of Tendering and Quotations.
4. *How will you measure the outcome?	Internal Audit reviews periodically monitor the use of the Trust's Tendering and Quotation procedures.
5. Who is intended to benefit from the policy?	The Trust, through improved management of Tenders and Quotations.
6a) Is consultation required with the workforce, equality groups, local interest groups etc. around this policy?	No
b) If yes, have these *groups been consulted?	n/a
C). Please list any groups who have been consulted about this procedure.	n/a

<b>7. The Impact</b>			
Please complete the following table.			
Are there concerns that the policy <b>could</b> have differential impact on:			
Equality Strands:	Yes	No	Rationale for Assessment / Existing Evidence
<b>Age</b>		<b>x</b>	<b>The guidance clarifies the responsibilities of all staff equally.</b>
<b>Sex</b> (male, female, trans-gender / gender reassignment)		<b>x</b>	

<b>Race / Ethnic communities /groups</b>		<b>x</b>	
<b>Disability -</b> Learning disability, physical disability, sensory impairment and mental health problems		<b>x</b>	
<b>Religion / other beliefs</b>		<b>x</b>	
<b>Marriage and civil partnership</b>		<b>x</b>	
<b>Pregnancy and maternity</b>		<b>x</b>	
<b>Sexual Orientation,</b> Bisexual, Gay, heterosexual, Lesbian		<b>x</b>	
<p>You will need to continue to a full Equality Impact Assessment if the following have been highlighted:</p> <ul style="list-style-type: none"> <li>• You have ticked “Yes” in any column above and</li> <li>• No consultation or evidence of there being consultation- this <u>excludes</u> any policies which have been identified as not requiring consultation. <b>or</b></li> <li>• Major service redesign or development</li> </ul>			
8. Please indicate if a full equality analysis is recommended.		<b>Yes</b>	<b>No</b> <b>x</b>
9. If you are not recommending a Full Impact assessment please explain why.			
Signature of policy developer / lead manager / director		Date of completion and submission 31.12.2014	
Names and signatures of members carrying out the Screening Assessment	1. Lisa Symons 2.		

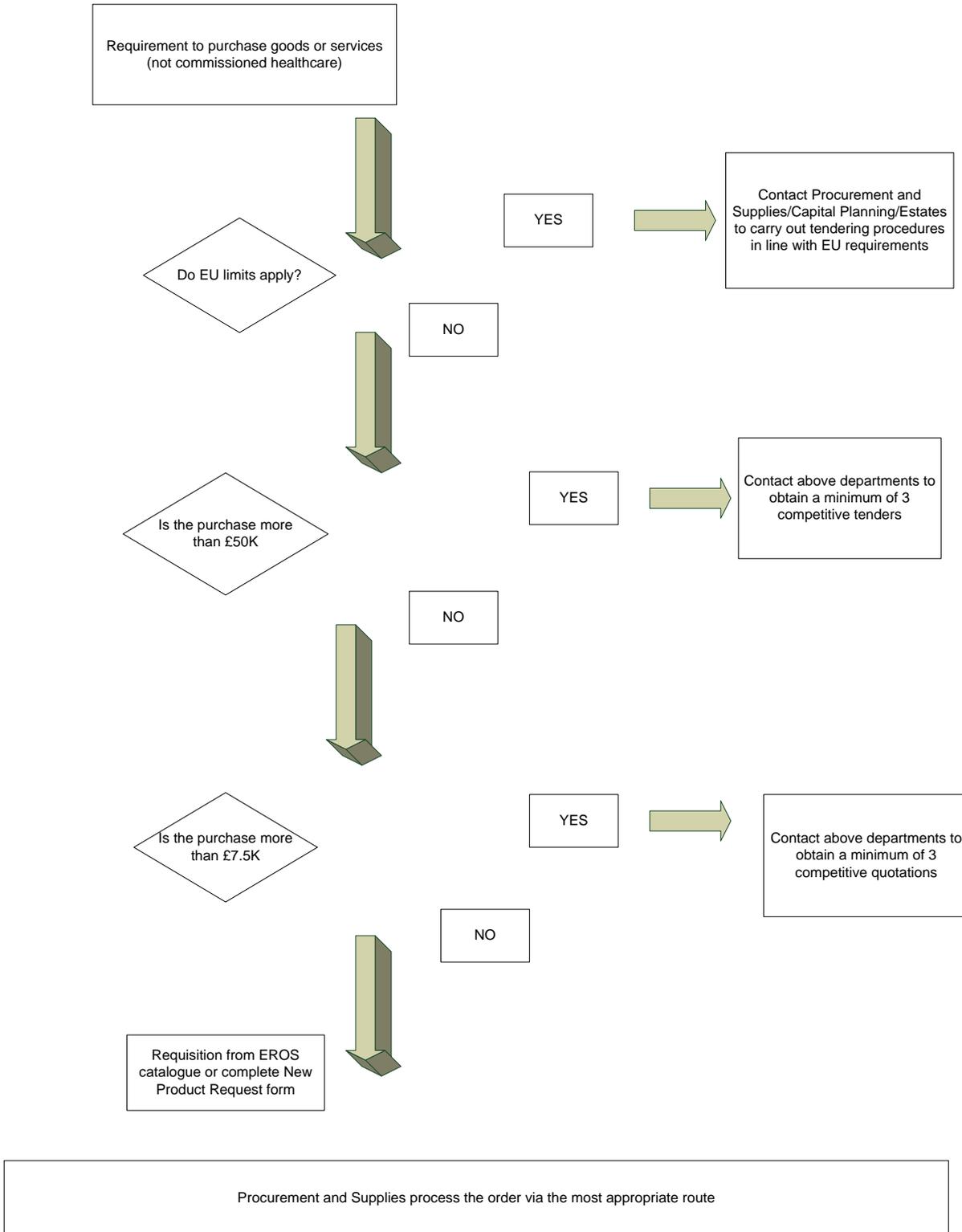
**Keep one copy and send a copy to the Human Rights, Equality and Inclusion Lead,**  
c/o Royal Cornwall Hospitals NHS Trust, Human Resources Department, Knowledge Spa,  
Truro, Cornwall, TR1 3HD

A summary of the results will be published on the Trust’s web site.

Signed \_\_\_\_\_

Date 31.12.2014

# APPENDIX 3 – Overview of the Procurement Process



# APPENDIX 4 – Tender/OJEU PROCESS

