

# **HARPER ADAMS UNIVERSITY COLLEGE**

## **Code of Tendering Practice**

### **Introduction**

1. The following guidelines are to be used in the conduct of tendering and contracting of major services and supplies commissioned by the College. At all times, the tendering, commissioning and contracting process must have due regard to College Financial Regulations, relevant internal financial procedures and guidance issued, from time to time, by the HEFCE. Tenders for contracts in excess of EU Procurement Directive limits must be dealt with via the Director of Finance and follow relevant procedures as required by HEFCE.

### **Tender Initiation**

2. Subject to any special rules applied by the College's funding bodies, the tendering procedures will be applicable to:

- The procurement of buildings in excess of £50,000 and services in excess of £50,000 in any one year
- Purchases where the estimated cost is in excess of £20,000

3. Major purchases at or above the limits set out in paragraph 3 should normally have formed part of the annual budget-setting exercise in the previous year. If so, the tender procedure can be initiated in consultation with the Director of Corporate Affairs (buildings) or the Director of Finance (services or other purchases). If the expenditure is not part of the annual budget, the approval of the Director of Finance must be sought to ensure that the purchase is affordable and that any post-purchase cost considerations (future maintenance etc) have been taken into account by the budget holder. Where necessary, the approval of the F&GP Committee will be sought for unbudgeted purchases at or above the specified limits, or, if time is of the essence, reported to the Chairman and to the next available meeting of the Committee. All purchases that require a tendered approach must provide:

- Coherence with the College's strategic plan or a related sub strategy
- Value for money
- Quality in the chosen approach
- Consideration (where relevant) of its impact on the environment

### **Project Definition**

4. In the same way that it is normally expected that major building projects will be subject to a project definition exercise that will detail the aims and objectives of the project, major purchases of services or supplies must follow a set procedure to ensure that the above considerations have been taken into account.

5. The person arranging the service or supply must provide to the Director of Finance:

- A statement which demonstrates the project's consistency with the strategic plan or a relevant sub-strategy approved by the Board of Governors
- An initial budget for the project; the budget should include a breakdown of costs including any professional fees and VAT, together with an indication of funding sources
- a financial evaluation of the purchase together with its impact on revenue, plus information on any alternative approaches that could be followed to procure the service or supply

- For supply purchases over £50,000, an investment appraisal in an approved format which complies with Funding Council guidance on option and investment appraisals and whole life costing techniques (to be provided with support from the Finance Office)
- A cash flow forecast setting out expenditure on the project (to be provided with support from the Finance Office)

### **Project Management and the Commissioning of Consultants**

6. The budget holder and Director of Finance will assign a project manager for each major purchase of supplies or services. This is to ensure that there is a nominated point of contact for the purchase for the tendering and contracting procedure and the project implementation. The project manager will be responsible for ensuring that the procedures set out in this document are followed, and will report progress routinely to the budget holder. If the scale of the project dictates, a project manager may need to be appointed to manage the day-to-day operation of the project. The project manager, if appointed externally, will be expected to work closely with the budget holder and Director of Finance. The scale of fees for external project management will be determined by the Director of Finance, with reference to the scales published by relevant professional bodies.

7. Apart from major building projects, where the relevant guidelines set out the approved approach, the College may, on occasion, need to engage consultants to assist with the delivery of a major service or supply. The Estates and Facilities Manager may commission consultants from an approved list for individual purchases where professional advice and support is required. Otherwise, all consultant commissions will be arranged by the Director of Corporate Affairs or Director of Finance. Commissions must be based on appropriate scales of fees, with reference to the relevant professional body (eg RIBA for architectural services).

8. Commissions must, amongst other items, contain provision for:

- Securing information on professional liability insurance cover held by the consultant prior to the start of the project
- Agreeing the services to be provided within the scope of the project (with reference to any relevant professional body scheme stage agreements)
- Identifying a lead consultant responsible for co-ordinating the work of consultancy firm and, in cases where different consultants are engaged on the same project, ensuring communications are maintained between them
- The commission to operate initially, until a satisfactory tender for the project is received; this will be followed by confirmation of the commission to the end of the project

### **Project Timetable**

9. The Project Manager will determine the overall timetable for the project, based upon the College's requirement for completion. The timetable will take due account of the need for appropriate periods for project development, project approval, procurement and any subsequent negotiations with the approved supplier on contracting and other issues and project delivery. The critical points in the timetable will be:

- Appointment of a project manager and any necessary consultant support
- Determination of project timetable
- Initial market scoping and consultation with end users, where required
- Initial cost estimates
- Securing any necessary planning and building regulations submissions and approval
- Pre-tender cost check
- Tender period and tender analysis
- Contract negotiations

- Start of contract
- Completion of contract
- Post contract evaluation (where relevant)

### **Early Project Development Process**

10. The project manager will monitor costs associated with the project on a regular basis. The estimated cost of the project (including provision for contingencies) must be within the allocated budget before tenders are sought. Any relevant design process must therefore be carefully co-ordinated by the project manager, with the lead consultant if appointed, to ensure that all costs are taken into account at the pre-tender cost check stage.

11. The early stages of the procurement process must involve meetings/presentations with end users to ensure that reasonable client requirements are taken into account in the final purchase of the service or supply. End users will be informed of the implications of amendments to specifications and contract terms and that such amendments will not normally be allowed.

### **Tender and Pre-Contract Stage**

12. Advice on the companies that will be approached to tender can be developed by the project manager but the formal decision on the tender short list will remain with the Director of Finance. Bank references and a status report from the College's debt collection/status report agency (organised by the Finance Office) will be obtained for those firms invited to tender for major projects.

13. The tender process will normally be managed by the project manager, on behalf of the College. Due account will be taken of the requirements of the EU Procurement Directive when assessing estimated tender thresholds. A sealed tender process will be followed for major services and supplies that are not otherwise part of an agent-brokered arrangement. The tender process will be arranged by the project manager in liaison with the Estates and Facilities Manager, who holds the tender book. The major exception to this process will be in the case of the College's insurance arrangements where the consolidated premium may exceed the annual service supply limit. The College's insurance must be arranged via an approved broker and the results of the agreed consolidated premium reported by the Director of Corporate Affairs to the F&GP Committee at the next available opportunity. All tendering procedures will be conducted as 'commercial-in-confidence' and project managers will be expected not to discuss the shortlisted firms, their tenders, post tender negotiations or any other aspect of the process with any external representative (other than engaged consultants) or other members of staff (other than those involved in the tender exercise) until the final tender has been selected and the tenderers informed of the results of the exercise.

14. If tender opening is conducted by an external consultant, the College must have a representative present to witness the opening of tenders and at any subsequent formal meetings with any shortlisted suppliers held to clarify tender information. Where the process is conducted by College representatives, the project manager, Estates and Facilities Manager and/or another senior member of College staff must witness the opening of tenders and must sign the tender book to confirm the tendered sums.

15. The F&GP Committee will receive a formal report on the result of tender exercises, prepared by the project manager and relayed (in good time for the preparation of the agenda) to the Director of Corporate Affairs. Subject to being satisfied that the project should proceed, the F&GP Committee will authorise acceptance of the recommended tender. Where the timetable for the project does not allow for tender acceptance to be delayed until the next meeting of the Committee, approval must be obtained from the Principal and the Chairman and Vice Chairman of the Board of Governors. The project programme should normally indicate when tender approval is required so that the F&GP Committee can delegate authority to the Principal,

Chairman and Vice Chairman to accept a tender. A detailed project timetable will be obtained by the project manager from the selected contractor at the earliest available opportunity prior to final acceptance of the tender.

16. The form of supply contract offered by the chosen supplier must be seen and approved by the Director of Corporate Affairs, who will seek independent legal advice where required.

17. The project manager and, where required, senior College representatives, shall normally seek an early meeting with the appointed supplier to be formally introduced to the suppliers representatives. The College will retain the right to request that nominated representatives are changed where this is considered necessary.

18. The Board of Governors may, if it considers it necessary, appoint a link Governor who will be kept advised, by the project manager, on progress with the project and will, in turn, keep the Board up to date on the project.

### **Contract Stage**

19. Routine meetings or other form of contact (eg e-mail or telephone) (to be determined according to the nature of the service or supply) will be held between the chosen supplier and a record kept of these meetings/discussions (including major decisions and action points) by the project manager. The purpose of these meetings/discussions will be to ensure that the remains aware of College requirements and that the project is kept to the agreed delivery timetable.

20. The project manager will be expected to liaise with nominated end users to keep them informed of progress with the project and to ensure that their reasonable requirements are taken into account. The project manager should ensure that no-one gives instructions to the chosen supplier other than the project manager, and that the chosen supplier is reminded of this restriction.

21. Requests from the chosen supplier for extensions of time for the delivery of the service or supply will be considered initially by the project manager, who will take into account any implications for the end-user, or increase in costs, in reaching a decision. If further advice is required on this point, the project manager should liaise with the Director of Corporate Affairs or the Director of Finance.

22. It is particularly important for the project manager to keep other College staff involved in the project delivery programme and to ensure that any inputs from them are properly coordinated. These might include:

- Advice on existing systems (eg IT, Estate, Telephones etc)
- Advice on managing deliveries of major pieces of equipment
- Advice on out-of-hours working
- Advice on restricted working where special permission is required (eg hot work for which a permit is required from Estates)
- Advice on obtaining permission to work and contractor's passes (with related health and safety advice)

The Estates and Facilities Office will normally be the first point of contact for the above information.

### **Contract Completion**

23. If the procured goods are deemed to be below an acceptable standard on delivery they must be rejected and returned via the suppliers agents and the supplier contacted immediately by

the project manager. This contact must be followed up in writing, giving reasons for the rejection of the delivery. If the procured goods have minor issues for which rectification on site is more appropriate the project manager will ensure that a full record of items for rectification, post delivery, is maintained and that the rectification work is conducted within agreed time limits.

24. In the case of service agreements, should the project manager consider that they fall below an acceptable standard then the matter should be raised with the suppliers nominated representative. If no improvement results from this contact, the project manager should seek advice from the Director of Corporate Affairs or the Director of Finance.

### **Accounting**

25. Certificates for payment to suppliers, duly authorised by and relevant consultants will be checked for accuracy by the project manager and approved for payment by the budget holder. The project manager will keep an independent record of all certified payments, and any agreed retention, as a measure of progress against the project budget. Regular reports on progress with the project against timetable and budget, will be made by the project manager to the Director of Finance to a timetable agreed with the Director of Finance.

26. Where external grants have been provided for the project, the Finance Office will claim the proportion of expenditure funded by the grant as soon as possible after receipt of approved certificates for payment. Payments to the supplier will be processed by the Finance Office so that they might be made in accordance with the agreed terms of payment.

27. Agreed retention payments (usually for building contracts) will only be released on the certification of the quantity surveyor and architect and with the approval of the Director of Corporate Affairs.

### **Handover to End Users**

28. In the case of supplies purchased for another end-user the project manager will be responsible for preparing and executing a plan for handing over the purchased goods. This will include co-ordination of removals, telephone relocation, IT installation and other services as required by the end users, all of which should form part of the initial project costing exercise. It will also include any necessary training in the use of the goods and any relevant health and safety instructions relating to the goods.

### **Post Procurement Evaluation**

29. The College may wish to conduct a post procurement evaluation on the conduct of the project and on whether the project has met user requirements. The evaluation should include reference to the performance of the purchased supply or service in meeting its commercial function. To assist this process, at the end of the project, the project manager will prepare a brief report on the conduct of the project and the performance of any consultants engaged to assist its delivery. This will be used as guidance for future contracts. The project manager will also conduct a brief survey of end users, normally 6 months after procurement, to determine their level of satisfaction with the supply or service. Post procurement evaluation reports will be considered by the F&GP Committee.

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