

GAMBLING COMMISSION

Procurement policy

November 2009

Contents	Page
1. Introduction	3
2. Aim	3
3. Roles and Responsibilities for Procurement	3
4. Mandatory Requirements	5
5. Good Practice Guidance	7
6. Ethical Standards and Conflict of Interest	8
7. Placing Orders	9
8. Exemptions against raising an order	11
9. Budgetary Control and Purchase Order Approval	11
10. Receipt of Goods	12

1. Introduction

The policy relates to all procurement activities (i.e. Goods/Services) undertaken by the Commission.

The role of the Procurement section is to support and facilitate good working purchasing practice.

A Corporate purchasing policy is seen as a prerequisite to achieving these aims and objectives.

This Policy will provide managers, supervisors and staff involved in the purchasing function with details of all appropriate national, regional and local contracts and purchasing arrangements.

It will also provide managers, supervisors and staff involved in the purchasing function with details of all relevant purchasing procedures including standing orders and other legislation in order to ensure that the necessary procedures are complied with and that they do not compromise the Commission ethically or legally.

2. Aim

The aim of this policy is to facilitate the acquisition of reasonably priced, high quality goods and services to end users (i.e. department/budget holders), while preserving organisational and financial accountability. It is assumed that risks are greater for higher value purchases.

The aims of this policy are:-

- * Comply with national guidelines and recommendations on Best Practice.
- * Establish a framework to ensure that all corporate purchasing arrangements comply with standing orders and financial regulations.
- * Ensure that standard tender documents will be used Commission Wide and that Contracts are established which ensure an accredited, quality, best value service.
- * Introduce a framework of purchasing ethics compliance that ensures the purchasing function is undertaken in a fair and transparent manner and ensures that all potential contractors are treated fairly and not disadvantaged.

3. Roles and Responsibilities for Procurement

The Commission is committed to achieving best value and one way it will achieve this is through effectively managing its purchasing arrangements to achieve economies of scale and to maximise its purchasing power.

Where national, regional or local contracts or purchasing arrangements exist, all budget holders and staff responsible for purchasing issues should utilise these contacts or purchasing arrangements.

All staff are required to comply with the Commissions Procurement Policy and Scheme of Delegation.

Procurement processes require that “the purchase of equipment, goods and materials shall be effected through the most economical and practical means, making use of contracts arranged through the OGC/Home Office and other bodies where these are available”.

Staff may not order goods or services unless they have delegated authority to so do.

Failure to utilise national, regional or local contracts may make the Commission liable for breach of contract. Failure to comply with the Procurement Policy and Scheme of Delegation may result in disciplinary action being taken.

3.1 Procurement Department

The Procurement Department must:-

- ensure that purchasing is carried out in a professional manner and in accordance with this policy
- undertake appropriate training in relation to purchasing techniques
- promote and monitor good purchasing practice within the Commission
- provide supporting documentation in accordance with this policy for purchases above £1,000
- manage the purchasing process for all transactions above £1,000
- obtain management information, monitor the efficiency of purchasing arrangements
- to convert requirements into orders and to administer the purchase
- choose the appropriate ordering technique (Purchase Order, Web based ordering, Purchasing Card)
- provide appropriate training and documentation
- develop strategy, policy, procedures and systems
- negotiate corporate purchasing agreements
- review preferred suppliers for performance and customer satisfaction
- provide self assessment tools for good purchasing practice
- support benchmarking
- offer assistance with any purchase
- act in support, including purchases and above the European Union threshold level
- offer high level discussions relating to the monitoring of good purchasing practice
- advise budget holders of all relevant national, regional and local contracts and purchasing arrangements and supporting national and regional collaborations
- undertaking market testing initiatives and tendering exercises on behalf of budget holders
- maintain an integrated purchasing information and supplier database and develop a select list of Best Value suppliers together with an objective selection process in line with best practice

- advise budget holders of purchasing procedures including standing orders and other related legislative requirements
- advise on drafting standard tender documentation, as required
- advise on any problems that may arise in respect of contracts and purchasing arrangements
- review current purchasing processes and pursuing new initiatives to improve the central services to budget holders including 'E' Commerce.
- produce and maintain a purchasing guidance and standards manual
- develop a proactive corporate purchasing strategy and annual action plan aimed at ensuring the provision of Best Value and quality goods and services for budget holders. This includes the establishment of benchmarked data for contract comparison, savings quantification

The Procurement Department is responsible for providing support and guidance on the above issues.

4. Mandatory Requirements

4.1 Authorised Purchase

Authorised purchases are commitments to purchase made by an employee to whom authority has been delegated.

Any employee who makes an unauthorised purchase is personally responsible for payments of any costs incurred. Disciplinary action may also be taken, this may lead to termination of employment.

4.2 Leasing Arrangements

All leasing agreements once reviewed by procurement must be approved and signed by the relevant budget holder.

4.3 Urgent Orders

When is it necessary to arrange urgent supply and there is no time to issue an official order, a verbal order may be given. The supplier shall be given the official order number, the name of the person raising the order and the delivery point address. The subsequent official order should be marked "confirmation of verbal/telephone order – do not duplicate".

4.4 Purchasing Thresholds (See Flow Chart Appendix 1)

Order/Contract Value	Level of Authorisation/Process
Below £1,000	1 Price from a Contractor (e.g. E-Mail, Sales Catalogue, Verbal)
£1,001 - £10,000	3 Informal Quotes from Contractors (e.g. Own Company Documentation)
£10,001 - £25,000	Minimum of 3 Formal/Official Quotes from Contractors (e.g. GC Quote Documentation)
£25,001 – EU Limit	Range between 3-5 Formal/Official Tenders from Contractors based on excepted cost (e.g. GC Tender Documentation)
EU Limit +	These are subject to EU Processes (Open or Restricted Procedure) ... looking for minimum 6 bids to evaluate.

Purchasing thresholds do not apply to purchases made from National Framework agreements (ie OGC/MOJ/HO/DCMS)

4.4.1 Purchases between £10,001 to £25,000

At least three written quotations must be invited and supporting documentation retained giving reasons for the choice made.

4.4.2 Purchases between £25,001 to EU Threshold

At least 3-5 written, sealed bid tenders must be invited and supporting documentation retained giving reasons for choice.

4.4.3 Purchases above EU Threshold

The Procurement Department must be consulted and full details of the tender process recorded centrally, on behalf of the Commission

The Procurement Department must manage the purchasing process.

4.5 Sole Supplier/Acceptance of not the Lowest Bid

In cases where only one or two suppliers can be identified for a particular items and the value of the purchase exceeds £10,000, a written justification* must be prepared for approval by the Head of Finance/Budget Holder and Chief Executive when over £100,000 for the decision not to seek three competitive bids.

* See Appendix 2 and 3 for the forms which may be used.

4.6 EU Law and Public Procurement

Nothing in this policy must be taken as overriding Eu Procurement Regulations.

4.7 The Conditions of Purchase

As far as practicable all purchase orders must be placed to the terms of the Standard Conditions of Purchase a copy of which is available on the Procurement web site.

4.8 Quotation and Tender Procedure

Quotations and Tenders must be invited in accordance with procedures defined in Appendix D. Offers received and supporting documents giving reasons for choice of supplier which be kept for a least 7 years after the end of the financial year in which the contract is completed.

4.9 Part Orders

Orders must not be raised for part requirements in such a manner as to avoid the provisions of this policy.

4.10 Division of Responsibility

The general principle is that responsibilities relating to purchases must be divided, so that at least two people are involved in a purchase.

For orders, at least two people should be involved in authorising the first three stages of the transaction. The three stages are: the requisition, the purchase order, and the goods receipt note.

In purchasing, it is important that there is adequate separation of duty between the approval of budgetary spend and the selection of the preferred supplier to undertake the supply. Having two people playing the different roles (of budgetary authority and purchasing authority) will ensure this.

5. Good Practice Guidance

At the start of the purchasing process:-

At this point, you have decided to make a purchase of goods and/or services from an external supplier. You will need to:

- specify what it is you want
- identify a number of potential suppliers and request a proposal and/or a quotation from each of them
- evaluate the suppliers' responses on the basis of best value for money and select a preferred supplier; and

- execute a contract with your preferred supplier and issue a purchase order for the work

At the end of the purchasing process:-

At this point you have a picture of what tasks are required for you to complete the purchasing process.

5.1 For purchases between £1,001 to £10,000

Three written quotations, may be obtained and recorded.

5.2 Responsibility to ensure good practice

The responsibility for ensuring good purchasing practice is delegated to the Procurement Department. Good practice includes:-

- subjecting suppliers to competition and offering equal opportunity
- assessing offers against an objective criteria including whole life costs, fitness for purpose, availability, and acquisition costs.
- appraising performance of goods and services purchased

6. Ethical Standards and Conflict of Interest

- 6.1** All staff must be aware of the standards of ethical behaviour that apply to their purchasing activities.
- 6.2** Any personal interest which may impinge or might reasonably be deemed by others to impinge upon impartiality in any matter relevant to purchasing duties should be declared to the Director of Finance for recording and approval before conducting the business.
- 6.3** The confidentiality of information received in the course of duty should be respected and specific details of suppliers' offers must not be divulged to competitors. Information given in the course of duty should be true and fair and never designed to mislead and should never be used for personal gain.
- 6.4** While bearing in mind the advantages to the Commission of maintaining a continuing relationship with a supplier, any arrangement, which might in the long term prevent the effective operation of fair competition, should be avoided.
- 6.5** Gifts, other than items of very small intrinsic value such as business diaries, calendars, telephone pads etc, could be accepted if they are classed as advertising matter. Items for personal use should be declined. Modest hospitality is an accepted courtesy of a business relationship. However, the recipients should not allow a position to be reached whereby they might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality should not be

significantly greater than the Commission would be likely to provide in return. When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Director of Finance .

- 6.6** Personal inducements in any form from suppliers of goods and services to employees are forbidden. Any instances of such inducements being offered must be reported immediately to the Director of Finance.

7. Placing Orders

Although the golden rule is that all goods and services must be ordered through the POP (Purchasing Ordering Processes) system, the following specific categories do not 'fit' within POP, and should therefore be addressed outside the Purchase Order system:

- Payroll
- Personal expenses
- Utilities (i.e. electricity, water, etc)
- GPC payments

At the start of 'Place Order':-

- 7.1** At this point you will have:

- * identified your preferred supplier

- 7.2** You will need to place an order to the supplier.

- 7.3** The purchase order you issue is dependant on the contract underlying your purchase.

- 7.4** Invoice Authorisation Process

When the Invoice is received in Finance, it will be reviewed to ensure that:-

- * the bill appears legitmate and relates to the Commission
- * the bill has not been paid previously (ie the bill may be a reminder, or a final demand)

Then the Invoice is registered into the Finance System. The total bill is summarised by department and passed to the relevant departmental budget holder for review and approval.

On receipt of approval from departmental budget holders, the invoice is approved and paid by finance.

7.5 The Purchase Order Process:-

- * The Budget Holder nominates a person or persons from their department who will raise Purchase Requests on behalf of their department. We allow each nominated requester to raise Purchase Requisitions up to a maximum ordering limit of £10,000.

NB1: - Budget Holders raise all requests over £10,000 who then passes this onto their line manager for authorisation representing segregation of duties

NB2: - Each Approved Requester has training on how to raise a purchase order and their financial code structure (i.e. Cost Centre Only); this training is signed off stating compliance with the Process and the Procurement Policy.

- * The Purchase Requisition must contain the following minimum information:-

Cost Centre, Product Description and part/product number if known, Suggested Supplier, Approximate Cost

- * Once this request has been completed with as much of the above requested information as possible, then this request is passed onto the Departmental Budget Holder for authorisation. This authorisation represents approval that the goods/services, budget and financial implications are required by the Gambling Commission and the applicable department.

NB3: - The name of the authorised budget holder (i.e. approver) automatically show on the Purchase Requisition when you insert the costs.

All requests are raised exclusive of VAT however the Budget Holder needs to authorise the NETT amount of the request (i.e. £117.50 not £100). The Purchase Requisition and Official Order state the VAT is excluded in the detailed price however the Commission when Invoices are received pay Inclusive of VAT.

- * This request is then passed onto Procurement who considers whether the Product, Supplier and Costs represent Value for Money or can further savings be achieved by looking at alternate suppliers.

NB4: - If Value for Money is achievable from the chosen supplier, then Procurement just need to contact the supplier to confirm the product description, part number and costs are accurate.

NB5: - If Value for Money has not been achieved then Procurement contact alternate suppliers to benchmark these costs and products and any possible savings are recorded.

- * Once procurement has completed any amendments to the Purchase Requisition then a member of the Finance Team authorise the budgetary expenditure and then the request is turned into an Official Purchase Order by nominated persons within Finance which is then sent out to the Supplier.

NB6: - If procurement has identified any further costing implication then the budget holder will be required to re-authorise this additional financial implication.

If the additional expenditure is more than 5% or is greater than £100 in value of that originally authorised then it needs to be signed again, if the requisition is the same or less than the requisition then procurement just action the request and e-mail the budget holder with the final costs.

NB7: - By a nominated member of the finance team raising the order and forwarding them to the supplier shows segregation of duties from the Procurement Officer,

* A copy of the authorised Requisition and any additional supporting information (i.e. quotes, etc) are printed off and kept within Procurement.

7.6 PO's relating to office refurbishments, furniture, equipment or IT Software may need to be entered into the Commission's fixed asset register. Facilities Management maintains the fixed asset register, but Budget Holders responsible for authorising fixed asset expenditure need to be familiar with the procedures set out in 'Procedure 06-0X Fixed Asset Purchases'.

8. Exemptions against raising an order

The raising of Purchase Orders are essential to the Commission in order to:

- * allocate the goods/services against a budget,
- * inform the budget holder of current and forecasted expenditure (budget reports)
- * inform finance of the forthcoming invoices
- * allow finance to make a true budget forecast
- * allow organisation to produce a database on historical goods/services
- * ensure consistency

However it has been decided that the following categories for goods and/or services are exempt from requiring purchase orders to be raised:-

- Payment of Credit Cards
- Payroll
- Personal expenses
- Utilities (i.e. electricity, water, etc)

9. Budgetary Control and Purchase Order Approval (See Appendix 5)

To maintain financial propriety, in line with the Gambling Commission's Delegated Authority policy, all purchase order requests must be approved by the appropriate budget holder(s). The levels of authorisation required to commit expenditure, as outlined within the Delegated Authority, are given below. These limits have been incorporated within the Purchase Order request form to identify the budget holder required.

Extracted from Gambling Commission Delegated Authority Policy (Sept 06)

Procurement of goods and services	Value
Board of Commissioners	£500,000 and over
Chief Executive, Director of Regulations or Director of Finance	Up to £500,000
Directors – Management Board	Up to £250,000
	Up to £100,000
Heads of Department	Up to £25,000
Departmental managers, and designated individuals as authorised by a Director	Up to £10,000
Designated departmental staff, as authorised by a Director	Up to £150

Budget holders are not permitted to commit expenditure, i.e. authorise the issue of a PO in excess of their budget without prior approval from the respective departmental director.

10. Receipt of Goods

Victoria Square House

All goods are received by the requesting department at Victoria Square House, on the 4th floor, and are recorded as 'Goods Received' on the Purchase Order Processing System.

When goods have been received, it is the responsibility of the user/requisitioner to open and check the delivery to ensure that the order is complete, in good condition and as ordered. If the goods are not in accordance with the standard/quantity specified on the order, the user/requisitioner must inform the Procurement department within 3 working days of the receipt date, quoting the purchase order number and the nature of the rejection or complaint. This must be confirmed additionally via e-mail.

It is essential that incomplete or rejected orders are reported to the Procurement department within three working days after discovery, so that the Procurement department can contact the supplier to rectify the problem.

Prompt notification of any issues is also important from a financial perspective, as Finance will assume that the receipt of goods by the user/requisitioner constitutes a complete order, and will therefore pay invoices accordingly. Failure to notify the Procurement department of incomplete orders immediately may therefore result in payment being made for goods that have not been satisfactorily supplied.

If goods are received in a number of deliveries, reception will mark the order as part delivered. This will give the Finance team the option of part paying invoices as they are received.

If an order is partly received and the remaining quantity is not going to be delivered, the order requestor must notify the Procurement department that the order is complete. This will ensure that the Finance team only pay for the items received, and that the order is closed and marked as complete.

Where a physical product has been received at Victoria Square House, the goods receiving process is relatively straight forward:-

- Order received by User/requisitioner
- Order checked to ensure all goods have been received as ordered
- Goods Receipt Note processed and forwarded to the Procurement department

Where the order does not relate to the physical delivery of an item, however, i.e. training or attendance at a conference. It is therefore the order requestor's responsibility to notify the Procurement department when an order for a service (i.e. an activity that is not physically received) such as training, has been completed.

Inspectors working from home

When goods have been received, it is the responsibility of the order requestor to ensure that the order is complete, in good condition and as ordered. Notification that the goods have been received satisfactorily should be forwarded to the Procurement department by e-mail, quoting:

- a. The Purchase Order Number
- b. The Supplier
- c. Confirmation that the goods have been received.

If the goods are not in accordance with the standard/quantity specified on the order, the user must report the discrepancy to the Procurement department as soon as possible after discovery, so that the Procurement department can contact the supplier to rectify the problem.

Prompt notification of the receipt of goods/services is important from a financial perspective, as Finance will only pay invoices where goods have been satisfactorily received. Failure to notify the Procurement department that orders have been satisfactorily supplied may therefore result in payment being delayed to suppliers.

If goods are received in a number of deliveries, the Procurement department should be notified that the order has been 'part delivered', quoting:

- a. The Purchase Order Number.
- b. The Supplier.
- c. The number of items received.

This will give the finance team the option of part paying invoices as they are received. If an order is partly received and the remaining quantity is not to be delivered, the order requestor must notify the Procurement department that the order is complete. This will ensure that the Finance team only pay for the items received, and that the order is closed and marked as complete.