

**UNIVERSITY OF SUNDERLAND**

**QUOTATION, TENDERING AND CONTRACT MANAGEMENT PROCEDURES**

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**Author: Maureen Casey (Procurement Manager)**

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## INTRODUCTION

As a strategic function, the central Procurement Team will work to deliver streamline processes, encourage supply chain innovation, and optimise value obtained from purchased goods, services and works. [The Procurement Plan](#) sets out the remit of the Procurement teams expertise and involvement in the process and this guidance in conjunction with the [University Standing Orders on Tendering and Contract Procedures](#) follows both public and internal regulations; the following guidance sets out the procurement journey and governance structure in place to support the delivery and management of contracts for the University.

The choice of procurement procedure is likely to change for some funded projects, which can be subject to different financial thresholds. All procurement activity of this nature shall be directed to the Procurement Team prior to any supplier engagement.

### Quotations

A quotation is a price provided by a supplier in response to a product/service inquiry.

This process can be managed by each Faculty/Service, central team or for more complex or funded requests the Procurement Team. Requests to suppliers should be returned to the person initiating the inquiry by email or alternative electronic means. Quotations will be evaluated for the optimum combination of cost, and quality including sustainability and risk which collectively support whole life costing. Quotations should be retained at department level and will be subject to the University retention document policy for audit purposes

<https://docushare.sunderland.ac.uk/docushare/dsweb/Get/Document-8827/University%20Retention%20Schedule.pdf>

Any quotation which relates to potential funding provided by an external organisation may be required to be held for a longer retention period as determined by the funding authority. Further information about external funding regulations and retention periods should be sought from the relevant Project Manager in Enterprise and Innovation.

### Tender

A Tender is an offer made by a supplier to enter into a contract for goods, services and works, which is initially evaluated by cost and quality, service delivery including sustainability and risk.

The tender process will be supported and co-ordinated by the Procurement Team. Tenders will follow a structured process and competitive bids will be evaluated to identify supplier(s) which represent the most economically advantageous tender(s) for the University.

When tendering for supplies or services over £189,330 (excluding VAT) or for Works over £4,733,252 (excluding VAT) the European Union legislation for Public Contracts apply.

Tendered contracts are categorised by the following definitions:

- **Supplies (Goods)** contracts are essentially those for the supply (and installation where appropriate) or hire of products.
- **Works** contract is defined as “the outcome of building or civil engineering, works taken as a whole that is sufficient of itself to fulfil an economic and technical function”.
- **Services** contract includes services such as maintenance of equipment, transportation, consultancy, technical services etc.

### **Value of goods/services or works less than £5,000 Inc VAT**

Goods/services or works less than £5,000 Inc VAT can generally be procured by a single quotation. However where a tendered framework agreement exists quotations/bids should be competitively sought from all suppliers on the framework agreement, unless a direct award has been made with one of the suppliers. Please refer to the list of available frameworks in the following [link](#).

This threshold may differ for externally funded projects and you may need to seek quotations for goods and services which are less than £5,000. You are advised to seek further advice from the relevant Project Manager in Enterprise and Innovation.

### **Value of goods/services or works between £5,000 and £50,000 Inc VAT**

All goods/services or works between the values of £5,000 - £50,000 including VAT require a minimum of 3 competitive quotations from contractors/suppliers (unless there is a direct award to a supplier via a tendered process or a finance approved dispensation in place to use a supplier). Please refer to the list of available frameworks and sole supplier dispensation in the following [link](#).

If using a tendered framework it is important that the buying options set out in the buyers guide are adhered to and evidenced on the over £5,000 form. Mini- competitions or direct awards from a framework agreement should be agreed with the Procurement Team before proceeding.

The £5,000 to £50,000 threshold may differ for externally funded projects and you may need to seek quotations/tenders for goods and services which are less than the University's threshold. You are advised to seek further advice from the relevant Project Manager in Enterprise and Innovation.

Quotations are to be returned to the Faculty/Service/central team or a member of the procurement team initiating the enquiry. If the value of the lowest returned quotation is more than £50,000 inc VAT the goods, services or works should follow a tendered process; therefore careful consideration should be given to the estimated value of the goods/services or works before deciding upon the method for procurement. Where a tendered framework exists and the price is not fixed, quotations should be competitively sought from all suppliers on the framework; this value can exceed £50,000.

Following the evaluation of quotations and the selection of a supplier, an over £5,000 form will require completion with agreement by the relevant budget holder. The quotation should be attached to the electronic purchase order request which will allow the purchase order to be processed. If less than 3 quotations have been obtained or the lowest price has not been accepted a suitable justification should be provided on the over £5,000 form. For any goods and services which have been externally funded it will be expected that at least 3 quotations have been managed and it is advised to check the funder's requirements as they may differ.

### **Value of goods/services or works over £50,000 Inc VAT**

All goods/services or works not covered or available from a contract/framework and over the value of £50,000 (or less for funded projects) including VAT should be tendered by the Procurement Team. Full advice on the procurement route will be agreed with the stakeholder.

A tender value is the cost of an agreement over the full period of the contract and should include an allowance for delivery (if applicable) any additional works, training, maintenance and licensing costs carried out by the same contractor within the contract period. Where the length and value of a contract is indeterminate, the value shall be taken to be the estimated value of the contract over a period of four years. Contracts must not be artificially split to avoid the relevant quotation/tendering threshold.

Where a tendered supplier framework exists price quotations should be competitively sought from all suppliers under the framework agreement. Where the competition is not solely based upon price, mini competitions or direct awards should be agreed in conjunction with the Procurement Team before proceeding.

### **Establishing a Procurement Requirement**

Before a quotation or tendering exercise can take place the following factors require further consideration:

- Does the University have a tendered contract or framework in place?
- Have the supplies, services or works been provided with an agreed dispensation?
- Is there a suitable Purchasing Consortium contract in place?

Should any of the above factors not be in place or can be ruled out following consultation with the Procurement Team then a quotation or tendering process will need to take place. Where a supplier quotation is required please refer to the section titled; [“Value of goods/services or works between £5,000 and £50,000 Inc. VAT.”](#)

There are a number of available procurement processes to use; the established tender routes used by the University are known as open, restricted or competitive dialogue procedures. The Procurement team will collaborate with the Faculty/Service and decide upon the most appropriate method to use.

### **Tender Adverts**

All tender requests should be formally registered with the Procurement Team before any documentation is sent out to suppliers. It is an EU and treaty requirement that all tenders are formally advertised to allow any supplier the opportunity to participate in the tendering process. The Procurement Team will utilise an E-tendering portal for all tender adverts and where the contract value exceeds the European threshold the advert will additionally be placed in the official journal of the European Union. Any potential contract valued at £25,000 or greater

(including VAT) and is subject to funding requirements may also be advertised within contracts finder.

Goods/service/works that exceed the OJEU Threshold <https://www.ojeu.eu/thresholds.aspx> must be advertised for a minimum of 30 days in the Official Journal of the European Union. The minimum requirement of a 30 day advert can be utilised providing we place the advert electronically via the official journal. Tenders below the OJEU threshold will generally be advertised for a 2-4 week period on the University's E-tendering system and the UK Governments portal, contracts finder.

To advertise a tender the following information is required:

- Tender name and reference (UOS/Description/Month Year in the format 07/20).
- Contact details
- Deadline date/time for requests to participate, and where applicable, date anticipated for the contract to commence
- Brief summary of the goods/services/works and expected value which will form the basis of the advert
- For OJEU tenders further information will be requested to support the advert such as specific common procurement vocabulary (CPV) coding which is linked to the category for goods/services/works, the number of suppliers we expect to shortlist and the approximate tender timeframe. Frameworks will include the scope or total maximum value we are expected to call off throughout the duration of the contract. Reference should also be made about the Selection stage, where applicable, which refers to the minimum standards the University will expect the supplier to have in place.

### **Selection Questionnaire (SQ)**

**Regardless of whether the tender is open, restricted or competitive dialogue an SQ is required, however the type of procedure dictates whether this a single or two stage process**

The selection questionnaire ("SQ") will be managed by the Procurement Team. For restricted and competitive dialogue procedures the questionnaire will be used to shortlist suppliers by assessing their legal and financial status and technical and professional ability. For all tender procedures the SQ will request general supplier information and address whether a supplier will be excluded on the grounds of criminal acts including fraud; these are assessed by using mandatory exclusions. A discretionary exclusion can be used for professional misconduct and social obligations.

To ensure fairness and transparency the Procurement Team will manage all communication with suppliers throughout the tendering process.

All suppliers who submit an expression of interest during the tender advertising period will have immediate and unrestricted access to the tender documents. Where the University decides to use an available framework agreement only those supplies will gain access to the tender information. It is important to ensure that all suppliers are treated equally in terms of access to information and response times.

Where SQ's are used for shortlisting purposes the following evaluation model will be used to score each supplier's response. Suppliers will be provided with scoring criteria including weightings to each question to allow them to understand the evaluation process

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Assessment	Score	Interpretation
Excellent	5	Proposal meets the required standard in all material respects and exceeds some or all of the major requirements.
Good	4	Proposal meets the required standard in all material respects and exceeds some of the requirements.
Acceptable	3	Proposal meets the required standard in all material respects.
Minor Reservations	2	Proposal falls short of achieving expected standard in a number of identifiable respects.
Serious Reservations	1	Proposal significantly fails to meet the standards required, contains significant shortcomings and/or is inconsistent with other proposals.
Unacceptable	0	Completely fails to meet required standard or does not provide a proposal.

Suppliers shortlisted by this process will be asked to complete the Invitation to Tender document suite. The Procurement Team will notify the unsuccessful suppliers and provide them with their individual feedback from this process.

### **Invitation to Tender (ITT) Documentation**

An ITT will be available to view by suppliers at the beginning of the advertising period. The document will include the following information:

- University Introduction/Overview
- University Requirements/Specification
- Tender Instructions/Terms and Conditions
- Framework Terms and Condition (where applicable)
- Qualitative Questions/ Pricing table (where applicable)
- Information on incumbent Suppliers (if applicable)
- Service Level Agreement (where applicable)
- Tender Programme
- Legal Requirements (contract conditions and TUPE where relevant)
- Criteria Award/Weightings

Suppliers will be asked to complete and return their tender response via the electronic tender portal by a specified date and time. The Procurement Team will formally open tenders electronically where the date and time of opening are electronically recorded.

## **Tender Evaluation**

The following evaluation model will be used to score each supplier response against a set of tender quality/service delivery questions. The evaluation process must link to the criteria weightings provided in the ITT document. Each question will carry a score including weightings and this must be disclosed within the ITT document.

Assessment	Score	Interpretation
Excellent	5	Proposal meets the required standard in all material respects and exceeds some or all of the major requirements.
Good	4	Proposal meets the required standard in all material respects and exceeds some of the requirements.
Acceptable	3	Proposal meets the required standard in all material respects.
Minor Reservations	2	Proposal falls short of achieving expected standard in a number of identifiable respects.
Serious Reservations	1	Proposal significantly fails to meet the standards required, contains significant shortcomings and/or is inconsistent with other proposals.
Unacceptable	0	Completely fails to meet required standard or does not provide a proposal.

Pricing is scored, either with the above table, or a highest scoring for costs/discounts provided against the relevant criteria weighting for that element.

Following an evaluation process the qualifying suppliers may be invited to a tender clarification meeting or presentation where they will be evaluated further.

Further clarification can be obtained from a supplier where the bid requires further information/examination to allow assessment to take place. The Procurement Team or appointed representative will manage this process to ensure fairness and transparency to all suppliers continues within the tender exercise.

Following the identification of the successful supplier/s, the Procurement Team and Faculty/Service will review/finalise the scoring and produce a tender report to support the decision made.

## **Awarding a Tender**

All bidding suppliers should be notified of the tender outcome. The Procurement Team will notify the unsuccessful suppliers by way of an electronic letter which will include the following information:



- Award criteria
- Characteristics and relative advantages of the successful supplier
- The scores of the winning supplier and unsuccessful supplier
- Feedback on the suppliers unsuccessful bid
- The name of the supplier/s to be awarded the contract
- Duration of standstill period (applicable for OJEU tenders only)

A mandatory 10 day standstill period will apply to all tenders where the OJEU route has been utilised; for good practice this is also applied to non OJEU tenders. Once the standstill period has expired the unchallenged successful supplier can be officially awarded the contract subject to University governance being in place.

Where terms and conditions deviate from the University's Standard Terms the Legal Services department should be consulted and the formal award can only be made when agreement by both the University and supplier is reached. Where contract conditions are still to be agreed all communication should be marked "subject to contract".

University authorisation for tenders is managed through tender summary reports and these will be issued to the relevant stakeholders including the University's Executive, where relevant. The tender report sets out the complete procurement process and includes the evaluation outcome, final price, appointed supplier/s, financial risk assessment and the authorisation process which is based upon the scheme of delegation.

Where the contract spend exceeds £2M (including VAT) additional authorisation is required from the Chair of the Finance & Development Committee and for £5M+ the Board of Governors.

For tenders which have followed the OJEU route the award notice will be officially advertised in the European Journal within 30 days of award and Contracts Finder. Tender awards below the OJEU threshold will be advertised on Contracts Finder within 3 months of the award.

Award letters/preferred supplier notifications will be managed by the Procurement Team.

For building projects the 'Award' letter issued by the Procurement Team is just a notification advising the successful contractor that they are the preferred supplier and that formal contract documents are still to be exchanged.

Contracts (where applicable) with suppliers will be managed by the Faculty/Service and the Legal Services Team and should refer to the contract in place citing the relevant terms and conditions. A line should be added onto the purchase order stating the terms and conditions that apply to the order.

## **Archiving**

All tender documentation must be archived electronically by the Procurement Team and is subject to the current University document retention policy.

Documentation that should be retained includes:

- Tender advert, and any additional information notices
- Supplier responses (SQ, ITT, Clarifications and suppliers questions etc)
- SQ supplier assessments, evaluation model, formal scoring and evaluators notes, unsuccessful letters and feedback

- ITT supplier assessments, evaluation model, formal scoring and evaluator's notes, demo/presentation notes, credit scores, supplier site visits, successful letters, unsuccessful letters, award letter, tender summary and justification documentation.
- Award notice in the European Journal / contracts finder (if applicable)
- All contracts to be retained by Legal Services

## **Frameworks Contracts and Framework Agreements**

There are two types of framework

- 1) Framework Contract – A contract with one supplier from where goods, works or services are called off as required upto the advertised contract scope or value.
- 2) Supplier Frameworks – An agreement with more than one supplier where goods and services can be called off by a mini competition or desktop analysis.

There is no contractual obligation to use a framework agreement and they should only be used when they provide value for money. The Procurement Team and a number of Purchasing Consortium organisations provide and manage these agreements which are tailored to allow further competition amongst a number of suppliers who have already demonstrated their professional and technical capacity to provide the goods/services required. The University will utilise these agreements by managing further competition exercises with all suppliers from the framework. This is subject to the terms of the tendered agreement where pricing is not fixed and can be used to focus on best value for money for a specific requirement.

For multi-supplier frameworks where a mini competition is held to procure a range of supplies/services/works, the original criteria weightings may be varied subject to a non substantive variance to the criteria weightings and the intention to do so was published in the original ITT. All suppliers should be invited to the mini competition and this process should be managed via the Procurement Team to ensure fairness and transparency.

Where a direct award is envisaged and it is permissible to vary the weightings to reflect the fact that requirements will vary from time to time in terms of cost/quality, the University will manage a desktop analysis or further competition to seek the supplier who offers the best contract value. All framework suppliers must be notified of the outcome of the further/mini-competition.

Where the terms laid down in the framework agreements are sufficiently precise to cover the particular requirement, the University can award the call off without reopening competition. This can be managed by adopting the initial ranking of the suppliers on the basis of the award criteria used at the time the framework was established. Alternatively if the first supplier was unable to provide the requirement the University could go to the next provider offering the most economically advantageous offer and so on.

You must not run a further/mini competition under a framework agreement in order to create another framework agreement from which to run further mini-competitions.

## **Exceptions to the Rules/Non Compliance**

Where a tender hasn't taken place agreement to proceed using a non-compliant approach authorisation **must** be obtained in advance and will normally only be granted in exceptional circumstances. Lack of forward planning will not constitute a reason for an exemption.

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Goods/Services over £50,000 (inc VAT) which do not follow a tender procedure must receive written authority by the Chief Operating Officer.

The procedure for making all contracts by or on behalf of the University shall comply with Standing Orders on contracts and tendering procedures, University Financial Regulations and take account of the University's Scheme of Delegation.

The approvals required to commence a procurement procedure, and subsequently to formally accept tenders and quotations shall be in accordance with the following table:

#### Quotation/Tender Summary

Value Including VAT	Procedure	Approval for Process
Up to £5,000	Official order to a supplier of your choice except where there is an existing contract/framework in place	Dean of Faculty/Director of Service or nominee
£5,000-£50,000	Minimum of three written Quotations from suppliers of your choice except where there is an existing contract/framework in place	Procurement Manager
£50,000+	Quotations from a contract/framework supplier/s or tendering with an open advert in Contracts Finder, and *OJEU where tenders estimated to exceed EU thresholds (ex VAT)	Procurement Manager

**\*Official Journal of the European Union**

The choice of procurement procedure is likely to change for funded projects and can be subject to varying spend thresholds. All procurement of this nature should be directed to the Procurement team prior to any supplier engagement.

In the event that any of the financial thresholds set out above become inconsistent with the approvals for expenditure (or financial limits) as set out in the University's Scheme of Delegation, then the limits as set out in the Scheme of Delegation shall take priority.

#### Contract Management

The Procurement Team has been organised around specific category groups where every Faculty and Service is represented by a Category Officer to support their business needs, alongside guiding staff towards any cultural changes and pace of direction the University is travelling. The Category management structure is set out in the following [link](#) and this should be

used as a guide to support staff identify the relevant manager assigned to support the procurement of that commodity.

Once the procurement has taken place the management of a contract is undertaken by the contract owner in either the Faculty or Service. The Category Officer from the Procurement Team will support, where required, the contract owner with the management/performance of a contract where the outcome for the delivery of goods and services has been derived from a tender exercise. This is managed by meetings held with suppliers to discuss procurement contract deliverables, ensuring they are aligned to the service level agreement and/or key performance indicators, all of which form the basis of post tender, contract discussions with suppliers. The key focus of these meetings is to ensure the contract owner is satisfied that the contract obligations are being met or exceeded.

Where there is cross-institutional usage of a contract, the contract management where possible is undertaken in the most appropriate service, for example catering in Estates and Facilities and managed print and mobile phones contracts in Technical Services. Where there is no natural home for a cross-institutional contract, such as Business Travel or Stationery, this is managed by the Procurement Team.

The purpose of Contract Management is to work closely with suppliers and internal customers to:

- minimise the total cost of ownership and
- to maximise Supply Chain efficiencies.

Contract Management should result in contract procedure and process improvements. It should also increase Procurement knowledge and experience which can then be used to benefit future contracts. This can be done by:

<b>Relationships</b>	developing and managing constructive and transparent relations suppliers
<b>Execution</b>	ensuring the contract is successfully executed. Includes meeting all special conditions relating to the performance of the contract which may cover economic, innovation-related, environmental, social or employment-related conditions
<b>Value for money</b>	maximising value for money from suppliers and contracts
<b>Monitoring &amp; improvement</b>	providing a formalised system of monitoring, managing and continuously improving the supplier and the Organisation's performance against the contract
<b>Roles and responsibilities</b>	ensuring that all parties recognise and understand their contractual roles and responsibilities
<b>Compliance</b>	monitoring overall compliance to Key Performance Indicators and Service Level Agreements. Implementing improvement plans in the event of underperformance. Leveraging supplier expertise in pursuit of cost and efficiency gains
<b>Improved benefits</b>	realising additional savings and benefits and sharing them appropriately
<b>Supply Chain</b>	effectively managing the supply chain

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<b>Innovation</b>	providing a focus for development of initiatives and innovations
<b>Continuous improvement</b>	driving continuous improvement
<b>Lessons learned</b>	identifying lessons learned to inform future contract terms or strategies
<b>Efficiency</b>	developing supplier relationships to maximise efficiency. Collaborate towards common goals and reduce waste, environmental or social risks
<b>Strategic goals</b>	Support the achievement of strategic goals, such as attracting Community Benefits through the contract
<b>Sustainable procurement</b>	monitoring Sustainable Procurement benefits through the life of the contract and ensuring that targets are met
<b>Community Benefits</b>	measuring Community Benefits achieved vs anticipated

Care should also be taken to manage risks to changes in contracts e.g. you may require to retender if there is a substantial modification.

To support the management of the above principles contracts can be managed using the following tools.

Conduct a risk assessment at the beginning of a contract to determine the management approach you expect to undertake with the supplier/s. A risk assessment template can be accessed from this [link](#). Training instructions will be provided by the procurement team at the beginning of each tendered contract, thereafter further guidance on the use of the template can be sought from the appropriate Category Officer.

A meeting template document [link](#) should be used for each supplier meeting to record the progress of the contract including but not limited to performance, compliance, value for money, lessons learned, continuous improvement, sustainability, etc.

Any unresolved issues should be brought to the attention of the Procurement Team and further support may be sought from Legal Services where required.