



CROWN
PROSECUTION
SERVICE

Procurement Guide for Managers



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Foreword

The Crown Prosecution Service (CPS) spends over £60 million a year on externally purchased goods and services, ranging from stationery, printing, reprographics and facilities contracts to more specialised service provision, for example, management consultancy and training and development.

The provision of these goods and services play a vital part in supporting the Department to meet its business objectives. It makes excellent economic sense, as well as meeting our obligations to Parliament and the public, to ensure that we obtain best value for money (VFM) from all our diverse purchases.

The importance of procurement in the public sector and its contribution to achieving better value for money on behalf of the taxpayer has long been recognised by the Government. This has been acknowledged again recently in the context of the joint Treasury and Cabinet Office Efficiency Review. Effective procurement has an important contribution to make in delivering the CPS's business objectives in terms of improving our business operations and in delivering better value for money. The CPS's Efficiency Plan for the next three years up to 2007-08 includes savings from better procurement. More generally, better procurement will help us make the best use we can of the resources we have available.

The 'Procurement Guide for Managers' publication supplements the CPS's Procurement Strategy (2003-2006) and is addressed primarily to those who manage procurement functions across the CPS. It is intended to give a summary of current procurement policy and procedural guidance to enable CPS staff to achieve the best outcome and secure the best value for money from all their procurement activities.



Procurement Guide for Managers

A handwritten signature in cursive script that reads "Richard Foster".

Richard Foster
Chief Executive

Part 1 — Procurement Policy

1. Introduction

- 1.1 This Guide outlines the main considerations and processes involved in making a purchase on behalf of the Crown Prosecution Service (CPS). Procurement and Commercial Services (P&CS) is responsible for developing the CPS's procurement policies and procedures and can give advice on the practical application of this Guide. P&CS is also able to assist at key stages in the procurement process.
- 1.2 Appendix 1 contains details of complementary guides for particular subject areas related to Procurement (e.g. Professional Services, Contract Management and Government Procurement Card (GPC)). These should be read in conjunction with this Guide, as appropriate.

2. CPS' Procurement Strategy

- 2.1 The strategic aims and objectives of the CPS Procurement Strategy are:

- To contribute to the efficient and effective performance of CPS business by ensuring Value for Money (VFM) in procurement and commercial activities;
- To ensure compliance with current UK/EC Procurement legislation, Government Accounting and good commercial practice.

- 2.2 Good procurement will help meet the CPS's business needs and will help ensure that procurement projects are delivered on time and within budget and provide a clear and transparent audit trail
- 2.3 The CPS Procurement Strategy (2003-2006) is available from P&CS and on the CPS Intranet.

3. Value for Money (VFM)

- 3.1 Government policy states that all Central Civil Government procurement should be based on best VFM and that Departments should seek to secure continuous improvements in VFM.
- 3.2 Best VFM means taking into account, when making procurement decisions, "the optimum combination of whole life cost and quality necessary to meet the customer's requirement". In order to comply with Government policy on VFM, all procurement decisions within CPS must be based on robust assessments of all the options in each set of circumstances, making full use wherever appropriate of Framework Agreements. Continuous improvements in VFM should be sought throughout the life of a contract through effective contract monitoring, management and control.

4. Roles and Responsibilities

Procurement and Commercial Services (P&CS)

- 4.1 P&CS forms part of the Estates and Procurement Division within Finance Directorate, and provides a specialist procurement service to the CPS. It is responsible for the procurement of a wide range of supplies and services and for the development of the CPS' procurement strategy and policy.
- 4.2 P&CS works with Areas, Service Centres and Headquarters Directorates to ensure that the CPS' procurement policies and practices comply with EU Procurement Legislation and that each contract delivers VFM.
- 4.3 The main roles and responsibilities of P&CS are:

- To provide a centre of excellence and source of information about procurement & commercial issues;
- To publish strategic & operational guidance and best practice;
- To develop appropriate operational/information systems and procedures;
- Operational input to major contracts and Framework Agreements;
- To provide assurance to the Director, CEO & CPS Board on all procurement & commercial activities.



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5. Local Procurement Officers

- 5.1 Locally, purchasers will draw from P&CS arranged Framework Agreements, with miscellaneous general items being purchased from local or regional suppliers. To identify and meet local needs, each Area, Service Centre and Headquarters Office has a designated Local Procurement Officer (LPO).

6. Procurement Advisory Group (PAG)

- 6.1 P&CS chairs the Procurement Advisory Group (PAG), set up in order to network and exchange information and views across the Department with the common aim to obtain best VFM in all the Department's procurement activities. PAG membership extends to Area, Service Centre and HQ representatives. One of the key tasks of PAG is to develop, review and manage Framework Agreements to ensure that they are relevant, meet current and future business requirements and provide good VFM. PAG meetings are held every six months.

7. When you should contact P&CS

- 7.1 As soon as a requirement has been identified, you should contact P&CS as early as possible. In any event, all purchases over £50,000 (excluding VAT) must have the involvement of P&CS (the extent of this role to be agreed at the outset of the procurement between the Business Sponsor and P&CS).
- 7.2 Additionally, procurements with a total value in excess of £99,695 (excluding VAT) are likely to be governed by European Union Directives on Public Procurement. In that case, the tender must be advertised in the *Supplement to the Official Journal of the European Union* (OJEU). P&CS will place that advertisement for you, and be fully involved at each stage of the procurement. An Introduction to the EC Procurement Rules is available from The Office of Government Commerce (OGC) [at <http://www.ogc.gov.uk>].

8. Competition: “going out to tender”

- 8.1 All goods and services should be purchased by competition, unless they are of low value (typically less than £1,000 excluding VAT), or there are convincing reasons for the contrary. Competition avoids any suggestion of favouritism, discourages monopolies and demonstrates that value for money has been sought.
- 8.2 Typically, a competition is carried out through seeking written quotations or tenders from several suppliers, by inviting them to make an offer to supply specified goods or services at a stated cost or rate. The prerequisites are described in Part 2 “[Procurement Procedures](#)” section of this Guide.

9. Single Tender Actions – can approaching just one supplier be justified?

- 9.1 Usually not — because it is contrary to achieving VFM through open and fair competition. Therefore, single tender action should normally be avoided. However, exceptionally single tendering might be justified where:

- (a) the work constitutes follow up work, which is directly related to a recently completed contract, and the added value gained from the additional work being given to the same contractor outweighs any potential reduction in price that may be derived through competitive tendering. However the follow up work should not be of significant cost (i.e. not more than 50% of the original contract value);
- (b) the expertise required is only available from one source. This may be due to ownership of exclusive design rights or patents but, nonetheless, the specification should be reviewed to ensure that no other product/service would meet user requirements.

- 9.2 If you believe that you have convincing reasons for inviting only one supplier to tender, you should fully document the case, justifying the decision. Divisional Head (HQ) or ABM (Area) approval is required to use single tender action for purchases of goods or services priced at more than £1,000 up to a maximum of £50,000 (excluding VAT). All requests for single tender action above £50,000 (excluding VAT) must be submitted to P&CS for approval and must include a business case.
- 9.3 It should be remembered that single tendering still requires use of either a standard Request for Quotation (RFQ) document, or a set of Invitation to Tender (ITT) documents (which include the CPS Standard Conditions of Contract). Standard document templates are available on the CPS Intranet or from P&CS.



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10. Can I extend a contract?

- 10.1 It is a common misconception that any contract can be extended to finish a job that has overrun, or has been deflected by external or unforeseen circumstances. However, a contract can only be extended if there is provision to do so (for advice on what constitutes provision, you should contact P&CS). Otherwise, a new contract will have to be created, in which case it will be necessary to go out to tender.

11. Is competition necessary for low value purchases?

- 11.1 Finding suitable suppliers depends on the value, complexity and size of your requirement. The Department's procurement policy requires the following thresholds to be applied when seeking quotes/tenders:

Up to £1,000	One verbal quote
£1,001 - £5,000	Three verbal quotes, with a written response from the supplier confirming the terms agreed
£5,001 - £25,000	Three written quotations using the CPS Standard RFQ (for goods or services)
£25,001 - £50,000	Invitation to Tender (ITT) using CPS standard ITT pack including CPS Standard Conditions of Contract
£50,001 - £99,694	Business case must be agreed prior to commencement of procurement. A Risk Potential Assessment (RPA) must be completed by the Senior Responsible Owner (SRO) (see paragraph 25.3). Invitation to Tender (ITT) using CPS standard ITT pack including CPS Standard Conditions of Contract. All purchases over £50,000 (excluding VAT) must have the involvement of P&CS (The extent of P&CS' role to be agreed at the outset of the procurement between the Business Sponsor and P&CS).
£99,695 ¹ or above	EU public procurement threshold probably applicable (and P&CS must be involved in all stages of the procurement)

- 11.2 Formal tenders are very different from quotations. This is because the formal Invitation to Tender (ITT) includes a written explanation of the Department's requirements, legal terms & conditions, etc and, additionally, it requests information, which will allow the evaluators to assess information other than price (such as CVs) before awarding the work.

¹ Threshold effective from 1 January 2004



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12. Framework Agreements

- 12.1 P&CS have set up Framework Agreements for a wide range of goods and services frequently purchased by the Department. Other Framework Agreements (e.g. those set up by the OGC) are also used where they provide better VFM. It is both Government and Departmental policy to use these Framework Agreements wherever they are appropriate to the purchases being made. Framework Agreements also provide comprehensive management information, which is a key enabler to even greater VFM on a continuing basis. CPS Framework Agreements are set up in full consultation and agreement with the PAG to ensure that the requirements are fit for purpose and remain relevant to the business needs of the Department on a continuing basis. The Department is also setting up eProcurement links with those suitable suppliers with whom a Framework Agreement exists.
- 12.2 Failure to use Framework Agreements by using other suppliers will seriously impact on the Department's ability to achieve continuing VFM. In the long term this ultimately means that there are less resources to go around, although it may appear as if in the short term a particular end user might be gaining. This is usually not the case, as there is more to Framework Agreements than a simplistic price comparison. A list of current CPS Framework Agreements is available on the CPS Intranet or from P&CS.
- 12.3 For simple low value requirements where no Framework Agreements exist, the Yellow Pages, Kelly's Guide, Thompson Local, or the Internet, can be used to find potential suppliers. It is also worth contacting P&CS to see if suitable companies are already known, who may already be undertaking similar work for the Department, and from whom quotes could be sought. It is suggested that preliminary telephone enquiries are made to find out if a company is interested in the work. The Government Procurement Card (GPC) may be an appropriate tool with which to make these purchases. A Guide to the GPC is available on the CPS Intranet or from P&CS.

13. Professional Services (including management consultancy)

- 13.1 From 1 April 2004 new procedures were introduced within the CPS for the procurement of management consultants and other professional services. A database of these service providers has been developed by P&CS (for further information contact P&CS).
- 13.2 Before procuring professional services, users must provide a business case and obtain P&CS approval for any projects with a total expected value over £50,000 (excluding VAT).
- 13.3 Users are also expected to consult the separate CPS Guide to Management Consultants and other Professional Services available on the CPS Intranet or from P&CS. This contains details of the procurement thresholds and procedures for this area of procurement activity.

14. IT Procurement

- 14.1 The provision of IT services is outsourced to LogicaCMG under the COMPASS contract. This applies to all IT procurement apart from consumables (i.e. toner cartridges, diskettes etc.), which should be purchased through the CPS Stationery Framework Agreement. All enquiries with regard to new IT requirements should be directed to Change Control in BIS Directorate.

15. Works requirements with a value in excess of £1,000 (excluding VAT)

- 15.1 All Mechanical & Electrical (M/E) works requirements with a value between £1,000 and £10,000 must be placed with the Term Contractors, through the Managing Agents, following the procedures laid down in paragraph 9.5 of the Estate Management Manual — Part 2. As regards Building & Civil Engineering (B/CE) works up to £25,000 - It is advised that the Managing Agents are consulted. They are able to manage the process, if required. Fees will be chargeable for works above £2,500. All figures exclude VAT. Further information can be obtained from the Central Property Unit (CPU).

16. European Union (EU) Public Procurement Directives

- 16.1 If your procurement of goods or services is likely to be worth more than £99,695 (excluding VAT)², one of the EU Public Procurement Directives is likely to apply. The Directives specify detailed procedures, including adherence to strict timetables, requirements for advertising, invitations to tender, and the award of contracts. An outline of their purpose is available from The Office of Government Commerce (OGC) [http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/ECProcurementRules.pdf].
- 16.2 Compliance with EU Directives governing public procurement is a mandatory legal requirement. The penalties for non-compliance with the Directives are severe, including the possible suspension of any tender exercise or contract award process and/or unlimited financial damages. It should, however, also be appreciated that compliance can enable sourcing on a wider European scale, thereby increasing competition and the scope for getting best value for money. Also, the timetables can be used as a framework to help with project management.
- 16.3 Where applicable, the Department must place Notices advertising the procurement in the Supplement to the Official Journal of the European Union (OJEU). The Notices detail requirements, pre-qualification criteria, and the procurement timetable, etc, for all purchases over the following current thresholds:

Supplies	£99,695
Services	£99,695 (except for Research & Development, which is £129,462)
Works	£3,834,411

All figures exclude VAT.

Please note, however, that when establishing the applicability of the above thresholds, individual procurements of a similar nature must be aggregated. Advice must always be sought from P&CS whenever the possibility of such procurement is identified.

² Threshold effective from 1 January 2004

- 16.4 EU procurements usually take between four and six months to complete, and this needs to be taken into account when business planning. Although the EU timetable can lengthen the overall time taken, the process is very similar to any other procurement – the majority of the work (and therefore time) is spent in specifying the requirement and evaluating the bids. The best way to speed up the process is to be clear about what goods/services you need and what information you want tenderers to provide.
- 16.5 P&CS must be involved at all stages of the procurement process where the EU Procurement Directives apply. P&CS will advise you on the effect of the EU Public Procurement Directives on individual procurements. The Unit's involvement will also include:

- assisting you in compiling the project timetable and advising on its use — an Example EU Procurement Plan/Timetable is available on the CPS Intranet;
- assisting with the development of the Specification and evaluation criteria;
- submitting Notices (for advertisement & subsequent award) to “OJEU” on your behalf;
- arranging for pre-qualification questionnaires, etc to be issued;
- issuing the Invitation to Tender (ITT) documentation and leading the commercial aspects of the negotiations with suppliers;
- conducting bid clarification with suppliers and agreeing the final contract documentation prior to contract award; and
- assisting with the debriefing of unsuccessful suppliers.

- 16.6 Paragraph 16.5 above particularly relates to the recommended “Restricted” EU procedure – a two stage process whereby the capacity of applicants to do the work is initially assessed via questionnaire, and then only shortlisted organisations are invited to tender. A summary of the other EU procedures can be obtained by contacting P&CS.
- 16.7 In addition to OJEU, work can be advertised in the national press or trade journals, but it must not be submitted to these publications before the Notice has been sent to OJEU, nor must it contain information over and above that in the Notice. The sponsoring branch/section will have to bear the cost of any non-OJEU advertisements. P&CS can advise about advertising in national press or trade journals.

17. Propriety and the separation of duties

- 17.1 Public procurement ethics must be observed to avoid accusation of impropriety and it is therefore, essential to maintain a complete audit trail. The basic test is “..could I defend this action in public?”. Guidance on ethical issues in respect of particular procurements may be obtained from P&CS. For further consideration of ethical issues, including the separation of duties, please see “Government Accounting” – “Procurement” [Section 22] and the “Code of Good Practice for Suppliers and Customers” [both can be found at <http://www.ogc.gov.uk>].

18. Legal aspects of contracting

- 18.1 This can be a complicated area, mostly because it is all too easy to unintentionally create a legally binding contract by word, action or in writing (even if the document does not refer to itself as a contract), which could, of course, commit the Department to unfavourable terms and conditions. For instance, many companies print their own terms and conditions on the reverse side of all correspondence and invoices, so unless the CPS Standard Conditions of Contract (available on CPS' Intranet or from P&CS) are already in place, the contractor's terms will apply by default. If in doubt, or you are unsure about the contractual impact of any correspondence received, please contact P&CS for advice **before** communicating with the proposed supplier.
- 18.2 By using Framework Agreements, and in the case of higher value procurements, the Department's tender documentation, you will be commercially protected by virtue of the CPS Standard Conditions of Contract automatically applying. For lower value purchases you should ensure that either the model Request for Quotation documentation is used (this is available on the CPS Intranet), or that clear reference is made that: "CPS Standard Conditions of Contract shall apply at all times to this Quotation and any subsequent contract that may be let. Under no circumstances shall the Supplier's Conditions of Sale apply at any time".



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19. Service Level Agreements

- 19.1 A contract is an agreement between two parties. In the government context it is not possible to have binding legal contracts either between Departments or between divisions and/or branches within a Department because the Crown is indivisible in law. Therefore within government a Service Level Agreement (SLA) is used to record a formal agreement between internal sections of a department (e.g. the CPS). A Memorandum of Understanding (MOU) is used to record agreement between the CPS and other government departments, Agencies, Non Departmental Public Bodies (NDPBs), public sector organisations etc. SLAs and MOUs are termed "proxy" or "quasi" contracts.
- 19.2 SLA may also refer to a document that is often included as part of the contract documentation on externally let contracts between the CPS and a Contractor, usually as a Schedule, detailing operational requirements and performance measures to be observed by the Contractor and the CPS. This is good practice, particularly for service contracts (e.g. cleaning, security etc.) where the Contractor is performing services regularly on-site.
- 19.3 For further information see the CPS Intranet page on "What is a Service Level Agreement?"

20. Sustainable Procurement

20.1 The CPS supports and actively contributes to the UK Strategy for Sustainable Development, which has four main aims:

- Social progress, which recognises the needs of everyone;
- Effective protection of the environment;
- Prudent use of natural resources;
- Maintenance of high and stable levels of economic growth and employment

20.2 The CPS' policy on Sustainable Procurement forms part of its Sustainable Development Strategy (which can be found on the CPS Intranet). The objectives of the CPS' Sustainable Procurement Policy are:

- To comply with environmental legislation and regulatory requirements;
- To promote environmental awareness amongst suppliers and contractors;
- To buy less environmentally damaging products and services;
- To consider environmental factors when making procurement decisions;
- To contribute to raising of awareness for environmental issues within the Department;
- To include environmental conditions or criteria in specification and tender documents where relevant;
- Evaluate specifications and tenders with appropriate weight given to environmental points; and
- Encourage suppliers and contractors to support our initiative by taking their own action.

20.3 Where environmental conditions are specified, evaluation will normally take into account:

- regulatory compliance;
- environmental effects and performance measures;
- existing environmental management procedures;
- commitment to management and process improvement.

20.4 There are many benefits of sustainable procurement (e.g. long-term efficiency savings, encouraging innovation, more efficient and effective use of natural resources). When implementing the sustainable procurement policy CPS must ensure, first and foremost, compliance with the fundamental objectives of Government procurement: VFM and fostering supplier competitiveness.

20.5 Sustainable Procurement also needs to address social issues in procurement. The scope to take social issues into account in public procurement is more limited than that for environmental issues because, by virtue of their nature, they are less likely to be clearly related to the subject of the Contract.

20.6 CPS is a socially responsible buying Department and as such endeavours to do business with like-minded organisations. Prospective suppliers are evaluated robustly throughout the procurement process and social issues will be taken into account, where relevant to the Contract.

21. Diversity and Equality

- 21.1 The Race Relations Amendment Act 2000 (RRA) outlaws discrimination in all public functions, including procurement and requires the CPS to take proactive steps to assess whether there is equality of opportunity for everyone, including suppliers. Suppliers themselves must not discriminate, but they do not have the same legal obligation to promote equality of opportunity. The CPS must, therefore, build relevant race equality considerations into the procurement process to ensure it meets RRA requirements.
- 21.2 In our approach to contracting with suppliers for the provision of goods and services we look to build business relationships with those suppliers who support and apply similar principles of equal opportunities to ours within their own businesses. This forms part of our overall evaluation criteria when selecting suppliers.
- 21.3 Set out below is a summary of the main steps CPS is taking to incorporate race equality into procurement:

- Promotion of consistency in the approach to race equality at each stage of the procurement process, including contract monitoring;
- Considering all potential race equality elements of a contract;
- Consulting users on their requirements for relevant services;
- Ensuring there is a level playing field for all potential contractors, regardless of size or ethnicity of ownership;
- Factoring race equality into all service review and option analysis.



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22. Small and Medium Enterprises (SMEs)

- 22.1 There is a good case on VFM grounds for taking steps to remove barriers to participation by SMEs in public procurement. Insofar as it is consistent with obtaining VFM, SMEs should be included on appropriate lists of companies invited to quote or tender. P&CS proactively gathers data on the use of SMEs and works towards adopting best practices from other government departments (OGDs) in order to make the CPS more attractive to SMEs and to encourage wider participation in procurement exercises.

23. eProcurement

23.1 eProcurement is defined as the automation of the procurement process through the use of technology.

23.2 The development and implementation of appropriate eProcurement solutions plays a central role in achieving VFM, improved efficiency and effectiveness, and is a key part of the new CPS Procurement Strategy 2003-2006.

23.3 eProcurement also plays a significant contribution to achieving the objectives of the CPS eStrategy 2003-08 and overall central government targets of:

- £250 m savings to be made by 2006 from VFM improvements;
- a significant part of procurement activity to be carried out electronically by the end of 2005.

23.4 The CPS has opted for web-enabled ePurchase (“point and click”), eTendering and ePayment using the Government Procurement Card (GPC).

23.5 The benefits of using eProcurement solutions include:

- considerable cash savings negotiable with key suppliers;
- process savings and improvements;
- improved customer service;
- speed and simplicity of ordering;
- accurate management information and a transparent audit trail;
- efficiencies on the supply side reducing the suppliers’ process costs and, ultimately, prices charged to the CPS;
- internal process efficiencies, freeing up staff time to concentrate on value-adding activities.

23.6 Web-enabled eProcurement will be used to make access to Framework Agreements easier with links direct to supplier’s websites, via an eProcurement portal on the CPS Intranet. This comprises a simple “point and click” web-enabled facility to allow CPS users to access key suppliers on-line to place orders and facilitate payment using the GPC.

23.7 The benefits of this facility are the speed and simplicity of ordering, visibility of supplier stock levels, accuracy of delivery times, reduction in order error rates, and the elimination of considerable bureaucracy.

23.8 The areas of expenditure will cover stationery, printing, furniture and other supplies purchased by the Department. The current estimated annual expenditure for these items is in the region of £8m.

23.9 As part of the eProcurement Strategy the CPS will expand the scope and usage of the GPC to assist with streamlining the procurement of low value items in particular. The GPC is a Visa charge card, which can be used to place orders with suppliers accepting Visa as a method of payment, subject to agreed transaction and expenditure control limits. Simplifying the purchasing and settlement processes through the use of GPC significantly reduces the cost of processing large numbers of low value invoices.

23.10 eTendering is also currently piloted at the CPS. Initially it will be used to streamline the tender activity within P&CS, generating value for money savings as well as improving customer service. eTendering offers opportunities for significant process improvements, and cost savings through the procurement process. eTendering is capable of handling the full life-cycle tendering process from initial notification of requirement,

through pre-qualification of suppliers to the issue and receipt of tenders. eTendering enables tender exercises to be conducted faster, minimising bureaucracy, and creates an electronic audit trail that can be used to provide more effective management information, particularly in respect of the statutory returns the Department is required to produce on an on-going basis.



24. Role of the Office of Government Commerce (OGC)

- 24.1 The Office of Government Commerce (OGC) was formed in April 2000 as part of a programme to reform Central Civil Government procurement and realise the potential for major VFM improvements.
- 24.2 OGC is responsible for the formulation of integrated procurement policies and strategies throughout Government Departments. Its role is to work with Central Civil Government and act as a catalyst to achieving best value for money from procurement by developing and embedding best practice advice and guidance, incorporating lessons learned; disseminating and facilitating the sharing of information and opportunities across government Departments and enabling success through skill development and knowledge sharing.
- 24.3 OGC has facilitated a cross government approach to suppliers by encouraging aggregation of requirements and a wider use of existing Framework Agreements.

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25. Gateway Review

- 25.1 Acquisition programmes and procurement projects in Central Civil Government are subject to OGC Gateway Reviews. The Gateway process comprises reviews at key decision-making stages in the “Procurement Cycle”. These reviews are conducted by a team that is independent of the project team and their aim is to ensure that a project can proceed successfully to the next project stage ensuring quality is achieved from investments.
- 25.2 The outcomes of using the Gateway approach are projects and programmes, which are more likely to be completed on time and to budget whilst fully meeting requirements.
- 25.3 A Risk Potential Assessment (RPA) must be completed for each CPS procurement project over £50,000 (excluding VAT) to determine the level of an OGC Gateway Review appropriate for that project. Projects with an overall RPA score of 31 or more must be reviewed at the relevant “gates” by a Gateway Review Team, which is independent of the project and which is led by an external Gateway Review Team Leader (usually arranged by the OGC). For projects scoring under 31 an independent internal review will usually suffice. The RPA is a key start-up document completed by the Senior Responsible Owner (SRO) of the programme or project. The responsibility for initiating an OGC Gateway Review rests with the SRO. The completed RPA should be submitted, in the first instance, to CPS’s Centre of Excellence (CoE) located within the Business Information Systems (BIS) Directorate. The RPA provides essential contact details together with a profile of the likely areas of risk associated with the programme or project. It provides one assessment sheet covering all acquisition programmes and projects at all OGC Gateway Reviews. More information on the Gateway Process and the RPA is available from OGC [<http://www.ogc.gov.uk>].
- 25.4 The CPS has had a number of successful OGC Gateway Reviews. Most notably, in March 2003, the development of the COMPASS case management system (CMS) passed an OGC Gateway Review [Review 4 – Readiness for Service] with flying colours. CPS is also currently involved in piloting the OGC Gateway Low Risk Toolkit.



26. Assurance of CPS Procurement

- 26.1 The Gateway process is an example of a mechanism for providing independent, often external, assurance to procurement projects.
- 26.2 Internally, Business Improvement Division (BID) works closely with P&CS to ensure that the CPS standard tender and contract documentation is used with relevant performance management pro-forma, throughout the CPS, when commissioning any goods or services for the Department. BID and P&CS further agree and draw up a Procurement Audit Schedule each year for approval by the Audit Committee for inclusion in the CPS Annual Audit Plan.
- 26.3 This formal audit activity is complemented by liaison visits to Areas, Service Centres and HQ Directorates by P&CS.
- 26.4 PAG members provide input and assurance to the development of CPS's long-term procurement strategy and support major procurement projects and initiatives such as the implementation of eProcurement.

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Part 2 — Procurement Procedures

27. Procurement Cycle

- 27.1 “Procurement” means the whole process of acquisition from third parties and covers goods, services and construction projects. This process spans the whole life cycle from initial concept and definition of business needs through to the end of the useful life of an asset or end of a services contract.
- 27.2 Whatever causes the procurement to be initiated, the process to be followed will typically involve the following stages:

- Identifying the need and developing an outline specification for inclusion in the business case;
- Obtaining financial approval/authority to proceed;
- Identifying prospective suppliers/ contractors/ consultants;
- Finalising the specification and preparing the rest of the Invitation to Tender (ITT) documents;
- Issuing ITTs and handling enquiries;
- Evaluating tenders;
- Awarding and managing the contract; and
- Debriefing unsuccessful suppliers.

- 27.3 In order to gain the maximum benefit of commercial expertise P&CS should become involved at the earliest practical stage of the Procurement Cycle.
- 27.4 Appendix 2 contains a checklist of the various stages in a simple Procurement Cycle for low value, repetitive goods and services (typically those below £25,000 excluding VAT). The checklist provides guidance as to the main activities to be carried out at each stage and the risks they seek to mitigate.

28. Business Case

- 28.1 The business case is an essential document for project success, providing justification and rationale for the procurement. It is mandatory for business cases to be produced for all procurements above £50,000 (excluding VAT). It is a working document, maintained throughout the life of the project, which is used to document policy, business and project objectives and options to establish business need and strategic fit that will affect both the decision and the investment itself.
- 28.2 The business case should be reviewed at each key decision stage of the procurement project process to ensure that the project is valid and expected to deliver on time, within budget and to agreed quality standards.
- 28.3 There must be a Senior Responsible Owner (SRO) for the project, who owns the business case and who must take the responsibility for a successful outcome of the project.



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28.4 A business case should:

- examine the need for change in order to meet the current business requirements;
- identify how the proposal contributes towards Departmental priorities;
- consider a range of possible options, which allow the objectives to be achieved;
- identify, quantify and where possible value the costs, benefits and risks of each option;
- put those costs and benefits that can be quantified in money terms on a comparable basis;
- assess the costs and benefits that cannot be measured in monetary terms;
- assess the risks;
- assess the relative merits of options;
- plan the implementation of the selected option and detail how the investment decision is to be reviewed.

28.5 The business case should also take account of all legal costs that may arise throughout the life of the project. The most effective method of ascertaining legal costs is through a close collaboration of the SRO or Project Manager with P&CS. P&CS act as intelligent facilitators between the project team and CPS's commercial legal advisors, and can provide a summary of projected legal work together with a breakdown of costs. Each project will be different and may require varying degrees of legal input. Key indicators that would suggest the need for legal advice to be obtained during the Project lifecycle include:

- novel projects where no precedent exists elsewhere;
- Transfer of Undertakings (TUPE);
- integration with existing systems (IT & non-IT);
- joint projects within the Criminal Justice System (CJS) or with Other Government Departments (OGDs);
- projects that are likely to require substantial amendment to the CPS Standard Conditions of Contract due to the scope of the project.

28.6 It is imperative to involve all stakeholders when putting together a business case. Input from stakeholders can assist in clarifying the business objectives, ascertaining the full impact of the project and most of all can help achieve greater commitment to the project. To ensure successful implementation of projects, stakeholders need to be committed to managing change in their areas of responsibility.

28.7 Further information relating to the role of a business case in the life of a project and its various components can be obtained by contacting staff at CPS's Centre of Excellence.

29. Market Sounding

29.1 As part of the pre-procurement process it may be necessary to conduct an initial market sounding exercise to gauge interest in the project. Market sounding is used when the Department is seeking to achieve business change as a result of its procurement and/or where the requirement is novel or likely to be unfamiliar to the industry.

30. EU Procurement Thresholds

- 30.1 If the EU Procurement Directives are likely to apply, you should contact P&CS who will advise on the particular process & timetable to follow. It is likely that the recommended “Restricted” EU procedure [\[paragraph 16\]](#) will be appropriate. Under this procedure, potential suppliers are invited, via a published OJEU Notice, to complete a customised Pre-Qualification Questionnaire (PQQ), which must be returned by a pre-specified deadline.
- 30.2 The completed PQQs should be evaluated, using customised PQQ Evaluation sheets, in order to shortlist those applicants who are to be invited to tender. The number selected should normally be within the pre-specified range, but around six is usually sufficient to promote VFM.
- 30.3 It will be important to maintain careful records of the evaluation process in order to be able to demonstrate impartiality. Unsuccessful applicants should be sent a PQQ Unsuccessful letter, which offers due opportunity for a debrief. If a debrief is requested, it should only be given verbally, following the process at ‘Advising and debriefing unsuccessful contractors’ [\[paragraph 46\]](#).

Note: Standard templates are available on the CPS Intranet or from P&CS.

31. Specifying the Requirement

- 31.1 A Specification is a clear, unambiguous, comprehensive statement that describes a purchase requirement in full. It is the most important document in the procurement process as it specifies the requirements and will be referred to if disputes arise.
- 31.2 Specifications should be written by the end user (with input from P&CS and other specialists for more complex requirements) because they are the business owners of the tender exercise.
- 31.3 There is no set format to a Specification; it could be short and simple, or a highly detailed document. The length and detail of a Specification will be generally dependent on:

- the value of the contract;
- the complexity of the contract;
- the strategic importance of the contract;
- the level of risk involved.

- 31.4 A good Specification should:

- be output based setting out the needs and requirements in full;
- set out clear measures of performance;
- include mechanisms for customer feedback and continual improvement (this will involve setting annual improvement targets);
- be clear and sufficient enough to enable suppliers to prepare a valid bid;
- clearly set out how the contract will be managed after award;
- be closely linked to the Pricing Schedule to ensure complete and accurate pricing;
- deliver VFM; and
- lead directly to suitable tender evaluation criteria.



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- 31.5 At the time of drafting of the Specification, the full evaluation criteria and weightings should be considered with a view to finalisation by the time tenders are invited.
- 31.6 The output (or performance) Specification focuses on the function of the product or service required. Such a Specification describes what is to be done rather than exactly how it should be done.
- 31.7 Tips on preparing an Output Specification:

- Outputs — it's the 'what' that is to be specified not the 'how';
- Standards — the output specification should provide an indication of the service standards expected;
- Inclusion of background information — the private sector must have an opportunity to understand the Department's business, environment and culture;
- Prioritising — if a multitude of needs is to be met, it is good practice to rank them in order of importance; and
- Constraints — if there are constraints, these should be incorporated in output terms or included in the background information together with evidence of their importance as factors.

- 31.8 You should also consider the length of any proposed contract to be let. Most contracts will be between three and five years duration, depending on their value and supply market risks. Contracts should be long enough to allow the Contractor to adequately recover its initial set up costs and investment in the contract. In particularly volatile supply markets (e.g. utilities) contracts may be let of shorter duration, one year is common for this type of commodity. You should always re-visit the duration of any contract coming up for renewal and not automatically re-let it for the same period as the current contract, as supply market risks may have changed. Please consult P&CS for advice on individual contracts.

32. EU Rules on Specifying Standards

- 32.1 The EU Public Procurement Directives set out detailed criteria for the Specification of Requirements. The general principles are that Specifications should refer wherever possible to relevant European and International standards, and should avoid references, which would have the effect of favouring or eliminating particular suppliers, contractors, products or services.
- 32.2 As a result, a contracting authority may not reject tenders solely on the grounds of non-compliance with national standards or other standards to which it refers for the definition of technical specifications. It may only reject a tender if it establishes that the relevant mandatory requirements, if any, were not met.

33. Evaluation Criteria

- 33.1 The Specification needs to cover the various measurables, against which all of the bids will be evaluated, in order to ensure that the criteria are wholly relevant. It is a requirement under the EU Procurement Directives to advise tenderers on what they will be evaluated against and all evaluation criteria should, therefore, be listed in a separate annex within the Invitation to Tender (which will be cross-referenced to within the covering letter). An example of a set of Evaluation Criteria is on the CPS Intranet or can be obtained from P&CS.
- 33.2 The criteria should include a request for evidence of financial stability (e.g. three years audited accounts), as appropriate (i.e. unless already requested at the PQQ stage when using the OJEU Restricted Procedure). P&CS will be able to advise on how this information should be evaluated.
- 33.3 The tenderers should be checked for financial stability. Ideally, the estimated annual value of the contract to be awarded should not be greater than 25% of one year's turnover. However, you should also be sensitive to the difficulties that Small and Medium Sized Enterprises (SMEs) can have — see “Smaller Supplier... Better Value?” at www.ogc.gov.uk — when seeking Government work. On request, P&CS can also obtain independent financial reports. These reports are particularly recommended for service contracts where service delivery may be critical to supporting the business on a continuing basis, and it may be more difficult to switch to an alternative supply source.

34. Inviting tenders (proposals to do the work)

- 34.1 An Invitation to Tender (ITT) is a formal document asking suppliers for a sealed bid to be submitted by a specific date. The ITT asks suppliers to offer their price, delivery, methodology, etc, to carry out work to the Department's Specification and Conditions of Contract.
- 34.2 The Department's Standard Invitation to Tender (available on the CPS Intranet or from P&CS) comprises nine sections:

- Invitation to Tender covering letter;
- Invitation to Tender Acknowledgement;
- Annex A — Instructions to Tenderers;
- Annex B — Specification;
- Annex C — Technical Questionnaire;
- Annex D — Commercial Questionnaire (including Tenderers Declaration and Certificate of Bona Fide Tender);
- Annex E — Standard CPS Conditions of Contract;
- Tender return label

- 34.3 These documents should be customised to suit the requirements of each procurement exercise, e.g. some exercises may require briefing meetings, which will need to be notified.

35. How long should I allow for responses to ITTs?

- 35.1 For a relatively straightforward tender exercise which is not above the EU procurement thresholds, a range of 10 -15 working days might be sufficient. However, it is important for the tenderer to have enough time to give the task their best offer. P&CS will be able to advise for specific projects.
- 35.2 Additionally, you should note that all OJEU-advertised tenders have prescribed timetables. For instance, under the frequently used Restricted Procedure, a minimum of 40 days should be allowed. This will be reduced when the new EU Consolidated Directive is implemented in 2005 and the CPS has fully adopted eTendering [paragraph 48].

36. Is a briefing meeting necessary?

- 36.1 Briefing meetings advise prospective bidders about the work required, so it is usually advisable to schedule them early in the tender period. It is helpful to announce the date/time and venue in the covering letter of the ITT. Such briefings avoid having to respond repeatedly to individual enquiries or visits from tenderers, which could be laborious, especially as any responses to individual queries need to be copied to all tenderers to ensure a "level playing field".
- 36.2 The business sponsor normally arranges and chairs the briefing meeting, but P&CS can assist if necessary and, if requested, will also chair the meeting. The sponsoring branch should take notes of all questions and answers, which should be copied to all tenderers, whether they attended the meeting or not. The decision not to attend a briefing meeting should never be held against prospective bidders.

37. Site Visits to the Department's & Tenderer's Premises

- 37.1 If the contract is to be operated on the Department's premises (e.g. cleaning, security, etc), it may be necessary for the tenderers to be shown round the relevant sites prior to bidding for work. Care should be taken not to allow commercially confidential information, concerning the operating procedures of any current contractors, to be divulged during site visits. Advice for the conduct of site visits is available on the CPS Intranet or from P&CS.
- 37.2 Similarly, as an aid to final evaluation before tender award, it may be necessary to visit the premises of some of the tenderers, especially if the contract is complex or high risk, and if the tenderers' premises play an important part in its operation. The visits should be undertaken by at least two members of the team, using an agreed checklist of areas to view and report on.

38. What happens when I receive the tenders?

- 38.1 A suitable evaluation marking system must have been agreed, and set up on the Tender Evaluation Matrix sheets, before the tenders are opened. The evaluation criteria sent to the tenderers should be used to form the basis for scoring and, if appropriate, individual criteria may be weighted to indicate relative importance.
- 38.2 To ensure probity, a note should be made on the envelope of the date and time that each tender is received, and all tenders should be kept in a secure cabinet until the due date and time of opening, (as notified in the ITT). If a tender is received late, it cannot be accepted, unless the tenderer can prove that it should have been delivered on time (e.g. by providing a note from their courier company, or a receipt for Recorded or Special Delivery mail).
- 38.3 Tenders should be opened and initialled by a minimum of two people, who are not members of the evaluation panel; if required, P&CS can assist for all tenders below the EU threshold. Details of bids must be recorded on the Tender Opening control sheet, and every page of the original bid document that contains a price figure must be witnessed and initialled by both openers, to demonstrate that the bid has not been altered in any way. Any existing alterations (e.g. type-overs or crossings-out) must be highlighted and initialled by all openers. If the bidder has not identified a copy as the original, you should select one and mark it up as such. Once the opening has been recorded, copies of the tenders should be distributed to the tender evaluation team.

Note: Standard templates are available on the CPS Intranet or from P&CS.

39. How do I evaluate the tenders?

- 39.1 The sponsoring branch is expected to take the lead on selecting the membership of the evaluation team. Separate teams should evaluate the technical and commercial tender responses. You should decide at an early stage in the procurement those parties that have the necessary skills to undertake the respective evaluations. P&CS may provide support, depending on need and availability. Evaluation teams should comprise at least three people, but generally no more than six. When choosing team members, consideration should be given to any specialist expertise held, such as may be useful for IT/design proposal or for the analysis of complex data and pricing information. The team members must be prepared to set-aside sufficient time to evaluate the written bids and to attend a presentation and wash-up meetings. Please note that, if any team members have a connection with any of the tendering organisation, advice should be sought from P&CS on whether they should be excluded from the team, for the sake of propriety.
- 39.2 Having agreed the methodology, the evaluations should be undertaken independently by each panel member. To avoid one bid becoming the standard, it is recommended that evaluators are each asked to commence their assessment with a different bid. The evaluators should record their evaluations on the Tender Evaluation Matrix sheets. When doing so, they should make comments to support their scoring, and they should also note if any bid is non-compliant with the ITT.
- 39.3 Once the independent assessments have been completed, each evaluation team should hold a wash-up meeting, in order to reconcile any wide variations in scoring and to determine the preferred supplier(s). They may either take forward all tenderers achieving a pre-determined score or perhaps just the most highly ranked 3 or 4. Only affordable suppliers with a realistic chance of being awarded the contract should be invited for interview.
- 39.4 During the meeting, the team should establish one agreed Tender Evaluation Matrix sheet for each bid. This record will prove useful if unsuccessful tenderers want debriefing, and it might also provide points for discussion at the suppliers' presentations, or post tender negotiation meetings.
- 39.5 The technical and commercial teams should then meet to agree a final ranking order of the tenders, taking into account both the technical and commercial scores. The weighted balance between the technical and commercial evaluation will vary according to the type of procurement. P&CS can advise on individual tender exercises.

Note: Standard templates are available on the CPS Intranet or from P&CS.

40. Am I getting good value for money?

- 40.1 It is Government procurement policy to seek the best overall value for money, and this cannot be judged on price alone. Therefore, so far as possible, all the other relevant aspects of suppliers' offers should be evaluated before prices are considered.
- 40.2 Where a bid price significantly exceeds budget (by, say, more than 15-20%), the tenderer should be given opportunity to confirm that he has understood fully the requirement before any decision is taken regards the un-affordability of his bid.



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- 40.3 If, on the other hand, any prices seem unusually low in comparison to other bids, the tenderer should similarly be given opportunity to confirm that he has understood fully the requirement before his bid is taken forward.
- 40.4 If required, P&CS can assist with preparing a comparative analysis of tenderers' prices.

41. How many suppliers should be invited to present their proposal?

- 41.1 If a presentation is required, usually no more than three tenderers should be seen, unless the difference in score between the third and fourth placed tenders is so small as to be negligible. Furthermore, a significant difference in marks awarded to second and third placed tenderers might justify meeting only the top two rated tenderers. It should be borne in mind that tendering has a cost, both to the Department and the suppliers, and it is therefore, unreasonable to put tenderers to the expense of attending an interview when they have little prospect of getting the work. The selected presenters should be invited by Presentation Invite letter (available on the CPS Intranet or from P&CS).

42. Managing the presentations

- 42.1 To ensure a robust and equitable evaluation process, presentations should be attended by all the members of the tender evaluation team, with perhaps an added (non-scoring) specialist, such as an IT or financial expert (if there are particular perceived weaknesses in the bids, or technical clarification is needed). Presentations should be scored on customised Presentation Evaluation sheets and scores incorporated into the original technical evaluation model to provide final agreed technical scores.
- 42.2 Typically, agendas for presentations will comprise:

- a 5 minute introduction by the company;
- a 15-20 minute explanation of the bid (ideally addressing any areas of perceived weakness and specifying the level of support to be given to the contract by the company); and
- about 15-20 minutes' question-answer time.

- 42.3 Presentation panels need to test bidders' familiarity with their bid and the ITT. If, during the presentation, a tenderer offers something new, which was not included in their tender, the chair should ask them to confirm the revision to the offer in writing as soon as possible after the presentation. All such written clarification must be received before the contract is awarded. This should be referred to as "bid clarification" in any ensuing correspondence.
- 42.4 The assessment process should now be finalised, so that a preferred supplier can be nominated for award (subject to any post-tender negotiations or clarifications that may take place).

Note: Standard templates are available on the CPS Intranet or from P&CS.

43. Post tender negotiations (PTN) and clarification

- 43.1 Sometimes, following tender evaluation and suppliers' presentations, it is not advisable to accept a supplier's tender without qualification. Equally, it may be advantageous, through post tender negotiations, to find out whether any improvements in suppliers' offers are available. Such negotiations must be carried out by a trained purchaser (e.g. from P&CS), to ensure that other tenderers are not disadvantaged, competition is not distorted, or that trust in the tendering process is not adversely affected.
- 43.2 While the UK Government views PTN as a legitimate exercise, **it is rarely considered appropriate for tenders let under EU Procurement Directives** (except under Negotiated procedure). However, this exception does not prevent clarification of tenders, which is strongly encouraged. If in doubt about whether the point at issue is one of negotiation or clarification, please contact P&CS.

44. The Tender Report

- 44.1 Once the preferred supplier has been decided, the evaluation team leader should compile the Tender Report (standard template available on the CPS Intranet or from P&CS), which will include details of the tender and the evaluation process as well as the final recommendation. Issues of non-compliance or qualifications to the tender, in so far as they affect the recommended supplier, should also be commented upon. Any information that is relevant to the decision making process, but is not obvious from the evaluation records, should also be included. The report will need to be approved, at an appropriate level within the Area, Service Centre or HQ Directorate before the contract can be awarded.

45. Awarding the contract

- 45.1 The contract should now be formally recognised by issuing the finalised contract documentation, together with a covering letter (CPS Standard Conditions of Contract are available on the CPS Intranet or from P&CS). The covering letter spells out the basis of the contract award in broad terms. The contract should be issued in duplicate and signed by both parties (both signatories must have delegated financial authority to sign on behalf of their respective organisations), with each party retaining an original copy. Where practical, all contract papers should be bound together in date order, and a duplicate copy issued with the contract for the contractor's retention, so that both parties can be satisfied as to the completeness of contract documentation. Any subsequent contract variations should be attached to both the CPS' and the Contractor's retained copy, as and when issued. You should ensure that you maintain effective version control over all contract documentation. This will be particularly helpful if variations and amendments to the Contract are agreed once the Contract has been let.

46 Advising and debriefing unsuccessful tenderers

- 46.1 The Department should issue a Tender Unsuccessful letter to all unsuccessful tenderers (standard letter template can be obtained from the CPS Intranet or from P&CS). The letter includes an offer to give a debrief which, if taken up, can be given over the telephone or by face-to-face meeting (depending on supplier preference). Debriefs should be carefully prepared in advance from the evaluation and presentation records. HM Treasury Solicitors have advised that the Department should not send out any written debrief information. For EU tender exercises debriefs are a statutory requirement and must be completed within 15 days of the date of the receipt of a written request from the tenderer.
- 46.2 Any debrief given over the telephone should be read out, with the date, time and name of supplier's representative being recorded. If given face-to-face, there should be two departmental representatives present, as far as possible, the debrief should be delivered from a prepared "script". Debriefs should include outlining both the strengths and weaknesses contained in the tenderers response, assessed against the evaluation criteria. On no account should you discuss the relative merits of competitor's responses.
- 46.3 The papers for the debrief should then be put on a registered file. If required, P&CS staff can attend face-to-face debriefs and/or assist with their preparation.
- 46.4 It is also good practice to offer a debrief to the successful tenderer.



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47. Contract management and review

- 47.1 The original tenders (unsuccessful as well as successful), and completed evaluation records, should be kept on a registered file for an appropriate period of time (in accordance with the Department's Records Management Policy) to form a proper audit trail. Copy tenders should be discarded as confidential waste or (if unmarked) offered back to the bidders. Other parties may subsequently need to refer to the procurement records, and they should therefore be kept as clear as possible. All relevant issues, including telephone conversations, should have been documented, so that it is easy to follow the trail. However, do not keep every draft of every document, as this can be confusing.
- 47.2 P&CS involvement usually ends with the debriefings. Thereafter, it is the task of the business sponsor to manage and review the contract. It is important to consider the likely implications of contract management at the earliest opportunity within the Procurement Cycle, usually at the time when the Specification is developed. This is because there are likely to be future resource and management implications that need to be agreed. Remember, contracts do not manage themselves and require input from the Department on a regular basis. VFM must be managed over the life of the contract, not just at the tender stage. The scope of contract management will obviously differ from contract to contract, but it needs to be agreed and in place before the contract is awarded. Nevertheless, if any contractual issues should subsequently arise, P&CS will always be available for advice and support.
- 47.3 P&CS have published "A Guide to the Essentials of Contract Management". This publication is a practical guide for those involved in setting up and/or managing contracts. It is available from P&CS or through the CPS Intranet.
- 47.4 The Office of Government Commerce (OGC) produces general guidance on contract management, which can be found at www.ogc.gov.uk
- 47.5 Also, a "Managing Contracts Effectively" course is available at the Centre for Management and Policy Studies:

● <http://www.cmps.gov.uk>

48. The Future — eTendering

- 48.1 eTendering is an important breakthrough in procurement and is likely to have a major effect on the way Government does business in the near future. The CPS has let a contract with Business Information Publications Ltd (BIP) for the provision of eTendering services through the eProcurement portal on the CPS Intranet. It is anticipated that the majority of tender exercises will be conducted on-line by 2005.
- 48.2 A new EU Consolidated Procurement Directive is to be implemented in the UK during 2005 and this will reduce the timescales involved in the Procurement Cycle, where eTendering is adopted, in addition to other benefits through using electronic services.
- 48.3 This Guidance will be updated by means of a supplement to be issued once eTendering has been fully adopted by the CPS by the end of 2004. The supplement will relate to the conduct of eTendering exercises, and for EU tenders will reflect changes to be introduced by virtue of the new EU Consolidated Procurement Directive.

Other Relevant CPS Guidance

➤ CPS Procurement Strategy 2003-2006

This document (available from the CPS Intranet or from P&CS) sets out the CPS Procurement Strategy for 2003-06. It sets out the key deliverables by procurement in support of the business, and in respect of other Government policies and targets.

➤ Invitation to Tender (ITT) Packs (available from the CPS Intranet or from P&CS)

These packs contain templates for the ITTs and CPS' Standard Terms and Conditions of Contract for Goods, Services, Consultancy and Carriage.

➤ Guidance Note on CPS' Standard Terms And Conditions (available from the CPS Intranet or from P&CS)

➤ Selling to the CPS (A Guide to Suppliers) (available from the CPS Publication Scheme or from P&CS)

P&CS produced the booklet in 2003 to help businesses interested in supplying the CPS understand the Department's procurement policies.

➤ CPS Guide to the Procurement of Management Consultants & Other Professional Services (available from the CPS Intranet or from P&CS).

The Guide provides information on the rules for the selection and engagement of management consultants and other professional service providers

➤ Business Cases Guide for Estates and Facilities Management (available from the CPS Publication Scheme or from CPU)

The Guide is a tool for those who may be required to put together a business case. Although predominantly focused towards those business cases involved with property planning, the principles contained within this guide may be applied to most expenditure decisions.

➤ Project Management Guide (available from the CPS Intranet or from the CoE)

This Guide outlines the concept of project management. It also provides a description of the project management principles, processes, tools and templates.

➤ Programme Management Guide (available from the CPS Intranet or from the CoE)

This Guide outlines the concept of programme management.

➤ GPC Corporate Instructions and Cardholder Guide (available from the CPS Intranet or from P&CS)

This Guide is issued to support the use of the Government Procurement Card (GPC) across the CPS.

➤ Estate Management Manual (available from the CPS Intranet or from CPU)

This Guide sets out procedures for meeting Works requirements

Other Relevant External Guidance

- The Government Procurement Code of Good Practice – for Customers and Suppliers (OGC Report) [http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/codeofpractice/codeofcusprac.pdf]
- The Green Book Appraisal and Evaluation in Central Government (HM Treasury Guidance) published by TSO [<http://greenbook.treasury.gov.uk/>]
- Smaller Supplier Better Value (OGC Report) [http://www.ogc.gov.uk/embedded_object.asp?docid=2077]
- Modernising Procurement (NAO Report) [http://www.nao.gov.uk/publications/nao_reports/98-99/9899808.pdf]
- Public Procurement and Race Equality – Guidelines for Public Authorities (Commission for Racial Equality Report) [http://www.cre.gov.uk/duty/pdfs/proc_public.pdf]
- Making a difference Reducing Bureaucracy in Central Civil Government Procurement (Cabinet Office Report) [http://www.cabinet-office.gov.uk/regulation/PublicSector/_CCGP_main_report.pdf]
- Getting Value for Money from Procurement (NAO/OGC Report) [http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/vfmprocurementguide.pdf]
- E-Procurement Guidance – Cutting through the Hype (OGC REPORT) [<http://www.ogc.gov.uk/index.asp?docid=2314>]
- Health and Safety Guidance —

The UK authority on health and safety at work is the Health and Safety Executive [<http://www.hse.gov.uk/>]

Briefings on significant health and safety issues relevant to the property and construction procurement community are provided through OGC Health and Safety Alerts [<http://www.ogc.gov.uk/index.asp?id=1001528>]
- The Simap Website [<http://simap.eu.int>] contains information about EU Procurement Opportunities and EC Procurement Legislation

Procurement Cycle Checklist

The following checklist covers the basic procurement cycle from identifying and specifying a need to making payment and managing a contract. Use it as a reminder list to evaluate the effectiveness of your purchasing procedures.

1. Originating a purchase

The User identifies a need, specifies the requirement and raises the requisition.

CHECKS	RISKS
Is the user authorised to do so?	Unauthorised purchases.
Has approval (through business case if necessary) been sought?	Buying goods when they are not needed/justified.
Are there funds available to meet the purchase?	Overspending on budget.
Is the value (individually, or collectively with other like purchases) over the EU Procurement thresholds?	Breaking EU law; the department having to pay damages through the EU Remedies Directive; suspension and cancellation of contract.
Is it low value/low risk/high value/high risk?	Wrong resources spent on types of purchase; too little/too much control.

2. Selecting a supplier

Before a Purchase Order is issued, the right supplier for this type of purchase needs to be identified.

CHECKS	RISKS
Is a Framework Agreement available? If not used have the reasons been satisfactorily documented?	Not achieving VFM; waste of resources; duplication of resources.
Have competitive tendering procedures been followed? (This should always be the case except for individual low value and low risk purchases).	Not achieving VFM; not getting the right supplier for the purchase; possible breach of Government Procurement Policy and EU Procurement Directives.
If a single source supply is used, have the reasons been satisfactorily documented?	No assurance on obtaining VFM.
Have suppliers been selected for invitation to tender on a fair basis and the reasons for selection fully recorded?	Lack of competition leading to poor VFM.
Have the financial background/stability of the suppliers been assessed?	The supplier going bankrupt/failing to deliver.
Have the tender bids been opened and evaluated in a controlled way, providing reasons for selection and non-selection?	Possible collusion between suppliers may not be discovered.

3. Ordering

Once accepted by the supplier the Purchase Order is the basis of a binding contractual agreement so it is important to get it right.

CHECKS	RISKS
Are the details correct, especially those relating to the supplier and delivery details?	Waste of resources in tracking goods and services going astray. Unnecessary cost of rectification.
Has a copy been retained and no unauthorised changes made after issue to supplier?	Changes to delivery address, volume, and value of goods can lead to unauthorised expenditure.
Has it been authorised at an appropriate level given its value/type of purchase?	Orders may be issued with inadequate contractual terms, inaccurate/incomplete details leading to loss of VFM.
Has it been broken into a number of smaller value orders to avoid proper level of authorisation?	Not achieving VFM; possible disaggregation under EU Procurement Directives.
Are the contractual terms clear and understood?	Getting tied into disadvantageous contractual terms.

4. Receiving and accepting goods and services

This is a key function. No payment should subsequently be made unless the goods received match the Purchase Order details.

CHECKS	RISKS
Does the Goods Received Note/Delivery Note correspond with the consignment delivered?	Consignment (e.g. number of parcels) registered as received is not what was actually received.
Do the goods delivered correspond with details ordered on the P.O.?	Goods wrongly certified as received; not getting the volume/type of goods ordered; paying for goods not received; misappropriation of goods.
Are there controls in place for checking the performance of services against the order/contract and that departmental confirmation is recorded of satisfactory completion?	Payment against services not performed or performed inadequately (particularly vulnerable where sub-contractors are used).
Have goods been returned to the supplier and are there controls in place to ensure replacement/credit notes/refunds are provided and recorded?	Returned goods and subsequent credit notes, refunds and replacement goods not received leading to wasted resources.

5. Receiving the invoice and making payment

This should always be separate from the ordering and receiving functions. It is also crucial that the invoice is paid within the specified limit agreed when the order was placed. In the absence of any specific agreement, payment must be made within 30 days of the receipt of the invoice or of the goods, whichever is the later.

CHECKS	RISKS
Are there controls in place to inhibit payment unless the P.O., goods received records and invoice match? Is the P.O. reference correctly quoted on the invoice?	Payment made before goods received, payment made in excess of delivery value; inaccurate payment made.
Were settlement discounts payable and obtained?	Failure to achieve VFM; overspending on budgets.
Is invoice from the contract supplier? Have any supplier details changed? Are they correct?	Payment to an incorrect supplier, supplier account or branch.
Was the payment for part delivery? Are there controls in place to cover part payments?	Paying for more than has been received.
If the order was fulfilled, are there procedures for closing off the purchase so that no further invoices can be received?	Possibility of duplicate and overpayments that were not agreed as part of the original P.O.
Is the invoice an original? Are there controls in place to avoid duplicate payments?	Possibility of duplicate payments.

6. Post Contract Control

Large contracts in particular need to be managed against the terms agreed with the supplier/contractor especially where staged or regular payments are due.

CHECKS	RISKS
Is it clearly recorded what needs to be done, by whom, when and how much it will cost?	Not getting the work done because the contract terms were not clear and properly controlled; paying excessive amounts.
Do you have a programme of checking work/goods against the specification?	Not getting done what is needed; paying for work not done.
Do you have procedures for identifying inadequacies/poor work and for remedial action?	Not getting the work done to the standard needed; making payment for inadequate work.
Do you maintain record of supplier performance?	Re-letting of contracts to unsatisfactory suppliers.

Crown Prosecution Service
Procurement & Commercial Services
Headquarters
3rd Floor
Room 317
50 Ludgate Hill
London EC4M 7EX

DX 300850 Ludgate EC4

