

# Procurement & Tendering Policy

## Introduction

Laslett International Limited (LIL) want to achieve the best value for money from all purchases and at all times. Purchases need to be the correct quality, quantity, delivered on date required and at the best possible price.

## Purchasing

Purchases must be in accordance with project budgets or estimates and comply with this Procurement Policy. It is the purchaser's responsibility to ensure that any identified pre-existing Framework Agreement/Contract is fully UK and EU compliant, and the appropriate method to procure within the Framework Agreement/Contract is adhered to. A quote or price must always be obtained before any order is placed.

## Planning

It is vital that the project plan is adhered to in respect to the purchasing of goods and services. Before making a purchase always consider the following recommendations:

- Make sure you know precisely what you want to buy and that it meets the needs of the project.
- Check that the purchase is necessary, consider alternatives such as hiring where applicable, ensure sufficient budget is available and that delivery is properly scheduled and all those involved are informed.
- Estimate the total value of what you are buying.

Purchase Level	Procedure
Less than £5,000	A price must always be obtained prior to any order being placed. This price should be attached to the purchase order and appropriately filed.
Between £5,000 and £25,000	At least three written quotations should be obtained prior to any order being placed. These should be attached to the purchase order and filed together with the basis for selecting the chosen supplier.
Between £25,000 and £100,000	At least three formal quotations should be obtained in writing by a specified date and time and based on a written specification and evaluation criteria. These should be attached to the purchase order and filed together with the basis for selecting the chosen supplier.

Above £100,000

Subject to a formal tendering process.

Note: All purchases must be fully documented and the documentation appropriately filed for audit purposes.

### **Tendering for purchases of £100,000 and above:**

#### **Forms of Tender**

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below:

#### **Open Tender:**

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition.

#### **Restricted Tender:**

This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs.
- many suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the project's unique requirements.
- the costs (and in some cases timing) of publicity and advertising and sourcing are likely to outweigh the potential benefits of open tendering.

#### **Negotiated Tender:**

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances where:

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are available
- extreme urgency exists
- continuation with the existing supplier is justified

#### **Preparation for Tender**

Full consideration should be given to the:

1. Objective of the project
2. Overall requirements
3. Technical skills and/or technical specification required
4. After sales service requirements (maybe for specific maintenance management or shutdown/outage planning and management)
5. Form of contract. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

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

If a restricted tender is to be used, then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry. An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response

## **Aspects to consider when evaluating the tender**

### **Financial:**

1. Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
2. Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
3. Is there scope for negotiation? If so, the purchaser should always aim to achieve best value for money.
4. Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

### **Technical /Suitability:**

1. Qualifications of the contractor (or supplier)
2. Relevant experience of the contractor (or supplier)
3. Descriptions of technical and service facilities
4. Certificates of quality/conformity with standards
5. Quality control procedures
6. Details of previous sales and references from past customers

### **Other considerations:**

- Pre-sales demonstrations
- After sales service
- Insurance concerning delivery logistics
- Product or service warranties
- Bidders could be asked to suggest how they would address a problem as opposed to being restricted to one solution.
- All invitations to tender (ITT) must include the background of the project, the project scope and objectives, technical requirements, project implementation, terms and conditions, the form of response, the tender assessment criteria and a reference number(s). They should also state the date and time by which the tender should be received.

- All interested tenderers must be provided with the same information and the same opportunity to visit the site(s) if a site visit is considered necessary.
- Are any specific approvals required?

### **Tender Evaluation Procedures**

- The evaluation process should involve at least two people with no conflicts of interest in the tender.
- Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.
- Full records should be kept of each tender evaluation and a report should be prepared for the project document management files / the project stakeholders / any project audit, these records should specifically highlight the relevant issues, risks, other considerations and the recommended decision.
- Where required by the conditions attached to a specific project estimate or budget, approval must be obtained before acceptance of a tender.

### **Tender Acceptance and Opening Procedures**

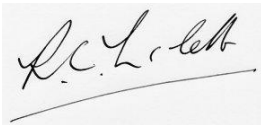
- Tenders should be submitted in plain envelopes clearly marked “TENDER” alongside the ITT reference number. Tenders will be time and date stamped on receipt and stored in a secure place prior to opening. Tenders received after the deadline will not normally be accepted.
- All tenders submitted will be opened at the same time in the presence of two/three people, one of whom should be a senior person from the Project Finance Team and the tender details will be recorded. These details will include the names of the companies submitting tenders, the amount tendered and will be signed by the people present at the tender opening. The accepted tender should be the one that is economically most advantageous to the project.
- All tenderers should be informed of the decision.
- The reasons for accepting a particular tender must be clearly documented especially if it is decided to accept other than the lowest tender.

### **Contracts**

- Any non-routine tenders or purchases, such as leases, are subject to a contract between the project and the supplier which is to be signed before the contracted work begins or the delivery of goods.
- The contract(s) should clearly set out (as applicable):

- The scope of work with detailed and accurate specifications;
  - The timeline and completion date of the work(s);
  - Dates for completion of works or delivery including site address, etc.;
  - Quality controls on work(s);
  - The agreed fees/charges and payment date(s);
  - Specification of the goods/services to be delivered (as applicable).
- Copies of all contract documentation must be filed in a Contracts Register.
  - The signing of a contract and/or lease should be treated like the placing of an order and the signing of a cheque.

**Signed by:**



**Robert C. Laslett** CEng FEI FIET HonFAPM FACostE FRSA FIoD

Managing Director

**LASLETT INTERNATIONAL LIMITED**

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