

PROCUREMENT POLICY

ADVICE ON PROVIDING A BEST PRACTICE PROCUREMENT SERVICE TO CUSTOMERS

Version:	5
Date issued:	October 2017
Review date:	September 2020
Applies to:	Staff that order, receipt, check and authorise invoices and pay / process invoices / credit notes, arrange / manage contracts, and finance section.

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DOCUMENT CONTROL

Reference PG/Oct17/PP	Version 5	Status Final	Author Head of Costing, Income & Systems
Amendments: 1. Derived from Sustainable Procurement Policy 2. Re-formatted to new Trust layout			
Document objectives: To provide a policy on procedures to assist with the processes for ordering, receipting, checking, processing and authorising invoices and credit notes for revenue and capital transactions, initiating and managing contracts, complying with regulations and achieving value for money.			
Approving body	Finance and Investment Committee		Date: September 2017
Equality Impact Assessment	Impact Part 1		Date: August 2014
Ratification Body	Senior Management Team		Date: October 2017
Date of issue	October 2017		
Review date	September 2020		
Contact for review	Head of Costing, Income & Systems		
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1 INTRODUCTION

- 1.1 This policy document sets out the framework of responsibilities, processes and controls involved in carrying out the ordering, requisitioning and tendering of goods and services on behalf of the Trust.
- 1.2 It should be noted that this policy is complementary to the Trust Constitution and should be read in conjunction with the instructions contained in the Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation.

2. PURPOSE AND SCOPE

- 2.1 The procurement policy is the Trust's policy on obtaining goods and services. It is written for internal users but provides a reference guide for external users.
- 2.2 The policy clarifies the procurement procedures available to managers for each type of supply. It clarifies the procedures from ordering to payment.
- 2.3 The policy provides a framework so that suppliers are paid accurately and promptly in accordance with NHS requirements. This includes the NHS target to pay all bills within 30 days.
- 2.4 The policy requires the Trust's Standing Orders, Standing Financial Instructions and its Scheme of Delegation are followed with procurement practices.
- 2.5 The policy is consistent with the overarching NHS Standard of Procurement for the NHS. Please refer to Appendix 1.
- 2.6 The policy seeks consistency with the Carter Review and World Class Procurement. Please refer to Appendices 2 and 3 respectively.
- 2.7 The policy will seek to integrate with the Procurement Strategy produced by Yeovil District Hospital NHS Foundation Trust, who provide procurement services to the Trust and are integral to the Procurement Strategy of the Trust. Please refer to Appendix 4.
- 2.8 The policy will seek to implement the requirements of the NHS eProcurement Strategy. Please refer to Appendix 5.
- 2.9 The policy is directed to all parties who may be involved in procuring goods or services, arranging contracts or reviewing contracts or external parties who may wish to establish the Trust's procurement procedures and policy. This includes:
- All staff who work for the Trust;
 - Associated organisations who are involved in the procurement process;
 - Associated organisations who work with the Trust to provide services, e.g. patient transportation services;
 - Associated organisations who may be required to work together to resolve incidents, e.g. public bodies, other NHS bodies, etc.
 - Contractors who supply services or goods;

- Contractors and other suppliers who may be contracted during these incidents;
- Patients who may wish to clarify arrangements during an incident.

3. DUTIES AND RESPONSIBILITIES

3.1 The following specific duties and responsibilities apply within the Trust.

Chief Executive

3.2 The Chief Executive has overall responsibility for procurement processes within the Trust, including ensuring the Trust has in place robust arrangements for contracts.

Director of Finance and Business Development

3.3 The Director is responsible for ensuring the Procurement Policy is reviewed and updated, and associated policies and procedures are produced, updated and applied.

3.4 The Director is responsible for ensuring the requirements of the Trust are reflected within the contract arrangements for procurement services entered into.

3.5 The Director is responsible for ensuring the Procurement Policy and procedures are effectively disseminated and followed.

Procurement Champion (Finance Department)

3.6 The role of Procurement Champion is to report on procurement issues for Executive Director consideration, and to promote value for money and the other objectives raised in the policy.

Head of Estates and Facilities

3.7 The Head of Estates and Facilities is responsible for the Trust's Estate Strategy. This includes the arrangement of contracts. While following Trust's policies, SO's, SFI's and Scheme of Delegation.

Associate Director of Commercial and Business Development

3.8 The Associate Director of Commercial and Business Development is responsible for a small number of contracts and agreements still to be transferred on to CTM and monitoring by YDH Procurement Department.

Directors and Heads of Service

3.9 All Trust Directors and Heads of Service are responsible for ensuring that the Procurement Policy is followed in their area.

3.10 They are responsible for following Trust ordering arrangements, including the maintenance of the Trust Catalogue of goods ordered.

All Somerset Partnership NHS Foundation Trust and other staff working at Trust premises

3.11 Staff are responsible for co-operating with the implementation of this policy as part of their normal duties and responsibilities.

3.12 Staff involved in the procurement of goods must undertake e-learning and review user guides as required.

Procurement Services – Yeovil District Hospital NHS Foundation Trust (YDH) Procurement Department

- 3.13 The following specific duties and responsibilities apply to parties contracted by Somerset Partnership.
- 3.14 YDH Procurement Department contracted has responsibilities to:
- Develop and help implement a Procurement Strategy for the Trust;
 - Advise and support the Trust in all matters relating to procurement and contract management, excluding Estates;
 - The management of effective communication with Trust key stakeholders, other procurement bodies and suppliers in support of the annual Procurement work-plan and attainment of CIP efficiencies
 - Develop and maintain a comprehensive tendering and contract management service for all procurement managed activity;
 - To manage supplier catalogues;
 - To ensure that the Trust meets its legal and regulatory requirements;
 - Monitor against targets identified in the Procurement Plan and lead on meeting these targets.

4 DEFINITIONS

4.1 Standing Orders (SO's), Standing Financial Instructions (SFI's) and Scheme of Delegation

The regulatory framework set up for the operation of the Trust, which all staff and members are required to comply with.

4.2 Revenue

Expenditure deemed to affect the Trust within the year, and must be accounted for accordingly. Affects the Trust's annual operating surplus or overspend.

4.3 Capital

Expenditure that is on software, equipment or property having a useful life of over one year and used in the Trust's business.

4.4 Contracts

Expenditure commitments formalised in a legal contract which both parties become obliged to. This can be for revenue or capital expenditure.

4.5 Requisitioning

The internal process of requesting goods or supplies are ordered from suppliers.

4.6 Ordering

The process of requesting goods or supplies from suppliers in a legal form.

4.7 Receipting

The process of recording the delivery of goods or services.

4.8 **Authorisation / Signatories**

The process where invoices are approved for payment. A signatory list is held of all staff who are approved to authorise invoices.

4.9 **Petty Cash**

A system where a small float of funds can be maintained at local units and used to pay for small items, avoiding the delay of being processed centrally first.

4.10 **Purchasing Card**

A debit card owned by the trust allowing purchases in advance or by phone.

4.11 **Budgets / Budgetary Control**

A process where units are set anticipated spend targets and are monitored through the year against these targets.

4.12 **Better Payment Practice Code (BPPC)**

A code which requires invoices to be paid within 30 days. It entitles organisations that receive late payments to charge interest on late bills. For this Code, the 30 days target is the later of:

- the invoice date;
- the date the invoice is received;
- the date goods or services are received;
- the date a dispute is resolved.

4.13 **CTM**

The Contracts database and e-tendering system.

4.14 **Bravo Solution Spend Analysis**

A data warehouse used by Trusts which, via a suite of reports, enables Trusts to benchmark, gain greater visibility in to Procurement Trends, understand Contract Compliance, Improve Supplier Management and understand Cost Reduction opportunities.

4.15 **Peninsula Procurement Supply Agency (PPSA)**

The regional procurement supply hub, which seeks to tender on behalf of all its members to maximise economies of scale and improve contract compliance, using a once-approach to market.

5. **POLICY STATEMENT**

The main objectives of the Trust within this policy are:

5.1 To ensure that all products and services are procured as cost effectively as possible from the right suppliers in the right quantities at the right time whilst ensuring that the Trust is aligned to legal compliance.

- That prompt payment is made of invoices after the receipt of goods / services arising from official orders in accordance with the Government's

Best Payment Practice Code.

- To ensure that all staff operating the policy have a full understanding of its content and their responsibility to bring irregularities to the Trust's attention.
 - To ensure that procedural instructions are in place on the obtaining of goods, works and services incorporating the thresholds contained in the Trust's Standing Financial Instructions and Scheme of Delegation documents.
 - To ensure that value for money is achieved for all influenced expenditure.
 - Contracts, whether capital or revenue, are arranged in accordance with regulations set out in SO's, SFI's and Scheme of Delegation within the Trust and meets all other relevant legislation and requirements.
- 5.2 The Trust has devised a comprehensive series of written and duly authorised procedures to cover the procurement process. These are given in Appendices 7 to 12.
- 5.3 The Trust will use electronic contract tendering procurement with the YDH Procurement Department and the NHS in the South West.
- 5.4 The Trust will use electronic requisitioning / ordering from supplier catalogues direct to suppliers, supported by YDH Procurement Department.
- 5.5 The Trust operates a catalogue of appropriate goods which are of the correct quality, value for money and minimal carbon footprint, from which all staff will use to order goods.
- 5.6 Services and supplies ordered are adequately approved, in accordance with service needs, made promptly and follow agreed processes.
- 5.7 The Trust will promote electronic invoicing from suppliers.
- 5.8 The Trust will promote the ordering and supply of goods and services, which achieve good economic value. In undertaking this the Trust will benchmark expenditure incurred and work with other organisations.
- 5.9 The Trust will monitor procurement practices and comply with NHS Procurement regulations and requirements.

6 SUSTAINABILITY

- 6.1 The Trust in following contract tendering requirements will seek to include environmental / sustainable criteria in the award of contracts where possible. This will ensure the Trust considers the business continuity management plans of suppliers in accordance with the NHS Standards of Procurement.
- 6.2 For details of the Trust's Carbon Reduction and Sustainability Policy, see appendix 13.

7 TRAINING REQUIREMENTS

- 7.1 The Trust will work towards all staff being appropriately trained in line with the Trust's Staff Training Matrix (training needs analysis). All training documents referred to in this policy are accessible to staff within the Learning and Development Section of the Trust Intranet.
- 7.2 All Directors, Heads of Division, managers and staff involved in the procurement process will need to be aware of and follow this policy document, appendices and other policies where relevant. Initial induction training (per checklists) will highlight requirements for staff involved with procurement, and require coverage of SO, SFI and Scheme of Delegation. Additional training assistance, should this be required, is available by contacting finance or YDH Procurement Department, as required.
- 7.3 For all Directors, Heads of Division, managers and staff using the Trust Procurement systems, E-Learning has been provided on the Trust Intranet, with user guides available as required. Please refer to Appendix 6.
- 7.4 Training using e-learning modules provided to budget managers where requested by budget holders.

8. MONITORING COMPLIANCE AND EFFECTIVENESS

8.1 Monitoring arrangements for compliance and effectiveness

- Overall monitoring will be by the Finance and Investment Committee through a six monthly report;
- The Board will receive monthly Financial Reports of the position of the Trust, which will be reviewed for compliance to the Better Payment Practice Code, the ability of departments to manage budgets, the achievement of Cost Improvement Targets and the Trust's overall viability;
- The Director of Finance and Business Development will receive quarterly reports from YDH Procurement Department reporting on the achievement of targets against the Procurement Strategy and Plan. This will include assessments of the performance from the PPSA.
- Budget holders will receive monthly budget reports to be reviewed and investigated. Reviews should show that budgets are being managed appropriately;
- Budget holders will monitor whether goods ordered have been received, and all invoices are approved for payment promptly;
- The Finance Team will periodically review the payments reports to ensure only approved authorisers are authorising, and invoices are being authorised promptly; and other procurement procedures are being followed;
- The Finance Team will produce the monthly Financial Reports, with identified explanations for variations in planned budgets;
- Internal and External Audit will review, in accordance with their audit plans, financial procedures. Compliance will be assumed where no recurring system weaknesses are identified;

- Counter Fraud Manager will undertake investigations as agreed in year. Compliance will be assumed where no recurring system weaknesses are identified;

8.2 Responsibilities for conducting the monitoring

- The Executive Team will be responsible for monitoring trust staff management of budgets, and processes resulting in the spend against these budgets;
- The Board have a governance responsibility of monitoring the performance of the Trust in meeting cost improvement targets, complying with the Better Payment Practice Code and the ability to manage budgets;
- The Director of Finance and Business Development will be responsible for monitoring the contract with YDH Procurement Department.
- YDH Procurement Department will be responsible for monitoring the Procurement Strategy and Plan and its achievement.
- Budget holders will be responsible for ensuring that expenditure against their budgets complies with procedures and are within budgets.
- The Finance Team will monitor compliance with internal procedures;
- The Finance Team will be responsible for the production of the monthly finance report;
- The Finance Team will be responsible for the production of carbon monitoring information with appropriate departments;
- Internal and External Audit are responsible for meeting their contractual and professional obligations;
- Counter Fraud Manager is responsible for meeting professional obligations.

8.3 Methodology to be used for monitoring

- The Executive Team and Board will review the financial reports received monthly;
- The Finance and Investment Committee will review additional financial information as requested and agreed;
- The Director of Finance and Business Development will monitor achievement of the Procurement Strategy and Plan against quarterly reports and KPI information provided;
- YDH Procurement Department will use information provided by Bravo Solutions Spend Analysis, CTM (Contracts System), Integra General Ledger system reports and its local systems to monitor the achievement of the Procurement Strategy and Plan;
- Budget holders will look at all information received for their areas, with main areas of review applied to areas where variance occurs against budget;
- Finance will undertake periodic testing of procedures and identify ongoing

failures by local departments for review and action;

- Internal audits;
- External audits;
- Local Counter Fraud investigations.

8.4 Frequency of monitoring

- Monitoring will be on a monthly basis for budget and financial monitoring, with additional work carried out periodically.
- YDH Procurement Department are required to report on procurement on a quarterly basis.

8.5 Process for reviewing results and ensuring improvements in performance occur.

- The Executive Team and the Senior Management Team, as well as additional meetings where deemed appropriate, will review performance against budgets, and consider required actions to correct positions. These will be monitored in budget meetings and monitored in additional monthly monitoring;
- The Director of Finance and Business Development will receive quarterly contract review meetings and reports. In-month meetings and working will continue with YDH Procurement Department and the Finance Team;
- Reviews by Finance will be reported to the Director of Finance and Business Development and relayed to appropriate directors to ensure issues are relayed and actions are taken;
- Internal, External Audit and Local Counter Fraud Report recommendations will be logged on the tracker reports and assigned to a key officer. Actions and progress will be recorded on the tracker and will be monitored by the audit committee. Where recommendations are specific to local areas, these should be incorporated within local risk registers.

9. REFERENCES, ACKNOWLEDGEMENTS AND ASSOCIATED DOCUMENTS

9.1 References

Better Payment Practice Code.

9.2 Cross reference to other procedural documents

Anti-Fraud Bribery and Corruption Policy;

Business Continuity Management Policy;

Capital Approval and Business Case Policy;

Carbon Reduction and Sustainability Policy

Charitable Funds Procedure FP4

Code of Business Conduct Policy;

Standing Orders, Standing Financial Instructions & Scheme of Delegation;

Sustainable Development Management Plan.

All current strategies, policies and procedures are accessible in the strategy and policy section of the public website. Trust Guidance is accessible to staff on the Trust Intranet.

10. APPENDICES

- 10.1 For the avoidance of any doubt the appendices in this policy are to constitute part of the body of this policy and shall be treated as such.

Please refer to the list of Appendices on the Contents Page