



Service Procedure

PROCUREMENT AND CONTRACT MANAGEMENT WITHIN THE POLICE SERVICE OF NORTHERN IRELAND (THE POLICE SERVICE)

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ABSTRACT: This Service Procedure explains how the Police Service of Northern Ireland will manage procurement. It is aimed at Departments, Regions and Branches who have procurement requirements

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1. AIM OF SERVICE PROCEDURE

- (1) This Service Procedure will establish effective planning, tendering and contracting for procurement of goods, works and services. Adherence will lead to improved accountability and performance for procurement within the Police Service. Ensuring the Police Service carry out fully defensible procurement to safeguard the reputation of the Police Service.
- (2) Procurement should be based on value for money. Goods, works and services should be acquired by competition, unless there are convincing reasons to the contrary.
- (3) The guiding principles of the Police Service's Procurement Procedures are:
 - (a) Fairness & Transparency;
 - (b) Compliance with Local, National and International Legislation;
 - (c) Non-discriminatory specifications and evaluation criteria;
 - (d) Proportionality;
 - (e) Promoting sustainability;
 - (f) Allow small/medium size companies opportunity to compete;
 - (g) Best value for money;
 - (h) Supplier evaluation and development.

2. (1) INTRODUCTION

- (a) This Service Procedure explains how the Police Service will manage procurement;
- (b) This Service Procedure is aimed at Departments, Regions, Districts and Branches who have procurement requirements.

(2) Summary and Background

- (a) In response to the recommendations set out in the "Review of Control Over Third Party Agencies", Finance & Support Services established a Local Operating Agreement (LOA) with the Central Procurement Directorate (CPD).
- (b) The process set out in the LOA will be the means of implementing procurement policy, practices and controls within the Police Service.
- (c) This Service Procedure will lead to improved accountability and performance for procurement within the Police Service.

(3) Aims/Objectives of Procurement within the Police Service

- (a) To establish a contractual relationship with CPD which:
 - (i) Sets out clear responsibilities of the Police Service and CPD.
 - (ii) Establishes CPD as single source for all competitive tendering requirements of the Police Service.
 - (iii) Measures and reviews performance of CPD against Key Performance Indicators (KPIs).
- (b) To establish improved planning, tendering, contracting and performance review processes within the Police Service to cover the procurement of all goods, works and services (including consultancy).

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- (c) To establish guiding principles for procurement based on:
 - (i) Compliance with Local, National and International Legislation;
 - (ii) Fairness and transparency;
 - (iii) Best value for money;
 - (iv) Non-discriminatory specifications.
- (d) To establish regular procurement reviews with each Police Service branch. These will be held at least quarterly and cover performance related to:
 - (i) Contracts – live, subject to tender, under consideration;
 - (ii) Requisitions – pending, placed, on schedule, late;
 - (iii) Supplier evaluation and development;
 - (iv) Forward planning of each branch based on future procurement objectives.
- (e) To establish a senior Police Service person who is responsible for:
 - (i) Managing the LOA with CPD;
 - (ii) Reviewing relationships between the Police Service branches and CPD;
 - (iii) Overseeing procurement performance of the Police Service.
- (f) To establish overall procurement performance for the Police Service as a whole in terms of:
 - (i) Volume of business supplier league table:
 - (aa) Past/current spend;
 - (bb) Future/projected spend.
 - (ii) Percentage (%) of business with suppliers that is under contract;
 - (iii) Price/cost savings achieved;
 - (iv) Best practice – benchmarking against other police forces and public services.

3. IMPLICATIONS OF THIS SERVICE PROCEDURE

- (1) Better management and business control of procurement within the Police Service.
- (2) Increased awareness, accountability and responsibility for procurement practices within the Police Service branches.
- (3) Improvement in procurement performance of the Police Service as measured through price/cost savings achieved and quality of services provided by suppliers.
- (4) Improvement in organisational effectiveness.
- (5) Increase in public confidence of the Police Service.
- (6) There will be no increase in the costs of running procurement for the Police Service as a result of the introduction of this Service Procedure.
- (7) Training requirements are covered under the LOA.

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4. MONITORING/REVIEW

- (1) The owner of this Service Procedure will instigate an annual review to assess:
 - (a) Progress against the aims/objectives;
 - (b) Impact of any new legislation;
 - (c) Any changes that need to be made to this Service Procedure;
 - (d) Support for the continued need for this Service Procedure.

- (2) Throughout the year:

Regular reviews will be held with each Police Service Department. The recommendation is that these should be held at least twice a year.

- (3) The review will cover performance related to:
 - (a) Contracts - live, subject to tender, under consideration;
 - (b) Requisitions - pending, placed, on schedule, late;
 - (c) Supplier evaluation and development;
 - (d) Forward planning based on future requirements.
- (4) Joint pro forma reports covering the issues in 3 (above) will be prepared jointly by the Police Service branch and CPD ahead of each review.
- (5) Minutes will be taken and actions recorded and progressed.

5. PROCEDURES/GUIDANCE

- (1) The processes set out in the LOA between the Police Service and CPD together with those in the Procurement Operating Procedures will be the means of implementing the procurement Service Procedures, practices and controls within the Police Service.
- (2) The LOA has been negotiated and agreed between the Police Service and CPD. Details are attached in Appendix 'A'.
- (3) Procurement Operating Procedures, Key Stages in the Procurement Process document is attached in Appendix 'B'.
- (4) The pro forma reports referred to under the Review section will be based on the format of the samples used by the Procurement & Logistic Services and will be issued by way of guidance.

OPERATIONAL AGREEMENT

**AS AN ADDENDUM TO THE
DEPARTMENT OF JUSTICE
SERVICE LEVEL AGREEMENT WITH**

**DEPARTMENT OF FINANCE & PERSONNEL
CENTRAL PROCUREMENT DIRECTORATE**

**COVERING PROCUREMENT REQUIREMENTS
OF THE**

POLICE SERVICE OF NORTHERN IRELAND

This operational agreement is an addendum to the Service Level Agreement between Department of Justice (DoJ) and Central Procurement Directorate (CPD) of Department of Finance and Personnel covers the specific procurement requirements of the Police Service.

Whereas:

CPD will provide the Police Service with procurement service for all goods and services over £30k.

1. DETAILED RESPONSIBILITY OF THE PARTIES

(1) Responsibility of CPD

- (a) Undertake action on all requirements over £30k submitted by the Police Service and agree Contract Terms and Conditions with Suppliers.
- (b) Facilitate the evaluation of tender submissions.
- (c) Debrief tenderers following contract awards.
- (d) Compliance with CPD Procurement Procedures and ISO Quality Assurance process and the Police Service Procurement Operating Procedures, where they do not conflict.
- (e) Monitor and report supplier performance against Contract Terms and Conditions, in association with the Police Service.
- (f) Maintenance of up-to-date information on contract matrices.
- (g) Provide professional procurement advice and guidance to the Police Service on procurement issues.
- (h) Establish and maintain benchmarking of the Police Service procurement prices and costs.
- (i) Ensure that adequate staffing and procurement specialists are employed to provide the procurement services required by the Police Service.

(2) The Police Service

- (a) Comply with Northern Ireland Public Procurement Policies as established by CPD and approved by the Procurement Board.
- (b) Compliance with CPD Procurement Procedures and accredited ISO Quality Assurance Process.
- (c) Provide annual spending plans for all goods and services, updated quarterly.
- (d) Provide, on request, historical spend analysis of all goods, services and works to assist CPD in the development of future procurement strategies.
- (e) Identify within spending plan opportunities to integrate sustainability into the contract.
- (f) Identify and prioritise sourcing requirements for all goods, works and services, including consultancy.
- (g) Provide technical specification of requirements.
- (h) Final agreement and ratification of contract terms and conditions.
- (i) Identify opportunities for inclusion of community benefits.

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- (j) Advise price and cost parameters.
- (k) Advise delivery schedule requirements.
- (l) Provide quality requirements.
- (m) Advise of any special contract arrangements.
- (n) Appointment of Evaluation Panel members and ensure no conflict of interest throughout process.
- (o) Develop selection and award criteria for purposes of evaluation and document rationale.
- (p) Arrange for evaluation of samples and prepare reports arising.
- (q) Ensure availability of Evaluation Panel to perform their duties in accordance with the agreed timescales.
- (r) Provide support, if required, for debriefing of unsuccessful tenders or supplier challenges.

2. PROCUREMENT POLICY

(1) Objective

- (a) To ensure that all Police Service procurement is carried out:
 - (i) In compliance with the Public Contracts Regulations (2015).
In particular:
 - (ii) In compliance with Northern Ireland Public Procurement Policy.
 - (aa) Open and transparency of award procedures.
 - (bb) Genuine competition in the award of contracts.
 - (cc) No unlawful discrimination on the ground, of nationality.
 - (dd) Address sustainable procurement objectives as set out within Equality of Opportunity and Sustainable Development in Public Procurement.
 - (ee) Achieve best value for money as defined within the Northern Ireland Public Procurement Policy.

(2) Guiding Principles

- (a) Transparency;
- (b) Competitive supply;
- (c) Consistency;
- (d) Effectiveness;
- (e) Efficiency;
- (f) Fair Dealing;
- (g) Integrity;
- (h) Informed decision making;

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- (i) Legality;
- (j) Integration;
- (k) Responsiveness;
- (l) Accountability.

(3) Tendering Process

- (a) Up to £1.5k - for all requirements not covered through centrally negotiated contracts purchasing decisions can be made locally on a non-evidence value for money basis without obtaining quotations.
- (b) £1.5k to £5k - for all requirements not covered through centrally locally on a documented value for money basis. A price check with at least 2 suppliers should be made. Price checks through the internet may be considered. Price checks should be documented and retained on file for audit purposes.
- (c) Goods & Non-Works Services £5k to £30k - written quotation, a minimum of 2 selected tenders, overseen and authorised by the budget holder supported by their Business Service function or a tender process undertaken by CPD. All contracts with a value greater than £5k should be awarded on CPD's Terms and Conditions, which are available via Police Service's external website.
- (d) Works £5k - £30k - Contractors must be registered on Constructionline. First six contractors from a randomly selected list generated by Constructionline are invited to tender. Subject to possible future change on basis of consideration by the Police Service and CPD within the context of the outsourced Property Management and Technical Services contracts.

For all requirements over £30,000 the Police Service department must contact CPD, who will undertake all tender exercises on behalf of the Police Service.

- (e) £30k to £111,676 - Full tender action advertised on e-Tenders NI.
 - (f) £111,676 and over for all supplies and services except for works which is £4,322,012 - EU Directives apply. Advertised on e-Tenders NI and in the Official Journal of European Union (OJEU).
- (4) CPD will endeavour to make available to the Police Service any other contracts for goods, works and services, which have been established for any other part of the Northern Ireland public sector by CPD or through collaboration with another Centre of Procurement Expertise (CoPE) or National Arrangement (eg Crown Commercial Service).
 - (5) CPD will undertake all tender and quotation exercises on behalf of the Police Service for requirements with an estimated value over £30k.
 - (6) All tenderers wishing to undertake quotations or tenders with CPD must be pre-registered on the eTenders NI portal. It is the vendors responsibility to ensure the information held on this system is valid and up-to-date. Failure to maintain this information could result in a vendor being excluded from a competition.

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- (7) Where the Police Service has committed to use a CPD collaborative contract and is listed as a participating body, then the Police Service is contractually obliged to use these arrangements when the goods/services are required.
- (8) Police Service may use National framework agreements where it is listed as a participating body if the goods/services are deemed to be fit for purpose and it represents value for money. Consideration should also be given to the potential impact on the local market and particularly Small and Medium Enterprises when deciding to use National Arrangements.

3. INTERFACE WITH THE POLICE SERVICE BRANCHES

- (1) The Departments, Regions, Districts and Branches to whom the CPD will provide procurement services will include:
 - (a) Logistic Services;
 - (b) Transport;
 - (c) Estates;
 - (d) Finance;
 - (e) Human Resources;
 - (f) Training & Development;
 - (g) Corporate Communications;
 - (h) ICS;
 - (i) Legal Services;
 - (j) Operational Support;
 - (k) Service Improvements;
 - (l) Crime Operations.
- (2) It is recognised that the Police Service has an in-house Estate Management Branch that acts as an informed client configuring policy, strategy and outsourcing arrangements across their specialist estate. They fulfil the Project Sponsor/Project Manager role for capital programmes. The Branch also fulfils the programme management and co-ordination roles with project management and professional services provided through outsourcing to the private sector or by engaging CPD. The present autonomy will remain for the Branch to configure policy, strategy and outsourcing arrangements which adheres to the broad policy parameters supported by Government with the arrangement of contracts/frameworks by CPD Construction and Advisory Division. The option of accessing CPD Works Procurement, as necessary and by request, will be available to the Police Service to provide Project Management and Advice.

4. PERFORMANCE REVIEWS

- (1) CPD will hold regular reviews with the key branches of the Police Service as in 3(1) above. The recommendation is that these should be held at least quarterly. However, it is recognised that some will not need to meet as regularly.
- (2) (a) The review will cover performance related to this operational agreement:
 - (i) Contracts – live, subject to tender, under consideration;
 - (ii) Requisitions – pending, placed, on schedule, late;

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- (iii) Supplier evaluation and development;
 - (iv) Forward planning based on future requirements.
 - (b) Joint proforma reports covering the issues above will be prepared jointly by the Police Service Branch and CPD ahead of each review.
 - (c) CPD will schedule, as required, meetings and record actions and progress.
- (3) The Police Service Branch Heads should be proactive in identifying and requesting information from CPD.

5. KEY PERFORMANCE INDICATORS (KPIs)

Performance will be measured based on progress on the following KPIs:

(1) The Police Service:

- (a) Provision of accurate and up-to-date spending plans provide annually with quarterly updates;
- (b) Provision of historical spend analysis.

(2) CPD:

The KPIs in the table below will apply to standard (ie non-complex) projects which are part of the Police Service's normal run of business. In the event of an unexpected increase in demand for sourcing and tendering services from the Police Service, revised KPIs will be agreed on the basis of a prioritisation of projects. Revised KPIs may also be required for complex projects, these will be agreed with the Police Service at the procurement strategy stage (KPI 2).

No	Description	KPI
KPI 1	Client emails 'works request form' (available on the CPD website) with the draft specification and confirmation of business case approval to SSD mailbox SSDAdmin.CPD@dfpni.gov.uk	SSD acknowledges receipt of work request within one working day
KPI 2	SSD and Client to formally agree the procurement strategy (including agreeing the procurement timetable)	Within 10 working days of acknowledgement.
KPI 3a	Publication of Tender (timescale from receipt of work request to publication)	Unless otherwise agreed by the client, the date from the <u>original receipt</u> of the draft specification and business case to the publication of the tender should be no later than 30 working days
KPI 3b	Publication of tender (timescale from agreed tender documents to publication)	Within 10 working days
KPI 4	The period between the client approval of the procurement process report and award (of intention to award) stage	Within 10 working days

6. COSTS OF SERVICES

The costs of services will be based on hourly charges for services required by CPD. Invoices will be presented every month detailing the breakdown of charges against each PSNI Contract or procurement activity.

7. ADMINISTRATION OF THE OPERATIONAL AGREEMENT

- (1) (a) The Police Service and CPD will each nominate a person through whom they will conduct all communications concerning the agreement.
- (b) The Police Service nominee is Head of Procurement & Logistic Services, the Police Service.
- (c) CPD nominee is Head of ICT & Strategic Procurement, CPD.
- (d) They will be responsible for managing the operational agreement, including dealing with any complaints and feedback from the Police Service Branches and/or CPD staff.
- (2) (a) The respective nominees will meet quarterly to review progress against the performance reviews referred to herein.
- (b) They will also consider any proposed amendments to this operational agreement which will in turn be fed into the strategic review meetings.

8. INDEPENDENT QUALITY ASSURANCE

As a Centre of Procurement Expertise, CPD will be independently reviewed on a regular basis to maintain their CoPE status. The recommendation will be reported to the Procurement Board.

9. STRATEGIC REVIEWS

- (1) There will be a strategic review held twice a year. These will be chaired by Director of Finance and Support Services, the Police Service and Divisional Director, CPD.
- (2) The purpose of the review will be to:
 - (a) Discuss the service delivery in previous six (6) months;
 - (b) Discuss the Police Service procurement plans;
 - (c) Update on developing procurement policy within CPD.

10. DURATION OF AGREEMENT

In accordance with the conditions contained within DoJ/CPD LOA.

AMENDMENT TO OPERATIONAL AGREEMENT

This operational agreement may be amended at any time with consent of both parties.

Signed for and on behalf of Police Service of Northern Ireland.

NAME: _____
POSITION: HEAD OF PROCUREMENT & LOGISTIC SERVICES
DATE: _____

Signed for and on behalf of Department of Finance & Personnel, Central Procurement Directorate.

NAME: _____
POSITION: DEPUTY DIVISIONAL DIRECTOR
DATE: _____

PROCUREMENT OPERATING PROCEDURES

KEY STAGES IN THE PROCUREMENT PROCESS:

1. PURCHASING REQUIREMENT IDENTIFIED
2. PROCUREMENT METHODS AND TENDERING PROCEDURES
3. DIRECT AWARD CONTRACT
4. OFF-PAYROLL ENGAGEMENTS
5. INVITATION TO TENDER
6. NOMINATION OF PANEL MEMBERS
7. TENDER EVALUATION METHODOLOGY
8. COMMUNICATION DURING THE TENDER PROCESS
9. CONFLICT OF INTEREST
10. RECEIPT OF TENDERS
11. EVALUATION OF TENDERS
12. SELECTION OF WINNING SUPPLIER AND AWARD OF CONTRACT
13. INFORMATION DISCLOSURE
14. CONTRACT MANAGEMENT
15. CONTRACT EXTENSIONS
16. THE SUB-CONTRACT OF PROCUREMENT BY THE POLICE SERVICE CONTRACTORS
17. CONTRACT AMENDMENTS
18. FINANCIAL MANAGEMENT OF CONTRACTS
19. RECORD MANAGEMENT

1. PURCHASING REQUIREMENT IDENTIFIED

- (1) The Police Service Department identifies a purchasing requirement.
- (2) The Police Service Managers are reminded that work required in support of renewed contracts is planned well ahead of contract end dates and before contract spend value of existing contract is exceeded. Sufficient time should be allowed for developing the specification. Branches must start and complete the planning and initiation cycle as early as possible.
- (3) The Branch should ensure that there is a business case or business appraisal where appropriate. There must be adequate budget available to pay for the required goods or service and that the required level of approval has been provided. Relevant levels of approval are attached at Annex 1. Confirmation of this must be signed off by Head of Branch.
- (4) The Information Assurance Unit must be consulted by the Police Service Department at the start of the process to ensure the legislative and statutory requirements for the protection of data are included in the Branch's Technical Specification of Requirements, if applicable
- (5) Police Service is responsible for producing specifications. The specification must state the requirement completely, logically and unambiguously. It should:
 - (a) focus on outputs, the functional or performance requirements and what is to be achieved, not how they are to be met;
 - (b) clearly scope what is included and what is excluded;
 - (c) set out the roles and responsibilities of each party to the contract;
 - (d) set out key milestones / timescales for delivery;
 - (e) include Key Performance Indicators (KPIs);
 - (f) contain enough information for potential suppliers to decide and cost the goods or services they will offer; and
 - (g) provide equal opportunity for all potential suppliers to offer a product of service which satisfies the needs of the user and which may incorporate alternative technical solutions; and comply with any legal obligations eg under UK Law, the EEC Treaty, an EC Directive or the GATT Agreement on Government procurement.
- (6) Consideration should be given to whole life costing for example includes upgrades, servicing, maintenance and consumables for the lifetime of the product.
- (7) A specification template and further guidance on developing specifications can be found on the CPD website at <http://www.dfpni.gov.uk/index/procurement-2/cpd/cpd-customers/understanding-how-cpd-works-with-public-sector-clients/customer-downloads.htm>.
- (8) Social Considerations:
 - (a) When compiling the specification consideration should be given to what social clauses may be included in the contract. The Programme for Government (PfG) includes a commitment to "include social clauses in all public procurement contracts for supplies, services and construction." Social considerations can be incorporated into public procurement processes and contracts by the following methods:
 - (i) linking them to the 'subject matter' of the contract; and/or
 - (ii) using 'contract performance clauses'.
 - (b) The 'subject matter' of the contract is about the product, service or the construction work the Contracting Authority wants to procure.

- (c) 'Contract performance clauses' set out how the contract must be performed. They identify mandatory requirements that successful bidders must accept and must be delivered when the contract is awarded to them. CPD will advise on the inclusion of social clauses on a project by project basis.
- (9) CPD should be consulted as early as possible to assist in work scheduling and identifying procurement options and developing the procurement strategy. A record of consultation will be recorded.
- (10) Engaging CPD:
 - (a) The process for initiating receipt of new procurement competitions through CPD is detailed below:
 - (i) Requests for new procurement competitions must be accompanied by a work request form (ref: WRNEW01 form). This process is outlined in Annex 2A; and
 - (ii) Requests for advice regarding changes/amendments to existing contracts must be accompanied by a work request form for existing contracts (ref: WREX01 form). This process is outlined in Annex 2B.
 - (b) The work request form contains a link through which responsibilities of each party is set out, the applicable estimates and Key Performance Indicators for CPD. PSNI are required to complete high level project information including estimated costs, and confirmation that there is a business case and delegated authority in place to initiate the procurement.
- (11) This Work Request (WR) will be signed off by the Police Service Head of Branch.

2. PROCUREMENT METHODS & TENDERING PROCEDURES

- (1) The purpose of this guidance is to set out the Procurement Control Limits (PCLs) and the basis for contract award for application in all procurements. The PCLs are designed to ensure:
 - (a) An effective competition (competition is the best way of achieving and demonstrating best value for money).
 - (b) A balance is struck between the value of the contract and the transactional cost of undertaking the procurement procedures; and
 - (c) A proportionate approach is taken to procurement for low value requirements

Up to £1.5k	for all procurements not covered through centrally negotiated contracts purchasing decisions can be made locally on a non evidence based value for money basis without obtaining quotations
£1.5k to £5k	for all requirements not covered through centrally negotiated contracts purchasing decisions can be made locally on a documented value for money basis. A price check with at least 2 suppliers should be made. Price checks through the internet may be considered Price checks should be documented and retained on file for audit purposes.

Goods & Non-Works Services
£5k - £30k

written quotation, a minimum of 2 selected tenders, overseen and authorised by the budget holder supported by their Business Service function or a tender process undertaken by CPD. All contracts with a value greater than £5k should be awarded on CPD's terms and conditions, which are available via PSNI's external website

Works
£5k - £30k

Contractors must be registered on Constructionline. First six contractors from a randomly selected list generated by Constructionline are invited to tender. Subject to possible future change on basis of consideration by the Police Service and CPD within the context of the outsourced Property Management and Technical Services contracts

For all requirements greater than £30,000, the Police Service department must contact CPD, who will undertake all tender exercises on behalf of the Police Service.

£30,000 - £111,676

Full tender action, advertised on e-Tenders NI and should be open to all Firms requesting tender documentation

£111,676 and over for all supplies and services except for works which is £4,322,012

European Procurement Rules apply. Advertised on e-Tenders NI and in OJEU.

- (2) In determining overall value, the period of contract should be multiplied by the anticipated cost per annum, eg if a 3 year contract is appropriate with an annual expenditure of £80k per annum, total contract value be £240k and therefore would require advertising under European Procurement Rules. If potential options to extend the contract beyond the 3 year period are included, the optional periods also need to be added to the initial contract period to determine the value of the overall contract.
- (3) These Procurement Control Levels (PCLs) are recommended as the optimum level required to ensure that the transaction cost of procurement procedures is efficient, whilst maintaining a sufficient level of supplier sourcing to achieve value for money through competition.
- (3) **Exemptions:**

On a more general note, in accordance with PGN 03/11 (Award of Contracts without a Competition) PCLs are deemed not to apply to subscriptions to professional journals, participation in trade events or similar activity, payment of professional membership fees and attendance at specialist training courses and conferences.
- (4) In addition, specific legal services (including legal representation in a court or tribunal or advice given in preparation of any proceedings) and the engagement of expert witnesses for court cases (which falls under the statutory power conferred within the justice system) do not fall under the public procurement regime.
- (5) The procurement rules do not apply to the following defence and security contracts:
 - (a) contracts where (if subject to open competition) the protection of the essential security interests of the UK could not be guaranteed; or
 - (b) to the extent that the application of the regulations would oblige the UK to supply information the disclosure of which it considers contrary to the essential interest of its security; or

- (c) where the procurement and performance of the contract are classified as secret or must be accompanied by special security measures in accordance with the laws, regulations or administrative provisions in force in the UK.
- (6) The above exemptions should be interpreted very narrowly and only used where less intrusive measures cannot be taken (eg imposing requirements aimed at protecting the confidential/sensitive nature of information). The onus would be on the Police Service to defend the use of the exemptions if challenged.
- (7) Prior approval to proceed with contracts that are deemed Defence and Security contracts and meet the precise and narrow criteria set out above must be made in writing by Head of Branch and authorised by Chief Officer. A clear Business Appraisal is required setting out the rationale and explaining how value for money is being achieved.
- (8) Where such contracts are excluded from the procurement rules, CPD involvement is not required. However, the Head of Procurement and Logistic Services must be consulted in each case.
- (9) Police Service must retain records of all contracts awarded under these arrangements. Normal contract management arrangements should be undertaken.
- (10) The Police Service can also avail of training by GB Forces, ACPO and Home Office without the need for external competition.
- (11) Crown to Crown Services are also exempt from Public Procurement Regulations if a contract is concluded exclusively between two or more contracting authorities and providing all of the following conditions are fulfilled:
 - (a) the contract establishes or implements a co-operation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common;
 - (b) the implementation of that co-operation is governed solely by consideration relating to the public interest; and
 - (c) the participating contracting authorities perform on the open market less than 20% of the activities concerned by the co-operation.

(12) Tendering Process

The specific tendering procedure chosen must take into account whether the particular goods or service is subject to the EU Procurement Directives. CPD will advise on the appropriate options that are available.

(13) Indicative Minimum Timescales (UK)

- (a) Open Procedure - One stage process - 30 days, standstill period 10 days.
 - (b) Restricted Procedure - Two stage process - 30 days PQQ, 25 days tender, 10 days standstill.
 - (c) Competitive procedure with negotiation, 30 days to request to participate and selection stage information; 25 days for electronic submission of initial tenders.
 - (d) Competitive Dialogue – 30 days to request to participate and selection stage information; non minimum statutory timescale for successive dialogues.
- (14) These legislative minimum timescales give an indication of the importance of planning ahead. Where possible 6 months should be allowed for an open or restricted tender process and 12-18 months allowed for a competitive procedure with negotiation; competitive dialogue.

(15) An Innovation Partnership procedure is now available. This new procedure is aimed at encouraging the development of innovative products, services or works, which are not already available on the market. The procurement process largely follows the competitive procedure with negotiation and 12-18 months should be allowed for planning purposes.

(16) **Frameworks**

(a) The Police Service can call off Framework Agreements when they are clearly identified as a permissible user either directly named or identifiable as a specific "class" or group of permitted users eg UK Police Forces. If a class is used, it must be sufficiently well defined and precise that a contracting authority can be immediately identified as a member (or not) of that class.

(b) Where the intended users of a framework agreement have been inadequately or ambiguously identified during the procurement of a framework agreement, then subsequently call offs made under that agreement may be regarded/challenged as illegal direct awards and attract a legal challenge or infraction proceedings.

(c) CPD will be able to advise if current Framework Arrangements/Contracts are available for the Police Service to use without the need for formal advertising. Depending on the particular Framework, a competition may be necessary between the companies appointed to a particular Framework Category. CPD will advise on the protocol appropriate to a particular Framework.

(17) If CPD confirms that the Police Service can use a particular framework, then Police Service can proceed to draw off the framework without further CPD involvement, if there is no need for further competition. There are two categories of Framework which do not require further competition:

(a) Single Supplier Framework - one supplier is appointed for a maximum of four years and you call off / order as and when required within this four year period.

(b) Multi Supplier Framework - suppliers are appointed for a maximum of four years. There are two methods for call off under such an arrangement:

(i) Award based on original tenders without any mini-tender.

Go directly to the tender who was ranked first at the primary stage of the competition, if they cannot supply the goods/services, eg are unavailable or cannot meet the deadline, then it may be permissible to go directly to the supplier ranked second.

For direct call-offs without competition, departments should retain a record of the correspondence from CPD to demonstrate CoPE involvement. As CPD will not have a record of the contract award, departments must ensure the contracts are managed and monitored as appropriate.

(ii) Secondary / Mini tender competition

Some framework agreements require competition to be re-opened where all suppliers on the relevant category of the Framework must be invited to tender. Where a secondary competition is required, CPD will manage the process for procurements valued over £30k. The only exception to this would be where the competition is based on lowest cost.

Financial values must be allocated to all frameworks. Framework Agreements are managed in-line with other contracts. The financial management of contracts procedures manual details the procedures for capturing costs based on either contract value or Business Case.

(18) In all cases competition/allocation through Framework Agreements must be based on demonstrable fairness and documentary evidence of such retained.

3. DIRECT AWARD CONTRACT (DAC)

- (1) The Police Service Procurement Policy is to obtain goods and services through competition and to permit suppliers the opportunity to compete for business within the Police Service.
- (2) Only in exceptional circumstances where there are substantive and defensible reasons for so doing, should a Direct Award Contract (DAC) be entered into.
- (3) Possible examples where a DAC may be appropriate are:
 - (a) Technical necessity due to compatibility;
 - (b) Exclusivity because of proprietary rights of supplier;
 - (c) Extreme urgency brought about by events unforeseeable by the Police Service
- (4) Shortage of time is not adequate justification for DACs.
- (5) Prior approval for DAC should be recommended in writing by Head of Branch and authorised by their Chief Officer. A clear Business Appraisal should be recorded setting out the rationale for the DAC and ensuring value for money is being achieved. All DACs must be submitted in the format set out in Annex 3 as attached. The person preparing the Business Appraisal, Head of Branch, Chief Officer/Head of Department, Deputy Chief Constable (or the Chief Constable if the DAC is greater than £100k) if involved in the approval process must declare that they have no conflict of interest with the proposed supplier.
- (6) Best practice is for the Police Service to engage CPD as early as possible in the DAC process.
- (7) The Business Appraisal and recommendation should be forwarded to CPD and Head of Procurement & Logistic Services in order that they study the merits of the application and provide professional guidance and assistance in line with Public Procurement Regulations.
- (8) All DACs with a contract value greater than £30k must be authorised by the Deputy Chief Constable. Those with a contract value greater than £100k must be authorised by the Chief Constable.
- (9) The Head of Procurement will then forward DAC applications, including CPD's professional guidance from a regulatory perspective, to the Deputy Chief Constable (or Chief Constable for those greater than £100k) for approval. Departmental Accountancy Officer approval is also required for all DACs with a total contract value in excess of £100k.
- (10) All DACs for consultancy, irrespective of value, must be authorised by the Chief Constable. If DAC is for consultancy Chief Officer/Head of Department recommends for approval and forwards to CPD and Head of Procurement & Logistic Services for review and professional guidance. This will then be forwarded to Chief Constable for consideration/approval. Departmental Accountancy Officer approval is also required for all DAC's for consultancy services.
- (11) In accordance with the Procurement Control Limits (PGN 04/12) expenditure under £5k is not a DAC. Purchase up to £5,000 will be classified as procurement expenditure but they are not subject to procurement rules. Departments must ensure that all purchases up to £5,000 are subject to value for money considerations and Managing Public money Northern Ireland. Further guidelines are attached in Annex 5.
- (12) Details of DACs must be advised to the Head of Procurement & Logistic Services, in all cases without exception, who will be responsible for maintaining a summary of DACs which will be circulated to senior officers every three months.

- (13) In addition, the Police Service must also supply a quarterly list of all Direct Award Contracts to the Departmental Accounting Officer, as part of the overall Corporate Governance return to the Department of Justice.
- (14) A summary of DACs awarded will be provided to the Police Service's Senior Executive Board and Audit and Risk Committee and Northern Ireland Policing Board at the end of each year.
- (15) From April 2013, CPD Procurement Guidance Note 03/11 "Award of a Contract without a Competition" requires that all contracts awarded without a competition and with a value over £30,000 should be published monthly by the relevant CoPE on its website. CPD will publish the DACs awarded through CPD monthly in arrears on behalf of the Police Service, unless there are security restrictions to support a derogation from this policy obligation.

4. OFF-PAYROLL ENGAGEMENTS

- (1) PSNI Contract Managers, Head of Branches and Heads of Business Services should be aware that HMRC state that off-payroll engagements relate to an individual worker who is engaged to provide services within the public sector, but who does not have PAYE and NICs deducted at source. Secondments where the individual is on the payroll of another public sector organisation do fall under this definition.
- (2) Off-payroll engagement can include individuals who are:
 - (a) Self employed;
 - (b) Working through a Personal Service Company and genuinely in business on their own account, drawing the profits as salary or operating IR35.
- (3) It does not apply to agency staff supplied via the PSNI's contracted suppliers of temporary workers as these contractors are required to comply with HMRC rules which apply to the employment of their staff.
- (4) Off-payroll engagements of staff, who are engaged under a contract for services and who have been commissioned by Police Service without competition, will be treated as Direct Award Contracts. The approval of any such staff engagements will follow the same processes and procedures set out under Section 3 Direct Award Contracts.
- (5) Off-payroll engagements will be monitored as part of the existing DAC Register that is made available to the Police Service's Senior Executive Board, the Audit and Risk Committee and Northern Ireland Policing Board

5. INVITATION TO TENDER

- (1) CPD will prepare:
 - (a) Instructions to Tenderers, including Evaluation Criteria;
 - (b) Terms and Conditions of Contract.
- (2) The Police Service is responsible for compiling the output / technical specification or terms of reference for the particular requirement.
- (3) CPD will then prepare the complete pack of tender documents and submit to the Head of Branch for approval or amendments as appropriate. Any advertised contracts will also require the e-Tenders NI and/or the OJEU advertisement to be approved by Head of Branch before release to the press or the European Journal.
- (4) The time for a supplier to respond to a particular invitation to tender should either be determined by the Procurement Regulations or should be relative to the complexity of the requirement and be sufficient for a supplier to provide a comprehensive and accurate response. CPD again will advise.

- (5) Following approval by Head of Branch, CPD will issue tender documents through the eportal. If any queries are raised by tenderers following receipt of tender documentation, the Police Service is required to provide responses to CPD within 3 working days. The responses will then be issued to all those tendering by CPD.

6. NOMINATION OF PANEL MEMBERS

- (1) CPD recommends that for 'significant' procurements, ie those over £30,000 (which is the threshold over which public advertising of the requirement normally takes place), there must be a minimum of 3 Evaluation Panel members not including the CPD Representative on the Evaluation Panel.
- (2) Individual Panel members may be representative of both the business and operational interests of the Police Service. It is particularly beneficial if Panel members are responsible for the management and monitoring of the particular goods/services being procured or are a knowledgeable user of the goods or services.
- (3) The Panel may also include an independent representative outside the Police Service if additional technical assistance or added assurance is deemed necessary.
- (4) It is the responsibility of the Head of Branch (to be endorsed by the Chief Officer/Head of Department) in the Police Service to determine and ensure that the proposed Panel members are suitably competent and do not have a personal or business interest in the tender. There is a requirement for all members of the Panel to sign off that they have no conflict of interest.
- (5) The names of all proposed Evaluation Members for the tendering of contracts valued greater than £500k must be forwarded to Service Vetting Unit (by the Head of Branch) who will carry out the appropriate vetting assessment and inform Head of Branch accordingly. The composition and membership of the Evaluation Panel will be the responsibility of the appropriate Head of Branch.
- (6) Evaluation Panel members should not accept gifts or hospitality from tenders and should avoid contact with tenders during the tendering process
- (7) All Panel Members must have attended Procurement training. They must have been through the training programme in the last 12 months prior to joining the Evaluation Team or else have been a serving Panel Member in the previous year.
- (8) Sample templates are attached at Annexes 4A and 4B to enable Head of Branch to approve or request any amendments and to nominate members of the Evaluation Panel.

7. TENDER EVALUATION METHODOLOGY

- (1) The Police Service and CPD will together agree the Procurement and evaluation strategy to optimise value for money considerations on a tender by tender basis.
- (2) CPD will prepare a 'draft' evaluation model to enable appropriate weightings to be considered for the specific evaluation criteria necessary to assess tenders received.
- (3) The purpose of the evaluation criteria is to enable effective and objective comparison between competing tenders. Under the Procurement Regulations 2015 main methods accepted for evaluation purposes is Most Economically Advantageous Tender (MEAT) which can include assessment of price/cost only.
- (4) Contracts over the EU threshold must be awarded on the basis of the Most Economically Advantageous Tender (MEAT) which can include assessment on the basis of price/cost only.

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- (5) If cost (as opposed to price) is used as an award criterion, it must be on the basis of cost effectiveness (eg life cycle costing) which can consider costs borne by the Police Service including (for example):
 - (a) Cost relating to the acquisition;
 - (b) Cost of use, such as consumption of energy;
 - (c) Maintenance costs; and
 - (d) End of life costs.
- (6) For contracts below the EU threshold the basis of award must be either the best combination of price and quality (BPQ) or lowest acceptable price.
- (7) For contracts for the supply of standard goods, non-works services or below EU threshold construction services and works the preferred basis of award should be the lowest price or lowest acceptable price. In this context 'standard' means when the goods, services or works can be clearly and simply specified, and are capable of being routinely delivered by a number of suppliers/contractors.
- (8) For more complex or strategic requirements for goods, services or construction when the performance of a contract is crucial to meet business objectives, MEAT or BPQ may be used on the advice of CPD. In these circumstances the price/quality ratio shall generally have a minimum quality element of 30%. The price/quality ratio should be selected on the advice of CPD. The rationale for the use of MEAT or BPQ and the price/quality ratio must be documented.
- (9) The evaluation method that will normally be used is most economically advantageous – in other words the factors that take into account "the whole life costs" in providing a particular good or service to provide best value for money to the Police Service. Best value for money is defined as 'the most advantageous combination of cost, quality and sustainability to meet customer requirements.'
- (10) The evaluation criteria and weightings require careful consideration in order that the weightings selected reflect the key aspects of a particular good or service.
- (11) There are a number of evaluation models that may be appropriate to the particular procurement, for example some supply contracts may include end user testing. The model must be agreed between the Police Service and CPD at the outset of the procurement process. The procedures for the evaluation and award of contracts must be open and transparent and ensure the minimum specified requirements are met and the successful supplier provides the best overall value for money solution.
- (12) CPD and the Police Service are obligated under NI Public Policy and the Public Contracts Regulations 2015 to publish all criteria and sub criteria weightings and their percentages, explaining the method of scoring to be used when assessing criteria in the tender documentation, this extends to the calculation of the cost analysis.
- (13) Police Service will develop the evaluation criteria and weightings in agreement with CPD. Each member of the Police Service Evaluation Panel should agree and sign off the criteria and weightings. The Chairperson of the panel will be responsible for drafting the rationale for the development-of the criteria and weightings in agreement with CPD. This must be documented and forwarded to CPD to record with the contract documentation for audit purposes.
- (14) This must then be signed off by Head of Branch before issue of tender documentation.
- (15) CPD will provide advice and guidance throughout the evaluation process and will be present at evaluation meetings in an advisory non scoring capacity.

8. COMMUNICATION DURING THE TENDER PROCESS

- (1) During the tender process all communication with tenderers must be directed through CPD. All meetings of the Evaluation Panel will be organised by CPD, who will keep a record of the evaluation meeting.

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- (2) Queries regarding the tender process will be addressed directly by CPD staff.
- (3) Tenderers requiring clarification or further information regarding the technical specification or terms of reference must forward their query through the eportal to CPD, who will forward the query to the Police Service for response. CPD will then distribute a copy of the enquiry and the written reply to all prospective respondents, with anonymity of the source of the enquiry preserved.
- (4) Police Service staff should only meet with tenderers during the tender process under the following circumstances:
 - (a) Site visits/clarification meetings as part of the tender process;
 - (b) Question and Answer sessions to which all tenderers have been invited;
 - (c) Tenderers' inspection of site/equipment in order to cost for a service.
- (5) CPD should always be represented at these meetings and care should be taken not to disclose information that would give any tenderer an unfair advantage.

9. CONFLICT OF INTEREST

It is the Police Service's responsibility to ensure that there are no conflicts of interest or the perception of bias at any stage of a contract.

The Northern Ireland Audit Office has issued a 'Conflict of Interest – A Good Practice Guide' which provides clear and simple advice around recognising conflict of interests and what to do when it occurs. They have defined a conflict of interest as a "conflict between the public duty and the private interest of a public official in which the official's private-capacity interest could improperly influence the performance of his/her official duties and responsibilities". A handy checklist is provided to assist in the identification of such a conflict. The NIAO guidance is available on PoliceNet at: [http://policenet/main-home/directory/departments/criminal justice hq pg/professional standards department/psd faqs 2010.htm](http://policenet/main-home/directory/departments/criminal%20justice%20hq/pg/professional%20standards%20department/psd%20faqs%202010.htm).

Any connections between a member of staff and a contractor must be formally disclosed and documented at the earliest possible opportunity. The Police Service should then take (and record) action deemed appropriate in each particular circumstance.

Staff should not accept gifts or hospitality from contractors and comply with Police Service Policy / Service Procedure 7/2012 on acceptance of gifts and hospitality.

10. RECEIPT OF TENDERS

- (1) Once tenders are received on the e-portal CPD will provide the Police Service Evaluation Team members with the names of the bidders. Evaluation Team members must confirm they have no conflict of interests with the bidders.
- (2) In addition and concurrent with the above, the Chairperson will advise the Head of Procurement and Logistic Services (PaLS) of the names of the declared bidders for all contracts valued greater than £500k. The Head of PaLS will forward details of bidders to Service Vetting Unit in order that additional vetting can take place. Service Vetting will assess any conflicts of interest and advise Head of PaLS. Head of PaLS will advise the Chairperson and CPD if a member of the panel is no longer suitable.
- (3) The Evaluation Panel will meet on the dates set aside for the evaluation. Panel members must ensure that appropriate time is set aside to read and individually score the tenders to ensure timescales are adhered to.
- (4) In the event of unreasonable delays, CPD will escalate these to the Head of PaLS to resolve.

11. EVALUATION OF TENDERS

- (1) Evaluation of tenders must be carried out by a suitably competent Team. It will be for the Police Service to select the Team and judge its competence with supporting advice being provided by CPD. The role of CPD is to administer and manage the tendering process on behalf of the Police Service. CPD will record the consensus evaluation on behalf of the Police Service. CPD are further responsible for carrying out the objective price/cost analysis of the tenders. The Police Service evaluation panel will not be given access to the price/costs until the qualitative evaluation is concluded.
- (2) The scoring of tenders will be carried out on-line. Panel members will be issued with their login details to access the online portal and complete their conflict of interest declaration. Panel members will individually assess each tender against the pre-determined evaluation criteria. The individual Panel member must record scores and comments to evidence the scoring against each criteria. These comments should be sufficiently detailed to support the score recorded. Note that a bid can only be assessed against the published criteria, it should not be compared to other bids nor should any credit be given to options / additional services not specified within the published specification.
- (3) The Evaluation Panel will then meet collectively to agree and record a consensus score for each individual tender. Objective comments which reflect and justify the score must also be recorded. These must be sufficiently detailed to clearly set out the reasons for the decision both positive and negative. For EU competitions, the winning tenderers matrix is included as part of the debrief to the unsuccessful tenderers so that they have the characteristics and relative advantages of the successful tenderer.
- (4) A CPD representative will attend the consensus meeting and complete the necessary details and provide advice/guidance to the Panel as required.
- (5) **Role and Responsibility of Chairperson**
 - (1) The role of the Chairperson with CPD support is to:
 - (a) Confirm that they have the necessary skills, competency and availability to carry out the evaluation;
 - (b) Ensure all panel members appointed, including the Chairperson, have received the necessary training and are available to carry out the evaluation;
 - (c) Establish that the award criteria and weightings were agreed and published along with invitations to participate / tender;
 - (d) Manage the Police Service conflict of interest process and ensure panel members have no relevant conflict of interest at all stages of the competition and that they complete the appropriate CPD conflict of interest declarations/ confidentiality agreements;
 - (e) Ensure all evaluation documents, including all evaluation comments, justifications, marks and any amendments are recorded and signed off and dated by both the panel members and the Chairperson as appropriate. (This includes all notes made by panel members at any stage of the process eg at presentations or site visits);
 - (f) Ensure panel membership is, where possible, consistent with the selection panel and members are available for the duration of the evaluation;
 - (g) Seek and ensure due cognisance is taken of professional procurement advice provided by the CoPE;
 - (h) Be available, if requested, to provide support with the debriefing process for unsuccessful tenderers;

- (i) Conduct and chair a moderation exercise;
- (j) Act as Moderator; and
- (k) Sign off all relevant documentation.

(6) Role of Evaluation Panel Members

- (1) The role of the members of the evaluation panel with CPD support is to:
 - (a) Confirm that they have the necessary skills, competency and availability to carry out the evaluation;
 - (b) Confirm that they have no conflict of interest at agreed/designated stages of the procurement process. If a conflict of interest should arise, it should be reported immediately to the Chairperson. If an external panel member has a conflict of interest which is not declared that panel member could be in breach of his Terms of Engagement;
 - (c) Confirm they have received and understood the required training or guidance;
 - (d) Evaluate, in an open, proportionate and transparent manner each tender for evidence of how the tender meets the requirements of the award criteria and determine, as appropriate, which tender is the most economically advantageous or lowest priced tender;
 - (e) Be available, if requested, to provide support with any necessary debriefing of unsuccessful tenderers;
 - (f) Ensure due cognisance is taken of the professional procurement advice provided by the CoPE; and
 - (g) Sign off all relevant documentation.

(7) Why Panel Members must be Competent Evaluators

- (1) Panel members must have the necessary competencies to evaluate tenders as:
 - (a) They act on behalf of the Contracting Authority, which has a statutory duty to comply with the requirements of TFEU, the EU Procurement Directives and the Public Contracts Regulations 2015 or Utilities Contracts Regulations, where appropriate;
 - (b) All procurements are subject to the principles of the TFEU and in particular the principles of equality, non-discrimination, free movement of goods and services, proportionality and transparency;
 - (c) Incompetence or failure to follow a fair process may lead to the tender process being subject to judicial proceedings. This could result in the award being set aside, thereby incurring additional costs and delays. Where such an incident occurs as a result of an action, which is known to be unlawful or carried out with indifference to the consequences by a member of the evaluation panel, the officer involved could be accused of misfeasance (a term used to describe an act that is legal but performed improperly) or malfeasance (the commission of an act that is unequivocally illegal or completely wrongful) in public office. This is an indictable offence that can result in the officer being made personally liable for damages and costs awarded to an injured party.

12. SELECTION OF WINNING SUPPLIER AND AWARD OF CONTRACT

- (1) After all individual tenders have been assessed collectively by the Evaluation Panel, the winning tenderer will be the tender which has the highest overall score. Each scoring matrix should be signed by each member of the Evaluation Panel either electronically or in hard copy.
- (2) CPD will check evaluation sheets to ensure they are correct.
- (3) Following the conclusion of the evaluation, CPD will compile a written Evaluation Report of the tendering process and circulate to all members of the Evaluation Panel for their comment/approval. The Evaluation Report is a key document and it is important that it is signed off and agreed by all Panel members in a timely basis either electronically or in hard copy.
- (4) Following the approval of the Panel, a record of the recommendation of the Evaluation Panel (including the Evaluation Report) will be presented for consideration and approval by CPD Senior Management and the Police Service Head of Branch, and/or as appropriate Chief Officer and Deputy Chief Constable in accordance with the Procurement Contract approval levels in Annex 1.
- (5) CPD will draft a contract award letter for issue to the successful supplier. This award letter will be subject to CPD Line Manager approval before issue.
- (6) Upon award of contract, CPD will issue a Contract Handover document which will contain key information required by the contract manager. The Chair of the evaluation panel should advise CPD who the relevant contract manager is, if not part of the panel.

13. INFORMATION DISCLOSURE

- (1) The UK has transposed the Remedies Directive into UK law through the Public Contracts Regulations 2015.
- (2) A common public sector approach has now been agreed to information to be disclosed to economic operators which takes account of the Regulations.
- (3) A Contracting Authority must as soon as possible after the award decision has been made inform the tenderers and candidates in writing of its decision to award the contract or conclude the framework agreement. Where a Contracting Authority decides, prior to the Award Decision to exclude an applicant, the Contracting Authority should inform that Applicant of that decision.
- (4) Since all debriefing material should have been provided during the disclosure process there should be no need to hold face to face debriefs nor is there a legal obligation to do so.
- (5) A Contract Award Notice must be completed in respect of each competition over the European threshold including DACs. CPD will draft the notice and will send this to the Police Service contact for approval.

14. CONTRACT MANAGEMENT

- (1) Contract Management resides with the Head of Branch via the nominated Contract Manager, supported by Business Services with overall accountability residing with Chief Officer/Head of Department.
- (2) Although contract management takes place following contract award, the nature of management of the contract should be considered at an early stage. Future contract monitoring, Key Performance Indicators and management arrangements should be included in the terms of reference. The scale of contract management should be proportionate to the value and complexity of the contract involved, eg the following type of contracts should require minimal contract management: contracts which do not have extension options; short term contracts (one year or less); and contracts below the EU Threshold.

- (3) The management may involve a combination of informal and formal communication between customer and supplier. Appropriate mechanisms must be in place to ensure that the Police Service and supplier meet their obligations under the contract and that services are performed to an acceptable standard.
- (4) Further guidance on Contract Management is available via the Procurement & Logistic Services page on PoliceNet. The key elements of Contract Management, "10 Things Managers Should Be Doing" is attached at Annex 7.
- (5) Any issues that are proving problematic to resolve should be referred to CPD for advice and action as required. Larger more complex contracts will require bi-annual review.
- (6) The criteria for selecting contracts to be subject to formal Police Service/supplier performance monitoring meetings should be considered at the outset of the Procurement process, arrangements recorded in the ID document and revisited during ongoing contract reviews and should include:
 - (a) Business Critical;
 - (b) Financial Value;
 - (c) New Suppliers;
 - (d) Outsourced Services.
- (7) CPD must be involved in these reviews and a template to be followed during the reviews is shown in Annex 6.
- (8) End customers should, where practicable, be involved in the Police Service/supplier contract monitoring process and be able to provide feedback on performance and be given the opportunity to influence future Police Service/supplier relations.

15. CONTRACT EXTENSIONS

- (1) If a contract has options to extend for a set period, any approval to extend the contract must be subject to a proportionate business appraisal and be signed off in line with the Police Service contract approval levels listed in Annex 1. On request from the Police Service, CPD will issue the offer to extend the contract and record the documents and approvals on file.
- (2) It is essential that the contract extension process is started well in advance of the expiry date of the initial period (approximately 6 months in advance for a non-regulated contract and at least 12 months for a regulated contract - to allow time if required to retender should an extension not be agreed). This is to ensure that there is sufficient time for the required approvals to be sought including Outline Business Case and DoJ approval if required. Also to seek agreement with the supplier on areas such as price adjustment etc in line with the Conditions of Contract.

16. THE SUB-CONTRACT OF PROCUREMENT BY THE POLICE SERVICE CONTRACTORS

Where the Police Service has contracts in place with Contractors which transfers the responsibility and risk for procurement to them, it will be the Contractor's responsibility to ensure that their procurement process follows the appropriate Government and European Guidelines.

17. CONTRACT AMENDMENTS

- (1) The new Public Contracts Regulations 2015 stipulates that modifications to contracts resulting in a minor change of the contract value up to a certain value should always be possible without the need to carry out a new procurement procedure (ie these modifications are not defined as DACs).
- (2) CPD advice should be sought regarding potential modifications as soon as the need is identified.

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- (3) Departments are required to maintain sufficient records to ensure all contract expenditure is within the contracted value and scope on an on-going basis for individual contracts. Please refer to Section 18, Financial Management of Contracts.
 - (4) Any change to the original contract will normally involve the generation of a Variation to Contract/Change Control document.
 - (5) Such variations should not be excessively beyond the scope and value of the original contract. Any anticipated contract variation to contract/order value which is not included within the scope of the original contract outside the following bands must be advised to CPD and Head of Procurement & Logistic Services.
 - (a) £1k to £20k – variations greater than 20% of original value;
 - (b) Over £20k and up to £100k – variations greater than 10% or £5k in value, whichever is greater;
 - (c) Over £100k and up to £1m – variations greater than 10% or £20k in value, whichever is greater;
 - (d) Above £1m – variations greater than 5% or £100k in value, whichever is greater.
 - (6) Variations within the monetary value or percentage rates in each respective band are permissible.
 - (7) In some cases variations outside these values/rates may be allowable but only as long as the variations are of such value as not to significantly alter the existing Procurement specification and contract. CPD should be consulted in such circumstances.
 - (8) In these exceptional cases unforeseen circumstances such as new security requirements, new Government Policies or technological developments can occur and a Business Case must be made to vary the contract.
 - (9) In all cases the Police Service must be able to demonstrate a record of such circumstances and discuss, agree and record any variation arising with CPD.
 - (10) Approval for these variation/change controls must be in line with any current Police Service contract delegation levels, listed in Annex 1. CPD will maintain a record of the documents and approvals on file.
- NB:** If the original Business Case optimum bias covers a possible variation, and if the contract variation is within this figure then such contract variation does not require reporting as set out above.

18. FINANCIAL MANAGEMENT OF CONTRACTS

- (1) There is a requirement on the Police Service to monitor and control spend against all revenue and capital contracts awarded irrespective of the size of the contract.
- (2) The Police Service have determined that contracts with a value of £30,000 or greater should normally be monitored individually utilising the formal coding structures within the General Ledger.
- (3) Management of Contracts and associated Spend within the Police Service is by Budget Holders and Project Managers. They are responsible under devolved budgeting arrangements to monitor and manage spend within their areas of responsibility.
- (4) Financial management refers specifically to the process of recording contract information on the Integra financial system (details of initial set-up of the contract, any subsequent changes to contract value via contract variations and/or extensions and duration and future projected spend on the contract). It also includes the ability to report on contract spend against contract value, dates and remaining life.

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- (5) The Contract Manager notifies the P2P team of the details (financial management). This ordinarily will not be done directly, but via the relevant Business Services Team as information will need to be quality assured and, in many cases, GL Codes provided and added to any forms.
- (6) It is the responsibility of Contract Managers to profile the anticipated annual spend under the contract and to monitor spend against this. However, since access to actual financials rests with Business Services, as part of their oversight role HoBS, supported by their BSMs, monitor spend against annualised figures for contracts within their area to ensure issues are identified on a timely basis and to provide the Head of Department / Branch with assurance that contracts are being monitored effectively.
- (7) Completion of the Contract Variation form requires input from two sources at Department / District / Branch level, namely: Contract Manager and Business Services. A financial value should be included for all variations to make clear the financial impact and enable the finance system to be updated appropriately.
- (8) It is Business Services responsibility to ensure that Contract Managers are made aware of the relevant alerts so that appropriate action may be taken. Contracts reaching their end date or full approved value will be automatically closed off by P2P Contracts Management.
- (9) Business Services teams have responsibility for checking that payments made by local finance offices are necessary, correct and correctly coded. Where spend is on contracted items, there is also a responsibility to ensure that it is recorded against that contract on the finance system.
- (10) Financial management of contracts is a standing item on the annual Control Risk Self Assessment (CRSA) programme. Each year, as part of the finance testing programme, a number of contracts will be tested to ensure good financial management. Each Finance Office will also be reviewed to ensure that coding of payments in a sample month has been to the correct GL alpha code and that the monthly reviews detailed above have been carried out.
- (11) All accountable Officers monitoring and controlling contracts should be aware that formal prior approval is required (within delegated limits), in advance of expenditure being incurred above the agreed contract value. The Procurement Operating Procedures (Section 16), set out how to extend or review a contract, where a variation or probable variation is identified.
- (12) Further guidance, including the correct application of financial coding, the detailed procedures required to be set up, maintain and update financial information relating to contracts can be found in the financial management of contracts procedures manual. All Business Services staff have and/or will be trained accordingly in said procedures.

19. RECORD MANAGEMENT

- (1) All relevant documentation in relation to a Procurement exercise carried out by CPD will be held by CPD.
- (2)
 - (a) CPD will retain 'original' copies of all tenders received. The period for retention of both successful and unsuccessful tender submissions will be in accordance with the DFP Disposal and Retention Policy.
 - (b) CPD will store securely all tender submissions, associated tender process documentation files and contract files to maintain confidentiality of the documentation.
 - (c) Contract managers should retain for their records a copy of the winning tender and contract documentation, the CPD handover document and any signed variations agreed during the course of the contract.
- (3) **Compliance / Audit Review**
 - (a) Contract records will be subject to periodic review during the life cycle of procurement to ensure compliance at all stages enabling any issues identified to be addressed accordingly.

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

- (b) The primary purpose of these reviews will be to ensure that the Key Stages of the Procurement Process have been adhered to and that the QA Process has been properly applied.
- (c) The reviews may be undertaken by internal and external auditors.

NOT PROTECTIVELY MARKED

PROCUREMENT CONTRACT APPROVAL LEVELS

Spend Category	Sub Delegation by Chief Constable
Revenue Items All goods, works, services and equipment	D/Chief Constable: Up to £5million & above if DOJ approval obtained Chief Officer/Head of Department: above £4 million and up to £5 million C/Superintendent/Grade 5: above £2 million and up to £4 million Superintendent/Grade 6-7: £2 million C/Inspector/ DP-SO: £100k Inspector/EOI: £50k Sergeant/EOII: £25k
IT Projects	D/Chief Constable: up to £1 million & above if DOJ approval obtained Chief Officer/Head of Department: £750k - £1million Chief Superintendent/Grade 5: £500-£750k Superintendent/Grade 6-7: £200-£500k Chief Inspector/DP-SO: £100 - £200k Inspector/EO1: up to £100k
Capital Expenditure	D/Chief Constable: Up to £5million & above if DOJ approval obtained Chief Officer/Head of Department: above £4 million and up to £5 million C/Superintendent/Grade 5: above £2 million and up to £4 million Superintendent/GRADE 6-7: £2 million C/Inspector/ DP-SO: £200k
Contract Variations (excluding price)	5% or £500k whichever is the LOWER subject to internal controls. Approval not required for any items less than £100k. Chief Officer/Head of Department: 5% or £500k C/Superintendent/G5-6: 3% or £300k Superintendent/G7: 2% or £200k
Direct Award Contract (DACs)	Chief Constable: Up to £100k and above if DOJ approval obtained and all DACs for Consultancy D/Chief Constable: Above £30k and up to £100k Chief Officer/Head of Department: £30k
Service Level Agreement Those between Public Service bodies	Chief Officer/Head of Department: £3 million C/Superintendent/Senior Civilians (G7 and above): £2 million
Employment of Consultants *	Chief Officer/Head of Department/C/Superintendent/G5-6 : £10k
Compensation Payments	May settle up to amounts stated provided DOJ approval is obtained for settlement over the delegated limits. C/Superintendent/G5: £100k Supt/G6-7: £75k C/Insp/DP-SO: £50k Insp/EOI: £25k Sgt/EOII: £5k
Legal Fees for Initiation of Legal Proceedings and Defence of Criminal Proceedings	Chief Officer/Head of Department: No financial limits, subject to NIPB/DOJ approval C/Superintendent/Superintendent/G5-7 : £10k

* Further guidance on the use of Consultants can be found on PoliceNet – Policy on the Use of External Consultants – and should be viewed before any appointment process is considered

GUIDELINES FOR PURCHASES UP TO £5,000

Purchases up to £5,000 will be classified as procurement expenditure but they are not subject to procurement rules. Departments must ensure that all purchases up to £5,000 are subject to value for money considerations and Managing Public Money Northern Ireland.

Departments should ensure that:

- (i) the purchase is not covered by an existing framework agreement, call-off contract or e-catalogue;
- (ii) the purchase is a one-off requirement;
- (iii) the total spend is up to £5,000; and
- (iv) the requirement is clearly specified.

When existing arrangements at (i) are not available, then departments should carry out a price check (this could include an internet price check) with at least two contractors / suppliers to ensure value for money has been achieved. Price checks should be documented and retained on file for audit purposes.

In the exceptional circumstances when it is not possible to obtain price checks (eg emergencies) then an order may be placed directly with a contractor / supplier. In these cases, Accounting Officer approval is not required when the total spend is up to £5,000 but the reasons for the action should be recorded and retained for audit purposes.

This derogation does not apply to the procurement of consultancy services.

**POLICE SERVICE/SUPPLIER PERFORMANCE
MONITORING MEETING**

Note this is an indicative agenda which can be amended / tailored to individual contracts

1. Contract Performance

- 1.1 Delivery Schedule Performance
- 1.2 Quality of Goods/Services
Replacement Policy
- 1.3 Invoicing/Payment
- 1.4 Information Assurance
- 1.5 Contract Amendments

2. Relationship Assessment

- 2.1 Communication, Aligning Personnel and Agendas
- 2.2 Identify Risks and Opportunities
- 2.3 Clarity of Objectives
- 2.4 Third Party Supplier Assurance

3. Efficiencies, Continuous Improvement

- 3.1 Identify Efficiencies, Cost Savings
- 3.2 Benchmarking

KEY ELEMENTS OF CONTRACT MANAGEMENT

10 Things Managers Should be Doing

1. Contract Management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It also involves building a good working relationship between the Police Service and supplier. It continues throughout the life of a contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise.
2. Make sure goods and/or services are delivered at the date set out in the contract and/or Purchase Order.
3. Check to ensure goods and/or services received are in accordance with the quality and conditions set out in the contract specification and/or Terms of Reference.
4. Make sure the goods and/or services are provided at the price/cost set out in the contract.
5. The price/cost in the contract should be replicated in any Purchase Order and any invoice received from the supplier should match.
6. Liaise with your Business Services function every month in order to ensure contract expenditure is being monitored against contract value. Highlight any projected overspends to Head of Branch as early as possible.
7. Ensure any amendments to Contract Terms and Conditions, including delivery item or service, price/cost, delivery location/date, specification type or quality are amended via CPD using a Variation to Contract Form. The rules re Contract Amendments are set out in Section 16 of Service Procedure 12/12.
8. Assess supplier's performance, in association with CPD, through completion of the Contract Monitoring Form (CMO1). Routine monitoring will take place throughout the period of contract. CPD will ask you to complete a CMO1 for each contract at least once a year. A record of performance as recorded in CMO1 will be held on file in CPD.
9. End customers should be asked for their opinion on performance of suppliers and this should be reflected in your completion of CMO1s.
10. The Contract Manager should meet with the supplier at least once a year to review and discuss contract performance and address any issues arising. This meeting should also discuss how the relationship can be improved, identifying risks and opportunities going forward. The output should be a forward plan which identifies improvement in communication, quality, service, efficiencies and costs.

Further guidance on Contract Management is available via the Procurement and Logistic Services page on PoliceNet.

PROCUREMENT & CONTRACT MANAGEMENT GLOSSARY OF TERMS

Service Procedure 12/12 - the PSNI's Processes and Procedures for managing procurement, suppliers and contracts is set out in Service Procedure 12/12. Service Procedure 12/12 explains how we will manage procurement and is aimed at Departments/Regions/Districts and Branches with procurement needs. It includes the LOA with CPD and the processes set out in the LOA are the means of implementing Procurement Policy / Practices and controls within the Police Service. Service Procedure 12/12 can be viewed / downloaded from PaLS Intranet site.

Strategic Outline Business Case (SOBC) - high level outline of anticipated need and containing enough detail to support an informed decision on whether to proceed to an OBC. It should include a preliminary assessment of strategic fit, options, value for money, affordability and achievability.

Outline Business Case (OBC) - a decision making tool for new / changes / renewals / extensions of existing policies, programmes, projects or contracts that involve spending or saving money. The need for and consequent resources devoted to preparing a business case should be in proportion to the scale or importance of the objectives, resource consequences and risks. You should use the NIGAE 10 steps and associated headers for significant spend >£100k, but this format can also be applied to >£30k spend with much less detail required.

Full Business Case (FBC) - an updated OBC as information and cost is firmed up.

External Consultancy - for any Business Case requiring an element of external consultancy / expert advice costing >£10k, a specific template return must also be attached to the OBC and FBC and approval obtained from DoJ for this element even if the spend total is within the Police Service's delegated spend limits. If this element will cost >£75k, then permission to use should be obtained from DoJ before actually preparing the Business Case.

Invitation to Tender - CPD will prepare: (a) Instructions to Tenderers, including Evaluation Criteria; (b) Terms and Conditions of Contract. The Police Service are responsible for compiling a technical specification or terms of reference for the particular requirement. CPD will then prepare the complete pack of tender documents including DACs and submit to the Head of Branch / Department for approval or amendments as appropriate.

Direct Management of Contracts - this is the process of continuously monitoring and reporting on contractual performance in line with KPIs and other relevant targets as outlined in SP12/12.

Financial Management of Contracts - this is the process of managing contracts against their start and expiry dates, contract values and projected total contract spend. This process includes managing against both approved and total values.

Total Contract Value & Final Expiry (or end) Date - at contract initiation date - the total of initial contract value plus the value of each of the possible optional contract extensions with the final date being the date the last potential extension expires on. This value and date will only change if there is a formal variation to the contract.

Approved (or Apportioned) Value & Approved Expiry (or end) Date - when a contract is put in place as above, the approved value and end date is the contract value and expiry date for the approved period of the contract only. As each optional extension is taken up (usually following completion and approval of a Business Case) the contract value and expiry date are extended accordingly. DoJ have stipulated that the Police Service must managed contracts in line with approved values and dates.

Formally Managed Contracts - this refers to any contract in excess of £30k in value which has been put in place by CPD. These contracts are in writing and are subject to full direct and financial contract management as laid out in SP12/12. All DACs, SLAs, Framework Agreements and any contracts less than £30k which have been organised by CPD on the Police Service's behalf are also included in this definition. Formally managed contracts are allocated with a unique alpha code for financial management purposes.

Low Value Contracts - this refers to contracts for the purchase of goods or services totalling between £5k and £30k which are not already covered by an existing formally monitored contract. Although this contract should be managed in line with CPD terms and conditions, the direct and financial monitoring requirements are substantially reduced compared to those of a formally monitored contract and the contract itself is unlikely to be in writing. In consequence, spend on these contracts is captured at a single alpha code (ZZ). Note that before initiating a low value contract, requisitioners should ascertain the organisation's anticipated aggregate spend.

Non-Contracted Spend - although all spend is effectively contracted in a legal sense, the term non-contracted spend is used in the Police Service to refer to spend that has not been monitored in line with CPD terms and conditions as outlined above. This therefore refers to orders for goods and services totalling less than £5K.

Aggregate Spend - is the total spend made by the organisation on a particular good, service or class of goods or services over a three year period. It is used to determine whether a contract is required and, if so, at what level. Requisitioners should ascertain projected aggregate spend before setting up a contract.

Requisitioner - any officer or member of staff who wishes to order an item or service. A requisitioner may order from an existing contract (subject to contract manager approval) or may instigate a new contract (formally managed or low value). Alternatively they may treat the purchase as non-contracted spend if it is unlikely that aggregate spend will exceed £5k.

Contract Manager - the officer or member of staff assigned to manage a contract. This includes both direct and financial management. Typically the contract manager will also produce the initial Business Case and specification for the contract.

Irregular Contract Spend - this is spend exceeding the total contract value or beyond the final expiry date. Where a contract value or end date has been reached and no extension is available or variation has been put in place, any additional purchases of the previously contracted item should be subject to full procurement rules as specified in SP12/12. If this does not happen and requisitioners continue to order from the expired contract, the spend is irregular.

Excess Contract Spend - this is spend exceeding the approved contract value or beyond the approved contract date but still within the total contract value and final expiry date.

Full Contract Management - where a formally managed contract is in place, it is subject to full direct and financial contract management as laid out in SP12/12. A unique alpha code will be assigned to the contract to facilitate financial management.

Internal Contract Management - where a low value contract is in place, it is subject to reduced management requirements as laid out in SP12/12 and the guidance entitled 10 Things a Contract Manager Should be Doing. As there are reduced monitoring requirements and a smaller number of transactions, usually all originating from the one spending branch, a unique alpha code is not set up for each contract. Instead spend on these contracts is all picked up at one 'bucket' alpha code - ZZ - to facilitate contract reporting.

Contract Dataset - this is a unique dataset set up in Integra NML to facilitate the monitoring of contracts via alpha codes. On set-up the approved contract value is input to this dataset by Financial Management, together with projected contract spend. Subsequent variations and extensions will also be input to this dataset, again by Financial Management. Projected contract spend can be updated at any time by local Business Services offices. Any spend on an alpha code will appear on this dataset automatically and Financial Management will populate opening contract spend by journal. This means that contract spend can easily be monitored against contract value and projected spend.

Contract Header Information - information about contracts (total value, duration and potential extensions, expiry dates, contract manager etc). This information is held in a database on the Integra RSS system.

Alpha Code - the first 2 characters of the project code section of the Integra GL code (eg 'XX' XX0000 12345). Each formally managed contract used by the Police Service has a unique monitoring purposes. Low value contracts are captured at a 'bucket' alpha code - ZZ.

Contract Opening Balance - this is spend on a contract prior to 01/04/2012 which was not captured by alpha code. This information was provided by contract managers and is added to spend captured by alpha code to give total contract spend.

Total Contract Spend - the value of spend on a contract from it's commencement to date. This information is captured by alpha code and opening balance.

DAC - a Direct Award Contract where normal procurement rules are circumvented - to be used only in exceptional circumstances where there are substantive and defensible reasons for so doing.

Special DACs - this term refers to the process of extending a contract beyond its specified final expiry date or total contract value. The justification for this extension is provided on the DAC form and CPD's advice must be sought by the Police Service. Legally this constitutes a new contract, however, for internal management purposes, the Police Service consider this to be an extension to the existing contract. Where a Special DAC has been used, the existing contract is extended on NML/RSS and the existing alpha code continues to be used.

Major Contracts - these are contracts with a total value in excess of £1m, for outsourced services or for business critical supplies or services. These contracts are subject to formal quarterly monitoring by the business area's Senior Executive Officer (SEO), Head of Branch / Department and the Head of PaLS. The status of these contracts is also reported quarterly to the Service Executive Team (SET).

Corporate Contracts - these are contracts which are used across the organisation and for which there is no clearly responsible business area. These contracts are therefore managed by PaLS, but a local business area prepares the Business Case and specification when the contract is first set up.

Business Area - a defined area within the Police Service with its own finance office that makes payments to suppliers. A Business Area may encompass a number of Districts, Branches or Departments, or there may be several within a single Department or Branch.