

Keeping People Safe



OFFICIAL [PUBLIC]

**POLICE SERVICE OF NORTHERN IRELAND
PROCUREMENT & CONTRACT MANAGEMENT
STRATEGY & PRACTICE**

DECEMBER 2020

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PROCUREMENT & CONTRACT MANAGEMENT STRATEGY & PRACTICE

The Purpose of this Document

To assure those who hold the Police Service of Northern Ireland (PSNI) to account that there are robust procedures and governance of procurement.

To advise those within the Police Service of their responsibilities and how they will be held to account in this area in the future.

To ensure value for money and fit for purpose processes that will assist in achieving the Police Service's purpose of keeping people safe.

Introduction

The PSNI's Procurement Policy is based on value for money and continuous improvement of procurement practices. Our aim is to establish and maintain effective planning, tendering and contracting for procurement of goods, works and services and for active contract management following contract award. Thereby securing and enhancing public confidence.

The emphasis is on improved professionalism, accountability and performance for procurement within PSNI at the same time as raising the strategic awareness of Procurement and Contract Management among our Officers and Staff.

We must ensure the PSNI carry out fully defensible procurement activities that safeguard the reputation of the PSNI. Uniform, equipment, weapons, works and services should be acquired by competition, unless there are convincing reasons to the contrary.

Improvement in procurement performance is measured through savings and efficiencies achieved and quality of goods/services provided by suppliers. Procurement should lead to improved organisational effectiveness. The objective being to achieve best value for money as benchmarked against the marketplace.

PSNI's Strategic Principles

The Police Service's vision is to help build a confident, safe and peaceful society. Our purpose is keeping people safe.

Resources and time focussed upon Policing with the Community, ensuring we have the right people in the right place to prevent harm, protect from danger and detect crime.

Open to challenge, prepared to learn, always at the forefront of value for money and effective practice. Mature and candid in how we do business and actively engaged with accountability bodies.

PSNI's Procurement Principles

The Head of Procurement & Logistic Services, who reports to the Director of Finance & Support Services, is responsible for Procurement policy, procedure and practice. He manages the Operational Agreement (OA) with the Department of Finance, Construction & Procurement Delivery (CPD) and holds regular Procurement Reviews with all major spending Departments. He is responsible for measuring and reporting on the Procurement Performance of PSNI.

The Head of Procurement & Logistic Services also reports quarterly to the Service Investment Board chaired by the Chief Constable. He also presents an annual report on Procurement Savings and Achievements to the Policing Board at the end of each financial year.

The OA, which is attached at Appendix 1, establishes CPD as a single source for all competitive tendering requirements of the PSNI. Each Department within the PSNI identifies and technically specifies their procurement requirements for goods, works and services and CPD undertakes competitive tendering for all PSNI requirements. Sourcing decisions are made by PSNI Evaluation Panel, supported by CPD, in accordance with PSNI Procurement Guidelines and Procedures.

All Police Officers and staff who are nominated on Procurement Evaluation Panels are subject to training and awareness on procurement issues with special emphasis on PSNI strategy, policy, processes and procedures. 1,810 staff have been trained to date.

Regular Procurement Reviews take place with all Departments. The results of these efforts in terms of procurement savings and achievements are presented in our annual report to the Policing Board and are reflected in the high benchmarking VFM standing achieved by PSNI when compared against both public and private sector Organisations.

Key success factors include:

- Procurement Collaboration
- Procurement Outsourcing, Contract & Supplier Management
- 98% of Business with Suppliers is under PSNI Contract Terms & Conditions
- Price / Cost Savings Achieved
- Efficiency and Quality of Service Improvements
- Rationalisation of PSNI Supply Base 8,460 to 1,320 in last thirteen years
- Benchmarking of Procurement in PSNI Against Other Public Services and Police Forces and worldwide procurement leaders from across all industry groups and sectors

The Police Service believe it is important that both new and existing contracts are competitively tendered in a timely manner. We aim to have our tenders ready at least six months before the end of contract period. PSNI staff and Officers are directed and encouraged to invest quality time in identifying our business and technical requirements. Thus ensuring our specifications and terms of reference best capture our needs as part of our planning process.

Contracts require ongoing management and action between competitions. Strong supplier and customer relationship management is imperative. That's why we initiated contract and supplier management training across our organisation. This has been provided to all Finance Services staff, Contract Managers and PSNI employees who are responsible for managing suppliers. The focus being on contract management, key terms, supplier relations, risk and opportunity management and how to best deliver efficiencies and improvements together with our suppliers.

The Police Service must be able to matrix and client manage across our organisation as well as project manage suppliers who provide key services. It is imperative that Departments employ properly qualified personnel to client manage their key suppliers. People with proven ability to manage complex projects which involve supplier management.

In each of the last twelve years there has been regular auditing of Procurement and Contract Management by internal and external auditors. The PSNI's performance has been generally deemed satisfactory. All actions and recommendations arising have been completed. The PSNI encourages and embraces ideas that will lead to improved performance.

All business critical contracts / suppliers are managed through regular high level performance reviews. This amounts to circa 50 suppliers, representing 85% of spend. These are mainly outsourced services. All contracts greater than £30k of value are subject to annual scoring and review between PSNI/CPD/Supplier. Details are as set out in our contract/supplier training and illustrated on PoliceNet and attached as Appendix 2.

Fundamentally the skills required to manage major contracts/outsourced services are project management skills. The Contract/Project Managers must work closely with internal customers and external suppliers to ensure the potential for efficiencies and savings are optimised.

The unique thing about the PSNI is our commitment to train non-procurement officers and staff in best supplier management strategy and practice. 1,810 staff have been trained to date. This is leading to a significant increase in commercial awareness across our organisation.

The results are illustrated in our UK VFM Benchmarking performance. The PSNI is leading in procurement practice and results in UK Policing and is amongst the top half dozen performers in the UK Public Sector. In this document we also illustrate how the Police Service compare against worldwide procurement leaders in the private sector.

CURRENT AND PAST ACHIEVEMENTS

Price / Cost Savings

The Police Service has an annual procurement spend of £181m and a record of delivering Procurement savings greater than targets set by Treasury. From 2005 to 2008 £25.8m savings were achieved against £11.1m target set by ACPO / Treasury. In the twelve years since we have delivered £84.7m savings or 7.0% savings against new contracts awarded, as well as making significant in-year savings on existing contracts, including £5.4m in 2019/20.

A summary of our record price/cost savings is illustrated below.

RECORD OF PRICE/COST SAVINGS

Year	Value of Contracts Awarded in Listed Year	Savings	% Savings
2003/04	£43m	£3.1m	7.2%
2004/05	£45m	£5.2m	11.6%
2005/06	£57m	£4.6m	8.1%
2006/07	£76m	£7.8m	10.3%
2007/08	£161m	£14.0m	8.7%
2008/09	£38m	£5.0m	13.0%
2009/10	£38m	£4.4m	11.6%
2010/11	£18m	£1.4m	7.5%
2011/12	£61m	£5.7m	9.3%
2012/13	£199m	£7.0m	3.5%
2013/14	£62m	£8.0m	12.9%
2014/15	£54m	£10.5m	19.4%
2015/16	£236m	£12.2m	5.2%
2016/17	£71m	£8.7m	12.3%
2017/18	£202m	£5.9m	2.9%
2018/19	£79m	£7.1m	9.0%
2019/20	£160m	£8.8m	5.5%

Savings are calculated in one of three ways:

1. Re-Tender Existing Contracts – compare current cost –v- new cost following competitive tender.
2. First Time Contracts – compare budget cost –v- new cost following competition.
3. Outsourced Services – compare in-house costs –v- costs from selected supplier following competition.

Savings are Nett, ie we include increases as well as decreases. Savings do not allow for inflation and/or use of Government cost indices.

The PSNI has delivered £62.8m Nett procurement savings over five years to March 2018.

The Police Service has outsourced many services identified as key to delivering cost and efficiency savings now and in the future. These include:

- IT Managed Service; Property Maintenance; Property Management; Cleaning Services; Catering Services; Travel Services; Uniform Managed Service; Garage Services; Support Services; Police Recruitment; Civilian Recruitment; Physiotherapy Services; Leadership Training; Forensic Services; Managed Driving Services; Vehicle Recovery; Underwater Search; Interpreting Services; Internal Audit; Solicitors Services; Advertising and Event Management; Procurement Tendering

Procurement Collaboration

The Police Service is engaged with National Procurement Collaboration at all levels and disciplines. We embrace and support the Collaborative Law Enforcement Procurement Programme (CLEP) and are strong collaborative players in Procurement within Northern Ireland and United Kingdom.

Actively engaged with the Home Office and Government Procurement Savings, including transport, fuel and mobile telephone frameworks and UK wide IT initiatives. Additionally, our ties with CPD gives us access to a range of other public sector contracts, such as travel, consumables, stationery, office equipment and consultancy frameworks. We are a member of the North West Regional Procurement Group. We also subscribe to the Bluelight Procurement Database.

The PSNI continually reviews potential for collaboration across all sectors, including CPD, NI Shared Services and various other UK Police Forces and government agencies. We enter into national contracts when they can offer better quality of service and lower cost of ownership.

In 2019/20 we entered 20 new collaborative contracts valued at £21.7m. We also renewed 17 existing national contracts valued at £19.4m.

We regularly consider national contracts before commencing our own competitive tenders. However, some are impracticable because of geography, regionalisation and devolved political and economic issues relating to Northern Ireland. For instance re Forensic Services we are tied to FSNI and that covers £8m annual spend.

PSNI Estate Services Business Unit are members of the National Police Estates Group reporting to ACPO and are exploring potential areas of shared contract and procurement interest. A key element is benchmarking identifying opportunities for improvements in building utilisation and overall management costs of the Estate.

Value for Money Benchmarking

The UK Audit Agencies combined to develop a set of indicators to measure the Value for Money (VFM) of procurement across the Public Sector.

CIPFA supported by KPMG, were appointed in 2006 to undertake the research and development work and they on behalf of the Audit Agencies, publish an Annual VFM Benchmarking Report.

The Police Service has participated in five of the last nine years. Our last participation was in 2018. We have consistently been assessed in the top 5% of Police Forces and Public Sector Service providers. 125 organisations took part in the 2018 VFM exercise.

The Police Service is considered first in Modern Management Practices. The areas CIPFA assessed included:

- Strategic Orientation and Planning
- Target Setting and Achievement
- Understanding of Total Cost of Ownership
- Strategic Partnerships
- Ethical Procurement Standards
- Development of Procurement Skills and Capabilities Across the Organisation

Comparison of PSNI Procurement & Contract Management Against the Private Sector

The Power of Procurement is a global survey of Procurement by KPMG. KPMG surveyed 585 worldwide 'Procurement Leaders from across all industry groups and sectors'.

Key Findings

A Place at the Table

"Many Procurement functions still do not operate at a strategic level within the context of their wider organisations and as a result – are neither recognised nor delivering as a true partner to the business. Our survey shows that Procurement influences less than 60 percent of spend across both direct and indirect categories. Most companies outside of the Retail sector indicate that less than three quarters of their direct spend is currently under contract."

Compare and contrast with PSNI where Procurement has a strategic role and 98% of our spend is on PSNI Contract Terms.

The PSNI's Procurement and Contract Management Strategy and Practice is endorsed and approved by our Senior Team. Our Annual Procurement Report is presented to SIB and Policing Board each year.

Supplier Relationship Management (SRM)

"Only a small number of organisations claim to have 80% of their spend concentrated within 20% of their supplier base, indicating that many Procurement functions continue to be spread thinly across multiple categories and vendors, thereby missing opportunities for improved SRM and supplier performance management."

Compare and Contrast with PSNI where the top 50 suppliers represent 85% of our spend, all of whom are managed by regular high level performance reviews.

Also all contracts greater than £30k in value are subject to yearly scoring and review.

Make Versus Buy

"A rather low level of participation in their organisation's 'make versus buy' decision-making process. Almost a third (31%) admitted that they do not participate in the process at all. Procurement have a critical role to play in driving value for money and managing the risk associated with these make/buy decisions but very few are proactively engaged."

Compare and Contrast with PSNI where 60% of our annual spend is for outsourced services. Procurement and Finance are intimately involved in this process and have a high strategic profile and role in make/buy decisions.

Procurement Policy and Practice

"The ability not only to create Procurement policy for the wider enterprise, but also to report and manage non-compliance is key to achieving a more strategic role for Procurement. While policies are evident and created in collaboration with the organisation, they are not fully embedded in the Purchase to pay process nor is non-compliance generally reported or managed."

Compare and Contrast with PSNI where Procurement and Contract Management and Guidance and Procedures are embedded and where P2P and other financial/business initiatives are well advanced and integrated into our systems. A unified, robust system of recording and reporting financial management in all our contracts has been established since 2012.

Procurement and increased supplier, contract and financial management is embedded and integrated into our business.

CHALLENGES AHEAD

The Economic, Legislative and Regulatory Context

With regard to procurement the increasing culture of litigation together with the Procurement Regulations Information Disclosure and Standstill period prior to award obligation are leading to a more rigorous procurement process. The evaluation process is under more scrutiny and it is easier for supplier to challenge.

With the increased pressure on public sector finances, the Police Service is under even greater pressure to drive efficiencies and savings through best value procurement and excellent supplier commercial and programme management.

New Initiatives And Targets For 2021/22

- **Contract and Supplier Management Training will continue to be provided to all those who have responsibility for managing contracts. Guidance on the key terms of contract, supplier relations and how best to identify and deliver efficiencies and improvement, together with suppliers will be given to PSNI Contract Managers**
- **There will be a continuing focus on professional, business and technical requirements and terms of reference and how important it is to capture these as comprehensively as possible at the beginning of the competitive tendering process. This includes the use of preliminary market consultation to identify what innovations the market has to offer and benchmarking against best practice in other jurisdictions**
- **Basic Procurement Training re Policy & Procedures will be mandatory for all Evaluation Team members, Financial Services Accountants and Managers together with Contract Managers who will undergo refresher training as required**
- **Ethical and Anti-Corruption Training will continue to be included in our formal Procurement Training programme**
- **The Police Service will ensure that all existing contracts are renewed before their end date and/or DAC cover / Purchase Order by separate quotation is in place**
 - ❖ *Regular Police Service/CPD Departmental Contract Reviews continue to be held with all Departments*
 - ❖ *Setting and monitoring of timetables with CPD for progressing procurement competitions*
 - ❖ *Head of PaLS will issue a twice yearly report reminding Police Service/CPD Contract Managers and Heads of Branches of all contracts to be renewed in next 18 months*
 - ❖ *An Executive Report will be issued to Director of Finance & Support Services summarising progress and highlighting exceptions to the contract plan and corrective actions to be taken*
 - ❖ *Twice yearly reports and reviews at Director level DFP/CPD/Police Service to discuss progress and resources*

- **The focus will continue to be on the top 50 suppliers who represent 85% of our annual spend. The Police Service will further ensure the contractual and financial management of the Police Service's major business critical contracts**

Extra assurance will be provided to the Chief Constable and Audit & Risk Committee that Heads of Branches and Contract Managers are being supported and supervised by their Senior Executive Officers (SEOs) while managing contracts and suppliers.

- ❖ *Major contract ownership identified and agreed with Senior Officers*
 - ❖ *Head of Branch for each major contract issues financial monitoring report to SEO and Head of PaLS. Meeting held to review financial control and supplier performance with each SEO*
 - ❖ *The Head of PaLS reports annually to the Service Investment Board highlighting contractual risks and opportunities which SEOs have responsibility for overseeing*
- **Together with Heads of Departments and Branches the Head of PaLS will assess the role and suitability of Contract Managers to project manage large contracts and complex supplier/internal customer relations**
- ❖ *Each Department should employ senior staff based (in part) on their qualifications and proven ability to manage complex projects, which require supplier and end customer management*
 - ❖ *The Head of PaLS together with the respective Heads of Department, will assess this subject on a contract by contract basis*
- **The Head of PaLS will oversee the status of each contract across the PSNI, in order to ensure financial management procedures are being complied with**
- ❖ *Budgets are devolved within PSNI with Procurement and Contract management directed, controlled and overseen by the Centre of the Organisation through the Head of PaLS*
 - ❖ *Contract Management resides with the Head of Branch via their nominated Contract Managers, supported by Financial Services with overall accountability residing with Chief Officer / Head of Department*
 - ❖ *The requirement to monitor and control contract spend against contract value is a long standing requirement. All contracts with a value of £30k or greater are monitored individually*
 - ❖ *A unified, robust system for recording and reporting the financial management of all our contracts has been established. This has been fully implemented from July 2013 onwards*
 - ❖ *Senior Accountants and Finance Managers have a large role in the implementation of this system across our devolved budget structure. It is a business assurance imperative that they oversee the compliance with Procurement Policy and monitor and control contract spend at a devolved budget level*
 - ❖ *In each of the last six years the Head of PaLS conducted separate audits with regards to the financial management of contracts. There was demonstrable and consistent evidence of financial control and monitoring taking place across all Departments and contracts with no overspends against contract values*

- **The Head of PaLS will ensure our Procurement Management Strategy & Practice supports the Police Service's strategic aims, monitor the effectiveness of CPD, consider any below adequate internal/external audit findings and review lessons learnt as result of good or bad practice**

PROCUREMENT STRATEGY

Departmental Reviews and Contract Renewal

Joint PSNI/CPD Contract Reviews are held regularly with all Departments. The number and regularity of these meetings is consistent, as is the attendance of Senior Police and Staff, including Heads of Departments and ACCs.

The status of all contracts that go through CPD in each Department is summarised and all new and planned contracts are discussed in these reviews. Notes and actions arising are circulated within days of each meeting.

In addition to the PSNI/CPD Contract Reviews, the Head of PaLS circulates a summary of all contracts expected to be renewed over next eighteen months to Head of Branch and Contract Managers. PSNI Managers are reminded that work required in support of renewed contracts is planned well ahead of the current contract end dates.

Sufficient time should be allowed for determining the PSNI specification and terms of reference. Departments must start and complete the planning and initiation cycle as early as possible and at least six to twelve months before the existing contract end date depending on the scale and complexity of the contract.

Six monthly reviews at Director level within DFP, CPD and PSNI have been established to review resource allocation, progress and delivery of specifications and contracts.

The Role of Finance

The PSNI spent £181m on Procurement Services in 2019/20. 352 contracts in total with a Contract Manager and Senior Officer responsible for each contract. 85% of spend is covered by 50 suppliers, all of whom are subject to high level performance reviews. All major suppliers are managed by PSNI Project/Contract Managers, whose main focus and priority is to ensure the potential for performance efficiencies available in the contract terms are delivered to our organisation.

There is regular engagement with Senior Accountants and Finance Managers in procurement issues generally. They are heavily involved in the Procurement Strategy and Process of their respective Departments. They oversee the Business Case, DAC preparation and approval process for their areas and are engaged in the Departmental Procurement Reviews with Head of PaLS, CPD and alongside their Director or ACC.

Small and Medium Sized Contracts

Finance Managers ensure that the ordering and payment of supplies for small and medium sized centrally established contracts is in accordance with the agreed terms and conditions. Finance Managers also ensure that contracts with a value less than £30k are established locally in accordance with Procurement and Contract Management Guidance.

The following checks and balances currently apply across Districts and Departments:

- Management checks on local systems for purchasing, ordering, receipting and invoice processing
- Each Purchase Invoice undergoes process set out by PSNI Finance Manual
- Details of checks uploaded onto Integra

Where payments fail the checks, Finance issue guidance and training to those who fall out of line. Many of the Finance Managers provide local training in relation to procurement and finance rules.

The annual CRSA programme at District/Department level further provides assurance that appropriate checks are being carried out by Finance. The value of fails as a proportion of the sample is low and indicates that there is little material financial risk.

Procurement & Contract Management Training

All Police Officers and staff who are nominated on Procurement Evaluation Panels are subject to training and awareness on procurement and contract management issues with special emphasis on PSNI Strategy, Policy, Processes and Procedures. All Panel Members must have been trained in the last twelve months prior to joining an Evaluation Team or else have been a servicing Panel Member in the previous year.

Additionally, the Head of PaLS has invited all Head of Branches, Finance Managers and PSNI Contract Managers across the Organisation to refresher training. A dozen training sessions take place each year, involving 100 PSNI Staff and Officers.

RISK FACTORS

- Inconsistency of approach to Procurement Policy and practice within PSNI

Mitigating Actions:

- ❖ *New and Refresher Procurement Training of Police and Staff every year*
- ❖ *Procurement Policy reviewed and refreshed in conjunction with CPD bi-annually, distributed throughout organisation and published on PoliceNet*
- ❖ *Internal Audit Reports*
- ❖ *External Audit Reports*

- PSNI/CPD will not have new contracts in place before existing contracts come to an end

Mitigating Actions:

- ❖ *PSNI/CPD Departmental Contract Reviews*
- ❖ *Setting and monitoring of timetables with CPD for progressing procurement competitions*
- ❖ *Head of PaLS bi-annual report reminding PSNI/CPD Contract Managers of all contracts to be renewed in next eighteen months*
- ❖ *Reviews at Director level between DFP, CPD and PSNI*
- ❖ *Modification approval to cover the period and value of expenditure outside the contract period*

- Challenge from suppliers and outside bodies leading to potential loss of reputation of PSNI

Mitigating Actions:

- ❖ *New and Refresher Procurement Training of Police and Staff*
- ❖ *Internal Audit Reports*
- ❖ *External Audit Reports*
- ❖ *Implement recommendations arising from Audit Reports*

- Failure to maximise potential of efficiency and savings arising from consistent and co-ordinated procurement action

Mitigating Actions:

- ❖ *PSNI/CPD/Supplier Performance Reviews*
- ❖ *Greater engagement of Finance in Procurement and Contract Management*
- ❖ *New and Refresher Contract Management Training of PSNI Contract Managers*

- Failure to deliver best value for the organisation

Mitigating Actions:

- ❖ *PSNI/CPD/Supplier Performance Reviews*
- ❖ *Greater Senior Executive involvement in overseeing the contractual and financial management of our Business Critical Suppliers*
- ❖ *The Head of PaLS' Corporate Reports to Senior Executive Board highlighting potential risks and opportunities regarding Contract and Supplier Management*

- ❖ Contract Overspends which can lead to 'Irregular Expenditure'

Mitigating Actions:

- ❖ *The capture and reporting of actual spend for each individual contract via unified and robust financial control and monitoring systems*
- ❖ *Established suite of integrated financial management of contracts, reports and alerts*
- ❖ *New and Refresher training of Finance staff and Contract Managers*
- ❖ *Financial Management of Contracts oversight by Head of PaLS*

PROCEDURAL REQUIREMENTS

Procurement & Contract Management Policy & Procedures

Procurement & Contract Management guidance is updated and re-circulated twice a year to take account of the latest Procurement Regulations and recommendations arising from both Internal and External Audits. It is circulated to all Police and Support Staff and any changes are separately highlighted. This guidance can also be found on PoliceNet.

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

Purchasing Requirement Identified

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, including some preliminary market engagement and benchmarking as to how the requirement is being delivered in other jurisdictions. Branches must start and complete the planning and initiation cycle as early as possible.

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.

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.

The EU General Data Protection Regulation (GDPR) was introduced in May 2018 and has an impact on contracts where personal data is being processed. The PSNI must ensure that specifications and service delivery schedules reflect the roles and responsibilities between the Data Controller and the Data Processor as required by the new Regulations.

PSNI as Controllers are liable for their compliance with the GDPR and must only appoint processors / Contractors who can provide 'sufficient guarantees' that the requirements of the GDPR will be met and the rights of data subjects protected. Processors must only act on the documented instructions of a controller. They will however, have some direct responsibilities under the GDPR and may be subject to fines or other sanctions if they don't comply.

Police Service is responsible for producing specifications. The specification must state the requirement completely, logically and unambiguously. It should:

- ❖ focus on outputs, the functional or performance requirements and what is to be achieved, not how they are to be met
- ❖ clearly scope what is included and what is excluded
- ❖ set out the roles and responsibilities of each party to the contract
- ❖ set out key milestones / timescales for delivery
- ❖ include Key Performance Indicators (KPIs)
- ❖ contain enough information for potential suppliers to decide and cost the goods or services they will offer
- ❖ provide equal opportunity for all potential suppliers to offer a product or 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; and
- ❖ provide a means of evaluating the quality or conformance of the goods or services supplied on a like for like basis

Consideration should be given to whole life costing, for example include upgrades, servicing, maintenance and consumables for the lifetime of the product.

A specification template and further guidance on developing specifications can be found on the CPD website at: <http://www.finance-ni.gov.uk/publications/general-tips-writing-specifications:suplies-and-services>

Sustainability

Northern Ireland Procurement Policy recognises that the primary objective should be to achieve Best Value for Money, which is defined as *"the optimum combination of whole life cost and quality and sustainability to meet the customer's requirements"*. This definition was drawn up to stress that value for money does not mean lowest price. Any procurement would have to meet its requirements for equality of opportunity and sustainable development to be deemed good quality and fit for purpose. Sustainability in procurement can consist of three pillars: social, economic and environment. CPD will incorporate the consideration of these within the Procurement Strategy.

Human Rights Protections and Modern Slavery Preventions

The PSNI adopt a human rights based approach to public procurement to both prevent human rights violations and abuses and to take an active role in promoting, respecting, and fulfilling human rights and preventing modern slavery. This includes for example for our business critical suppliers:

- contracting with a contractor/supplier that has mapped its supply chains and has taken active steps to educate its suppliers to mitigate human rights violations or abuses;
- contracting with a contractor/supplier that actively promotes equality and non-discrimination within its workforce, by, for example, actively monitoring application rates by gender, race and disability or adopting a human rights policy and sending its staff on training courses to educate them to identify potential human rights risks facing the company, for example, domestic violence in the workplace;

- contracting with a contractor/supplier that has accessible and transparent grievance mechanisms for those it engages with including, for example stakeholders, staff and service users

Choice of Procurement Options

For PSNI any public procurement with a contract value in excess of the stipulated threshold for the Public Procurement Regulations to be applied, currently £122,976, must be undertaken within the constraints of the EU Procurement Rules following one of the prescribed procurement procedures, ie the open procedure, restricted procedure, competitive procedure with negotiation, competitive dialogue or Innovative Partnership Procedure.

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

Frameworks

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.

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 of infraction proceedings.

CPD advise if current Framework Arrangements/Contracts are available for 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 advise on the protocol appropriate to a particular Framework.

If CPD confirms that 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.

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.

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.

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

Competitive Tendering & Contract Approval

Tender Evaluation Methodology

The PSNI and CPD together agree the procurement and evaluation strategy to optimise value for money considerations on a tender by tender basis. CPD prepare a 'draft' evaluation model to enable appropriate weightings to be considered for the specific evaluation criteria necessary to assess tenders received.

The purpose of the evaluation criteria is to enable effective and objective comparison between competing tenders. 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.

If cost (as opposed to price) is used as an award criterion, it must be on the basis of cost effectiveness (eg life cycling costing) which can consider costs borne by the Police Service including (for example):

- ❖ Cost relating to the acquisition
- ❖ Cost of use, such as consumption of energy
- ❖ Maintenance costs
- ❖ End of life costs

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.

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.

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.

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.

Police Service develop the evaluation criteria and weightings in agreement with CPD. Each member of the Police Service Evaluation Panel agrees and signs off the criteria and weightings. The Chairperson of the panel is 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.

CPD and the Police Service are obligated under NI Public Procurement 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.

A standard score sheet and guidance for the tender evaluation panel is prepared (online through eTendersNI). This will precisely replicate the evaluation methodology given to economic operators.

CPD provide advice and guidance throughout the evaluation process and will be present at evaluation meetings in an advisory non scoring capacity.

Nomination of Panel Members

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.

Individual Panel members may be representative of both the business and operational interests of 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.

The Panel may also include an independent representative outside Police Service if additional technical assistance or added assurance is deemed necessary.

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.

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.

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.

Communication during the Tender Process

During the tender process all communication with tenderers must be directed through CPD. Queries regarding the tender process will be addressed directly by CPD staff.

Tenderers requiring clarification or further information regarding the technical specification or terms of reference must forward their query through the e-portal to CPD, who will forward the query to Police Service for response.

The Police Service is required to provide responses to CPD. 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.

Police Service staff should only meet with tenderers during the tender process under the following circumstances:

- ❖ site visits/clarification meetings as part of the tender process
- ❖ question and answer sessions to which all tenderers have been invited
- ❖ tenderers' inspection of site/equipment in order to cost for a service

CPD is always represented at these meetings and care should be taken not to disclose information that would either mislead tenderers or give any tenderer an unfair advantage.

If there is an incumbent supplier to the requirement being tendered, Police Service must ensure that they are not privy to information that would give them an advantage over other tenderers. Police Service contract managers must ensure that the principles of non-discrimination and equality of opportunity are preserved. If possible Evaluation Panel members should avoid contact with a current contractor whilst the competition is ongoing and should never discuss the procurement with the current contractor. All queries should be redirected to CPD. This includes at the Intent to Award stage.

Where the supplier/economic operator has undertaken to unduly influence the decision-making process (including direct or indirect canvassing of officials, public representatives etc) or obtain confidential information that may confer upon it undue advantages in the procurement procedure; or negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award; CPD reserve the right to exclude the supplier/economic operator from participation in a procurement procedure or not award the contract to that Economic Operator submitting the most economically advantageous tender.

All meetings of the Evaluation Panel will be organised by CPD, who will keep an online record of the evaluation meeting through eTendersNI.

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.

Regulation 24 of PCR 2016 requires Departments to take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment of all economic operators. This should at least cover any situations where relevant staff members have, directly or indirectly (eg through a family member) a financial, economic or other personal interest which might compromise their impartiality and independence or be perceived to do so. A relevant staff member is someone who is involved in the conduct of the procurement procedure or may influence the outcome of that procedure.

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". In addition the NIAO issued a Good Practice Guide – "Managing the Risk of Bribery and Corruption" in November 2017.

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

Staff should not accept gifts or hospitality from contractors or tenderers and comply with Police Service Policy and Procurement Guidance on acceptance of gifts and hospitality.

Receipt of Tenders

Once tenders are received on the e-portal, CPD 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.

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.

The Evaluation Panel 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.

Evaluation of Tenders

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 Police Service. CPD will record the consensus evaluation on behalf of 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 prices/costs until the qualitative evaluation is concluded.

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 must complete their conflict of interest declaration and accept the Code of Conduct before they can access any of the bids. Step by step guidance is appended in Annex 9 to assist in navigating through the eTendersNI system.

Panel members will individually assess each tender against the pre-determined evaluation criteria. The individual Panel member must record scores and comments against each criteria to evidence the scoring against each criteria. These comments should be sufficiently detailed to support the score recorded.

Once they have been scored individually the panel must meet to develop consensus scores and comments.

Such meetings encourage open debate among panel members and help ensure nothing is overlooked. The panel must consider each tender against the published evaluation model. They should discuss the strengths and weaknesses of each economic operator/tender. The discussion may provide additional insights and correct any misperceptions of individual panel members and hence the consensus score arrived at may differ from the initial scores of some panel members.

Where this happens in EU Regulated competitions, individual scores and comments are not amended, but each panel member is required to provide a rationale where their individual score differs from that of the consensus. It is the sole responsibility of the individual panel member to record this themselves (not CPD) as this is deemed to be the most authentic and transparent method.

The CPD buyer will provide a hard copy marking frame (which precisely replicates the published criteria on eTendersNI) to be distributed at each evaluation meeting for individual completion if required. Note that this will be an individual handwritten record and must therefore be signed by the panel member.

The CPD buyer is responsible for:

- Making panel members aware of this new requirement from the outset of the process; and
- Collecting all individual rationales and saving these on TRIM for QA purposes

Panel members should be aware that their individual comments may be subject to release under the Freedom of Information Act.

It is vital that the panel and CPD record objective comments which reflect and justify the score attributed. These must be sufficiently detailed to clearly set out the reasons for the decision both positive and negative. These records will provide an audit trail leading up to the decision to award a contract and form the basis of debrief information to be provided to economic operators.

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. This is a common public sector approach to information disclosure required under the Public Contracts Regulations 2015.

A CPD representative will attend the consensus meeting and complete the necessary details and provide advice/guidance to the Panel as required.

It is important to note that if a panel member is a current contract manager or end user, they should ensure their previous experience of, or relationship with the economic operator does not influence the evaluation. Economic operators and tenders must only be assessed against the published criteria based on the information provided. Further a bid should not be compared to other bids nor should any credit be given to options / additional services not specified within the published specification.

Selection of Winning Supplier and Award of Contract

After all individual tenders have been assessed collectively by the Evaluation Panel, and the cost scores are added in by CPD, the winning tenderer will be the tender which has the highest overall score. Each consensus scoring sheet will be approved by each member of the Evaluation Panel electronically. CPD will check evaluation sheets to ensure they are correct and that sufficient, robust comments have been recorded.

Following the conclusion of the evaluation, eTendersNI generates an Evaluation spreadsheet and this is circulated to all members of the Evaluation Panel for their review/approval.

Following the approval of the Panel, a record of the recommendation of the Evaluation Panel (including the Evaluation spreadsheet) will be presented for consideration and approval by CPD Senior Management and Police Service Head of Branch, and/or as appropriate Chief Officer and Deputy Chief Constable in accordance with the PSNI Procurement Contract approval levels.

CPD will draft a contract award letter for issue to the successful supplier and regret letters with feedback for the unsuccessful tenderers. These are subject to CPD Line Manager approval before issue.

For contracts above the EU Threshold a minimum 10 day standstill period is required between the intention to award and the award of contract. During this period, an unsuccessful tenderer may legally challenge the award procedure. It is important that Police Service does not have any contact with the successful or unsuccessful tenderers during this period. All contact must be dealt with through eTendersNI to ensure an audit trail is maintained.

Upon award of contract, CPD will issue a Contract Handover document which will contain key information required by the Contract Manager.

A Contract Award Notice must be completed in respect of each competition over the European threshold including DACs. CPD will draft and issue the notice on behalf of PSNI.

Direct Award Contract (DAC) - Request & Approval

Only in exceptional circumstances which are substantive and defensible should DACs be considered. Possible examples:

- Technical necessity due to compatibility
- Exclusivity because of proprietary rights of supplier
- Extreme urgency brought about by events unforeseeable by the Police Service

CPD should be involved at the beginning of the DAC consideration process. Prior approval for DAC to be recommended by Head of Branch and authorised by their Chief Officer. Clear business justification must be provided. The person preparing the business appraisal and all Officers who subsequently approve the DAC must declare that they have no conflict of interest with the proposed supplier. In all cases the Head of PaLS and CPD must study the merits of each application and provide professional guidance.

All DACs with a contract value greater than £30k must be authorised by the Deputy Chief Constable. All DACs greater than £100k must be authorised by the Chief Constable. Departmental Accountancy Officer approval is required for all DACs greater than £100k.

All DACs for consultancy, irrespective of value, must be authorised by the Chief Constable. The same procedures as above apply.

The Head of PaLS is responsible for maintaining a summary of all DACs. This is circulated to Senior Officers every three months.

In addition the Police Service also supply a quarterly list of all DACs to the Audit & Risk Committee. A summary is also provided to the Department of Justice and Policing Board every year.

Regulation 15 National Security Exemptions

Under Regulation 15 of the Public Contracts Regulations 2015 certain defence and essential security contracts are exempt from Public Procurement Rules. In these circumstances it is no longer necessary to seek CPD advice and the resulting contract is not classified as a DAC.

The procurement rules do not apply to the following defence and security contracts:

- ❖ contracts where (if subject to open competition) the protection of the essential security interests of the UK could not be guaranteed; or
- ❖ 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
- ❖ 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

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.

Prior approval to proceed with Regulation 15 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.

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.

All Regulation 15 contracts with a 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. Departmental Accounting Officer approval is also required for Regulation 15 contracts in excess of £100k.

Police Service must retain records of all contracts awarded under these arrangements. Normal contract management arrangements should be undertaken.

Procurement Contract Management

Contract Management resides with the Head of Branch via the nominated Contract Manager, supported by Finance with overall accountability residing with Chief Officer/Head of Department.

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 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. 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 PSNI and supplier meet their obligations under the contract and that services are performed to an acceptable standard. The Key Elements of Contract Management, "Ten Things Managers Should Be Doing" is provided to all Heads of Branches, Finance and Contract Managers. This is attached under Appendix 3.

Further guidance on Contract Management is available via the Procurement & Logistic Services page on POINT and on CPD website:

<https://www.finance-ni.gov.uk/publications/procurement-guidance-note-0112-contract-management-principles-and-procedures>

Larger more complex contracts will require bi-annual PSNI/CPD/Supplier performance monitoring review. The criteria for selecting contracts to be subject to formal performance monitoring meetings are considered at the outset of the Procurement process, arrangements recorded in the Procurement Initiation document and revisited during ongoing contract reviews and should include:

- Business Critical
- Financial Value
- New Suppliers
- Outsourced Services

CPD must be involved in these reviews and a template to be followed during the reviews is included on PoliceNet and is attached under Appendix 2. End customers should, where practicable, be involved in the PSNI/supplier contract monitoring process and be able to provide feedback on performance and be given the opportunity to influence future PSNI/supplier relations.

Financial Monitoring of Contracts

There is a requirement on PSNI to monitor and control spend against all revenue and capital contracts awarded irrespective of the size of the contract. PSNI have determined that from contracts with a value of £30,000 or greater should normally be monitored individually utilising the formal coding structures within the General Ledger.

Management of Contracts and associated spend within PSNI is by Budget Holders and Contract Managers. They are responsible under devolved budgeting arrangements to monitor and manage spend within their areas of responsibility.

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.

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 Finance, as part of their oversight role, Finance 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 with assurance that contracts are being monitored effectively.

Completion of the Contract Variation form requires input from two sources at Department / District / Branch level, namely: Contract Manager and Finance. A financial value should be included for all variations to make clear the financial impact and enable the finance system to be updated appropriately.

It is Finance 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.

Finance 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 financial system.

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.

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. Delegated limits are set out in Procurement & Contract Management guidelines and are those included under the Police Service's Financial Service Regulations.

Contract Variations

The Public Contract 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.

Departments are required to maintain sufficient records to ensure all contract expenditure is within the contracted value on an on-going basis for individual contracts. Any change to the original contract will normally involve the generation of a Variation to Contract/Change Control document. Such variations should not be excessively beyond the scope and value of the original contract.

Any anticipated contract variation to contract/order value within the following bands must be advised to CPD and Head of Procurement & Logistic Services:

- £1k to £20k – variations greater than 20% of original value
- Over £20k and up to £100k – variations greater than 10% or £5k in value, whichever is greater
- Over £100k and up to £1m – variations greater than 10% or £20k in value, whichever is greater
- Above £1m – variations greater than 5% or £100k in value, whichever is greater

Variations within the monetary value or percentage rates in each respective band are permissible.

In some cases variations outside these values/rates may be allowed 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.

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.

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.

Approval for these variation/change controls must be in line with any current Police Service contract delegation levels, included under the Police Service's Financial Services Regulations.

CPD will maintain a record of the documents and approvals on file.

RECORD MANAGEMENT

All relevant documentation in relation to a Procurement exercise, procured through CPD, will be held by CPD on file.

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 Department of Finance Retention Policy.

All tender submissions, associated tender process documentation files and contract files will be securely stored by CPD to maintain confidentiality of the documentation.

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.

Compliance / Audit Review

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.

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.

The reviews will be undertaken by internal and external auditors.

APPENDICES

OPERATIONAL AGREEMENT

As an addendum to the Department of Justice Service Level Agreement with Department of Finance, Construction & Procurement Delivery (CPD) 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 Construction & Procurement Delivery (CPD) of Department of Finance covers the specific procurement requirements of the Police Service of Northern Ireland.

Whereas:

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

1. DETAILED RESPONSIBILITY OF THE PARTIES

1.1 Responsibility of CPD

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

1.2 POLICE SERVICE

- Comply with Northern Ireland Public Procurement Policies as established by CPD and approved by the Procurement Board
- Compliance with CPD Procurement Procedures and accredited ISO Quality Assurance Process
- Provide annual spending plans for all goods and services, updated quarterly
- Provide, on request, historical spend analysis of all goods, services and works to assist CPD in the development of future procurement strategies

- Identify within spending plan opportunities to integrate sustainability into the contract
- Identify and prioritise sourcing requirements for all goods, works and services, including consultancy
- Provide technical specification of requirements
- Final agreement and ratification of contract terms and conditions
- Identify opportunities for inclusion of community benefits
- Advise price and cost parameters
- Advise delivery schedule requirements
- Provide quality requirements
- Advise of any special contract arrangements
- Appointment of Evaluation Panel members and ensure no conflict of interest throughout process
- Develop award selection and criteria for purposes of evaluation and document rationale
- Arrange for evaluation of samples and prepare reports arising
- Ensure availability of Evaluation Panel to perform their duties in accordance with the agreed timescales
- Provide support, if required, for debriefing of unsuccessful tenders or supplier challenges

2. PROCUREMENT POLICY

2.1 Objective

- To ensure that all Police Service procurement is carried out:
 - In compliance with the Public Contracts Regulations (2015).

In particular:

In compliance with Northern Ireland Public Procurement Policy.

- Open and transparency of award procedures.
- Genuine competition in the award of contracts.
- No unlawful discrimination on the ground, of nationality.

- Address sustainable procurement objectives as set out within Equality of Opportunity and Sustainable Development in Public Procurement.
- Achieve best value for money as defined within the Northern Ireland Public Procurement Policy.

2.2 Guiding Principles

- Transparency
- Competitive supply
- Consistency
- Effectiveness
- Efficiency
- Fair Dealing
- Integrity
- Informed decision making
- Legality
- Integration
- Responsiveness
- Accountability

2.3 Tendering Process

The Procurement Control Limits (PCLs) and the basis for contract award for application in all procurements are set out below. The PCLs are designed to ensure:

- ❖ An effective competition (competition is the best way of achieving and demonstrating best value for money)
- ❖ A balance is struck between the value of the contract and the transactional cost of undertaking the procurement procedures; and
- ❖ A proportionate approach is taken to procurement for low value requirements

Up to £1,500 - 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.

£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.

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.

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 Police Service

£30k to £122,967 - Full tender action advertised on eTendersNI
£122,967 and over for all supplies and services except for works which is £4,733,252 - EU Directives apply. Advertised on eTendersNI and in the Official Journal of European Union (OJEU)

- 2.4 CPD will endeavour to make available to 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 Agreement.
- 2.5 CPD will undertake all tender and quotation exercises on behalf of Police Service for requirements at or above £30k.
- 2.6 All tenderers wishing to undertake quotations or tenders with CPD must be pre-registered on the eTendersNI 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.

- 2.7 Where the Police Service has committed to use a CPD collaborative contract, and is listed as a participating body, then Police Service is contractually obliged to use these arrangements when the goods/services are required.
- 2.8 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 POLICE SERVICE BRANCHES

- 3.1 The Departments, Regions, Districts and Branches to whom the CPD will provide procurement services will include:

- Logistic Services
- Transport
- Estates
- Finance
- Human Resources
- Occupational Health and Well Being
- Strategic Communications
- ICS
- Community Safety
- Legacy & Legal
- Operational Support
- Crime Operations
- District Policing

It is recognised that 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 Police Service to provide Project Management and Advice.

4. PERFORMANCE REVIEWS

4.1 CPD will hold regular reviews with the key branches of 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.

4.2 The review will cover performance related to this operational agreement.

- Contracts – live, subject to tender, under consideration
- Requisitions – pending, placed, on schedule, late
- Supplier evaluation and development
- Forward planning based on future requirements

Joint proforma reports covering the issues above will be prepared jointly by Police Service Branch and CPD ahead of each review.

CPD will schedule, as required, meetings and record actions and progress.

4.3 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.

POLICE SERVICE:

- ❖ Provision of accurate and up-to-date spending plans provide annually with quarterly updates
- ❖ Provision of historical spend analysis

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 'work request form' (available on the CPD website) with the draft specification and confirmation of business case approval to SSD mailbox Justice.CPD@finance-ni.gov.uk	SSD acknowledges receipt of work request within one working day
KPI 2	SSD issue the procurement strategy	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/or business case approval (where applicable) and award (or intention to award) stage	Within 5 working days

6. COSTS OF SERVICES

6.1 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

7.1 The Police Service and CPD will each nominate a person through whom they will conduct all communications concerning the agreement.

Police Service nominee is the Head of Procurement & Logistic Services,
Police Service

CPD nominee is the Head of Branch, Justice Sector Procurement, CPD

They will be responsible for managing the operational agreement, including dealing with any complaints and feedback from Police Service Branches and/or CPD staff.

7.2 The respective nominees will meet quarterly to review progress against the performance reviews referred to herein.

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 every three years to maintain their CoPE status. The recommendation will be reported to the Procurement Board.

9. STRATEGIC REVIEWS

9.1 There will be a strategic review held twice a year.

These will be chaired by Director of Finance and Support Services, Police Service and Divisional Director, CPD.

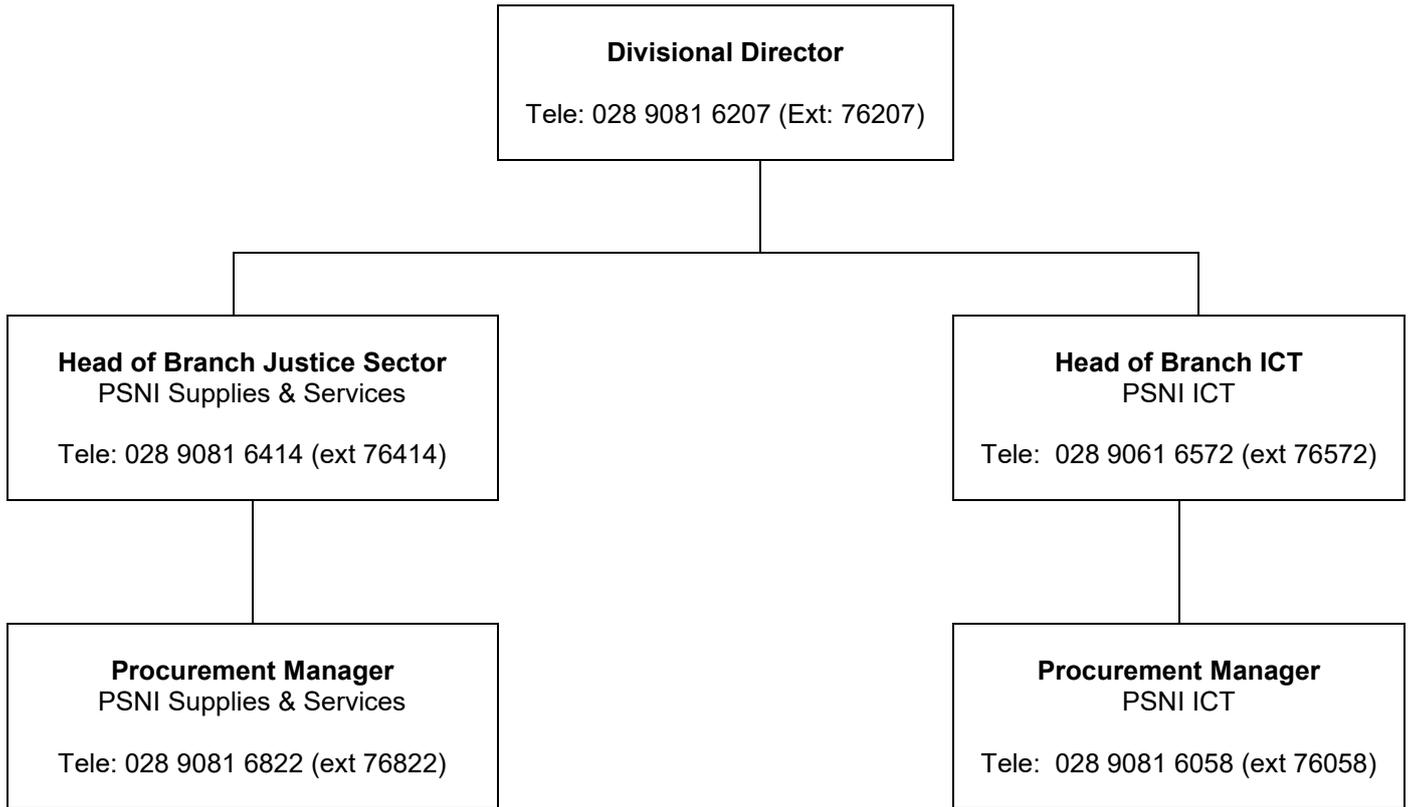
9.2 The purpose of the review will be to:

- ❖ Discuss the service delivery in previous six (6) months
- ❖ Discuss Police Service procurement plans
- ❖ Update on developing procurement policy within CPD

10. DURATION OF AGREEMENT

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

CPD (CLARE HOUSE) – POLICE SERVICE BUSINESS CONTACTS



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, Construction & Procurement Delivery

NAME: _____

POSITION: HEAD OF BRANCH, JUSTICE SECTOR

DATE: _____

Police Service of Northern Ireland (PSNI)

Construction & Procurement Delivery (CPD)

CONTRACT MANAGEMENT AND MONITORING PROCEDURES

CONTENTS

- Section 1 - WHY ARE CONTRACT MANAGEMENT PROCEDURES NECESSARY?
- Section 2 - PROCEDURES FOR MANAGING CONTRACTS & CONTRACTORS
- Section 3 - OVERVIEW OF CONTRACT MANAGEMENT
- Section 4 - PSNI/SUPPLIER PERFORMANCE MONITORING MEETING
- Section 5 - SUPPLIER RELATIONSHIP MANAGEMENT

APPENDICES

- A1 Performance Assessment Form (CMO1) for Suppliers of Goods
- A2 Performance Assessment Form (CMO1) for Contractors providing Services
- A3 Flowchart for dealing with Unsatisfactory Performance (Goods or Services)

INTRODUCTION

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 customer and provider. It continues throughout the life of a contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise.

1. WHY ARE CONTRACT MANAGEMENT PROCEDURES NECESSARY?

Contract Management Procedures are necessary to ensure:-

- that the goods or services actually provided comply fully with the customers requirements
- that the roles and responsibilities of those involved at the various stages in contract development and control are clear
- accountability and more effective control of budgets

2. PROCEDURES FOR MANAGING CONTRACTS & CONTRACTORS

2.1. The Aim of Contract Management

The central aim of contract management is to obtain the services as agreed in the contract and achieve value for money. This means optimising the efficiency, effectiveness and economy of the service or relationship described by the contract, balancing costs against risks and actively managing the customer-provider relationship. Contract management also involves aiming for continuous improvement in performance over the life of the contract

2.2. The Objectives of Contract Management

The objectives of contract management are to ensure that:-

- (a) the contract terms and conditions are met;
- (b) the goods/services provided by the Contractor meet the customers requirements;
- (c) documented evidence of good performance is available to assist in demonstrating the achievement of value for money; and
- (d) documented evidence of poor/unsatisfactory performance is available:-
 - to facilitate improvement and to build up a performance history;
 - in exceptional cases, to permit early recourse to the Department's rights under the default provisions.

2.3. The Essential Aspects of Contract Management

2.3.1 The essential aspects of Contract Management are :-

- Procurement – Awarding the Contract
- Managing/Supervising – Monitoring the work on site through Random Spot Checks
- Certification – confirming that the work has been completed to the required standards
- Payment – checking invoices, times, rates, workload and paying for the work
- Performance Assessment – assessing a contractors' performance
- Records – Keeping appropriate records for audit purposes

3. OVERVIEW OF CONTRACT MANAGEMENT

3.1. Management/Supervision

Contract management, day-to-day management and supervision is the responsibility of the customer.

Minor slips in performance, indicated by a mark of 3 or 4 on the CMO1 form (attached), can be dealt with verbally. However where performance is unsatisfactory, indicated by a mark of 0, 1 or 2 on the CMO1 form, the contractor should be advised of this immediately in writing and given a specified time to remedy it.

The PSNI and CPD will together agree the best approach on a case by case basis. The procedure is detailed in a flowchart in Appendix A3.

Only the CPD Contract Manager in discussion with the customer and departmental solicitor will instigate all discussions about actual termination. Under no circumstances are actual termination procedures to be commenced by the customer alone.

3.2. Assessment of Contractor's Performance

The assessment of each individual Contractor's performance is necessary:-

- (i) to ensure that performance at least meets the customers requirements;
- (ii) to ensure that performance also meets the standards offered by the contractor in the tender submission;
- (iii) to discover any poor or unsatisfactory performance at the earliest opportunity and to implement immediate corrective action; and
- (iv) to provide a historical record of the contractor's performance for future reference. This is particularly necessary where continued unsatisfactory performance could lead to termination of the contract and/or legal proceedings. In such cases documentary evidence is essential.

Completing a CMO1 form assessment.

There is a separate form for assessing the Suppliers of Goods and the Contractors of Services. Each comprises :-

Category D Availability & Delivery/Completion

Category Q Quality / Service Provided

Category F Finance & Administration Procedures

The appropriate CMO1 form can be used at any time to highlight a Contractor's or Supplier's poor or unsatisfactory performance. Sample CMO1 forms are included under Appendices A1 and A2.

Routine monitoring should occur throughout the period of each contract.

CPD will seek formal performance assessments (CMO1s) from the customer for each Contractor/Supplier on each contract generally as follows:

Length of Contract	Performance Assessment – Months After Contract Commence Date					
	1st Assessment	2nd Assessment	3rd Assessment	4th Assessment	5th Assessment	6th Assessment
Less than 1 Year	3	N/A	N/A	N/A	N/A	N/A
1 Year	3	9	N/A	N/A	N/A	N/A
2 Years	3	12	18	N/A	N/A	N/A
3 Years	3	12	18	30	N/A	N/A
4 Years	3	12	18	30	42	N/A
5 Years	3	12	18	30	42	54

Either form is easy to complete, using a scale of satisfaction marking (0 to 10), and must be completed by the PSNI Contract Manager. There is space for including any appropriate comments.

All completed CMO1 forms must be returned to CPD by the PSNI Contract Manager within 2 weeks of issue.

Any other performance issues can be brought up formally at the regular contract review meetings.

Records

Records must be kept for audit purposes and to help guard against fraud. Also, management information is essential to help ensure that work is carried out to the appropriate standards and that appropriate control checks are in place and documented to give assurances in regard to quality and cost; i.e. that details are correct in terms of volumes, times, skills, rates, any variations, overall cost, and that total expenditure is within budget. This also helps provide historical data and trend analysis for future requirements.

3.3. IMPROVING CONTRACT DOCUMENTATION

Achieving value for money through a public sector contract is not just about evaluating tenders or managing the contract effectively – the preparation you put in before beginning the procurement stage is vital.

Pre-market engagement is the process of engaging with the supply market before the tender documents are published. This will help you understand what the market can currently offer, and the best approach to take.

3.3.1 When contracts are being developed initially or are to be relet, it is essential to invite constructive comments from the end users most familiar with the activity on the ground. The combination of CPD's procurement expertise together with PSNI's operational and technical expertise ensures:

- a clear, concise and unambiguous statement of need which is set out in PSNI's specification
- focus on outputs, the functional or performance requirements and what is to be achieved, not how they are to be met
- tenderers have sufficient information to enable them to competitively cost the goods/services that they will offer
- focus on Key Performance Indicators (KPIs)
- each tenderer has an equal opportunity to bid
- tender documentation complies with European legislation, particularly in relation to aggregation (grouping together similar activities)
- there is no breach of EU/UK Procurement legislation
- specifications do not restrict competition
- all standards quoted reflect appropriate British/European standards, etc.
- due account is taken of previous contract experience on this or similar contracts
- opportunity to refine workloads on the basis of historical data and informed future trends to determine the workloads throughout the contract period
- opportunity is taken to reflect improvements in quality, health and safety, environmental and personnel matters, etc.
- opportunity is also taken to introduce innovation where possible and to simplify the pricing mechanism towards a greater output driven and performance related approach.
- standardisation of documentation
- refinement of the tender evaluation criteria
- that social, environmental and skills issues if relevant to the contract have been considered
- that sustainability, in terms of economic, social and environmental benefits has been considered, in support of the programme for Government

All of this helps ensure maximum competition towards securing improved quality and value for money.

3.3.2. Timing

Contract documentation is revised six to nine months prior to re-running a tender competition, thus giving sufficient time to examine the scope for specifying performance improvement criteria and to collate users comments and suggestions for improvement and integrate these appropriately into the replacement tender documents.

3.3.3. Re-Tendering

CPD issues tenders nearing the end of their contract period to the appropriate Contract Initiator for updating. With input from the end users the contract details are examined and workload information updated for future requirements. The opportunity is also taken to revise the specification and the pricing arrangements to take account of any innovation in the quality of goods or in the way in which services are provided or the possibility of aggregating contracts, rather than having two separate contracts, thus avoiding dispute about which contractor is responsible for different areas, etc.

In line with government initiatives, opportunities are explored to develop output based pricing mechanisms and performance criteria, with the emphasis on quality of the goods or service provided.

The updating of the contract documents should also explore the evaluation criteria used previously and make any necessary adjustments in light of experience gained and the market capacity and interest.

4. PSNI / SUPPLIER PERFORMAMNCE MONITORING MEETING

The following agenda is to be used to facilitate the review of PSNI's Business Critical contracts:

Contract Performance

- Delivery Schedule Performance
- Quality of Goods/Services Replacement Policy
- Invoicing / Payment
- Information Assurance
- Contract Amendments
- Sustainability – meeting social, environmental, economic requirements of the contract
- GDPR compliance

Relationship Assessment

- Communication, Aligning Personnel and Agendas
- Identify Risks and Opportunities
- Clarify of Objectives
- Third Party Supplier Assurance, eg prompt payment terms, protection of human rights

Efficiencies, Continuous Improvement

- Identify Efficiencies, Cost Savings
- Benchmarking

Note: This is an indicative agenda that can be amended / tailored to individual contracts

5. SUPPLIER RELATIONSHIP MANAGEMENT

- Pre-Contract tends to be formal, even adversarial
- Important to have good contract with clear responsibilities – but with flexibility and encouragement to share ideas between PSNI and Supplier
- Relationship management is key to success, but suppliers do need to be actively managed
- Once contract is in place concentration should be on:
 - ❖ Delivery
 - ❖ Project Management
 - ❖ Partnership
 - ❖ Building Relationships

- What are both "sides" hoping to achieve?
- Share medium / long term needs / requirements
- Manage strategically but make sure short term requirements are met
- Clarify objectives and measure outcomes
- Specific and measurable improvement plans with suppliers
- Good communications is key to managing expectations
 - ❖ Helps create certainties
 - ❖ Minimises surprises

- Communicate bad as well as good news
- 'Don't be constrained by the limits of our own knowledge'

Appendix A1

**CONTRACTOR'S
PERFORMANCE ASSESSMENT
(GOODS)**

Value of Contract	£
Spend to date	£

Contract title..... Contract Ref.....
Monitoring Period (3/9/12/18/24/30 months)..... Supplier.....

Scale of Satisfaction
CMO1 Goods

9 or 10 = outstanding
7 or 8 = highly satisfactory to good (minor mistakes but not serious)
5 or 6 = satisfactory (some problems may need resolved)
3 or 4 = poor (needs increased monitoring) (Supplier informed verbally)
0, 1 or 2 = unsatisfactory (Contractor informed in writing)

Ref.	CATEGORY	Weighting	Scale of Satisfaction	Weighted Score	COMMENTS as appropriate (use back of sheet if necessary)
	COMPLETION				
D1	Availability of Goods	10			
D2	Prompt Delivery/Adherence to Delivery Times	10			
D3	Complete and Accurate Deliveries	10			
D4	Ease of Contact / Resolution of Queries	10			
	QUALITY				
Q1	Transportation and Unloading of Goods	10			
Q2	Packing/Protection of Goods/and Environmental aspects	10			
Q3	Quality on Receipt & Prompt Replacement of Damaged Items	10			
Q4	Quality in Service / Suitability for Purpose	10			
	FINANCE and ADMINISTRATION				
F1	Accuracy of Invoices / Standard of Supporting Documentation	10			
F2	Invoices Submitted Promptly	10			
Total Score out of 1000					

Name of Person Completing Assessment..... Office..... Telephone No.....

Date Date of previous poor performance marking (if applicable).....

The representative of the customer most familiar with the Goods Supplied should complete the Scale of Satisfaction markings. CMO1 Goods.

Scale of Satisfaction	CM01
Services	
9 or 10 = outstanding 7 or 8 = highly satisfactory to good (minor mistakes but not serious) 5 or 6 = acceptable (some problems may need resolved) 3 or 4 = poor (needs increased monitoring) (Contractor informed verbally) 0, 1 or 2 = unsatisfactory (Contractor informed in writing)	

Appendix A2

**CONTRACTOR'S
PERFORMANCE ASSESSMENT
(SERVICES)**

Value of Contract	£
Spend to date	£

Contract title: Contract Ref.....
 Monitoring Period (3/9/12/18/24/30 months)..... Contractor.....

Ref.	CATEGORY	Weighting	Scale of Satisfaction	Weighted Score	COMMENTS as appropriate (use back of sheet if necessary)
COMPLETION					
D1	Adherence to Response Times	10			
D2	Work Completed expeditiously	10			
D3	Ease of Contact / Resolution of Queries	10			
SERVICE PROVIDED					
Q1	Quality on Initial Completion	10			
Q2	Quality of work or service on Final Completion	10			
Q3	Competency/Skills of Workforce & suitability of Plant	10			
Q4	Health & Safety - Equipment/Procedures/Working Method	10			
FINANCE and ADMINISTRATION					
F1	Accuracy of Invoices / Standard of Documentation	10			
F2	Invoices / Contract Data Returned Fully & Promptly	10			
F3	Costs in line with tendered rates	10			
Total Score out of 1000					

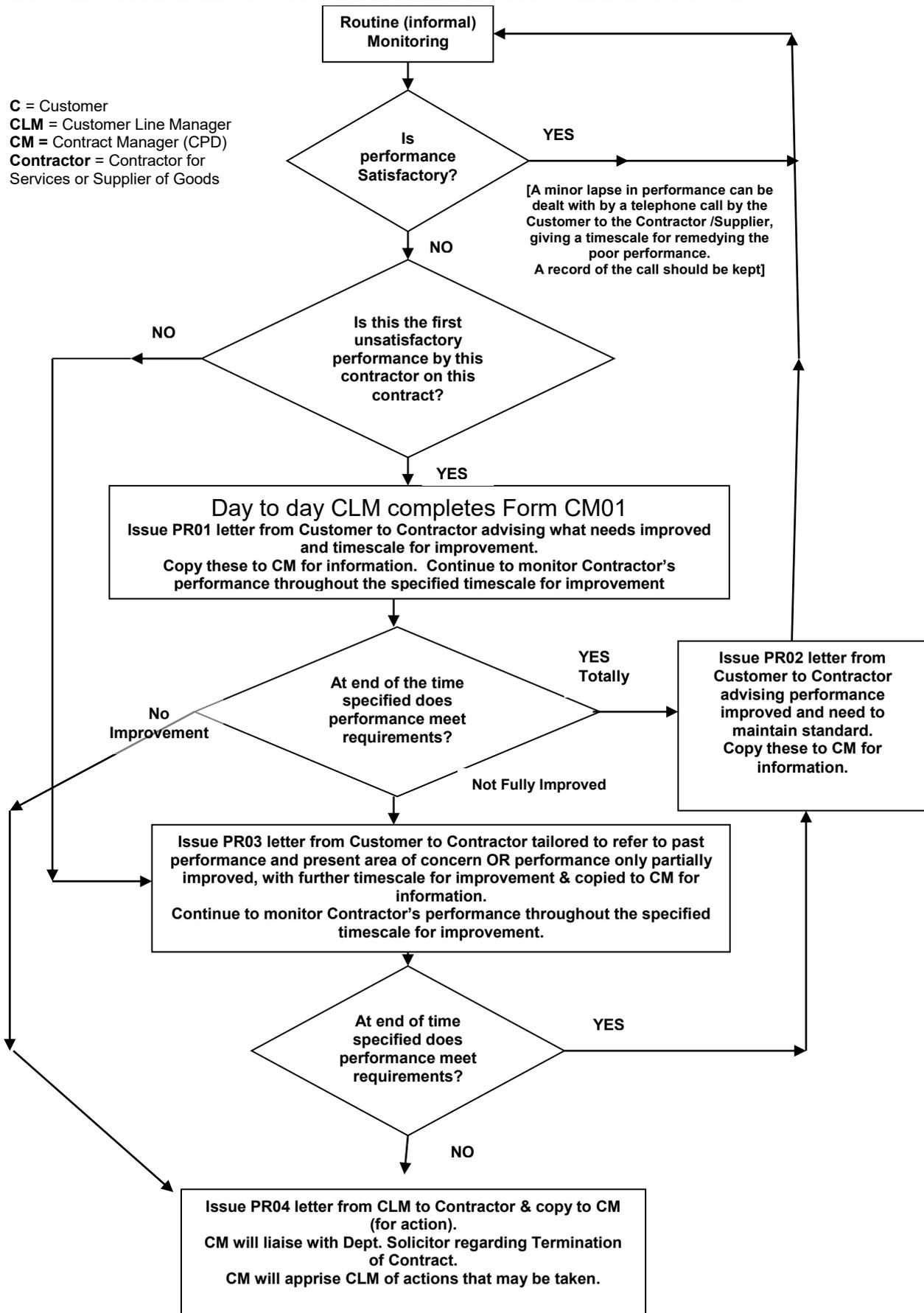
Name of Person Completing Assessment..... Office..... Telephone No.....

Date Date of previous poor performance marking (if applicable).....

The representative of the customer most familiar with the work of the contract will complete the Scale of Satisfaction markings.
CM01 Services.

PROCEDURE FOR DEALING WITH UNSATISFACTORY PERFORMANCE

C = Customer
 CLM = Customer Line Manager
 CM = Contract Manager (CPD)
 Contractor = Contractor for Services or Supplier of Goods



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 PSNI 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 Finance 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 the Procurement & Contract Management Guidelines.
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 APPROVAL LEVELS

Spend Category	Sub Delegation by Chief Constable
Revenue Items <i>All goods, works, services and equipment including IT</i>	D/Chief Constable: £5 million & above* 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 *DoJ approval required for IT items above £5m and non IT items above £20m
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	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 <i>Those between Public Service bodies</i>	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