Procurement Procedures and Guidelines

or

How to buy what you want at the right price and still play by the rules.
Foreword by Gary Welch

Director of Procurement

This guide aims to help you understand the policies and procedures for buying goods and services at the Oxford University Hospitals NHS Foundation Trust.

We want to help you get the best value for the Trust and for our patients and to make the process as easy to use as possible.

We are spending public money and so it is important that we follow the rules to make sure we are getting value for money and that we have been fair and objective in our choice of suppliers.

Contents

1. Introduction 3
2. Financial limits 3
3. Principles of procurement 4
4. Contracts, tendering and agreements with suppliers 4
5. Our ordering system 5
6. Correct Process for Raising Orders and Invoice Payment 5
7. Definition of terms 6/7
8. Frequently asked questions 7/8
9. Contact Numbers 9
1. Introduction

There are things we must all do when we buy something for the Trust

- Strive to achieve the best value for money
- Make sure we comply with the rules and regulations
- Be professional, objective and ethical in our business relationships

This guide is to help you understand the requirements and offer advice and guidance on how best you can fulfil them.

The procedures for good practice apply to all staff and cover all areas of expenditure. They can only be varied with specific written authority from the Chief Finance Officer.

Staff in wards and departments may send in requests (requisitions) for goods but only authorised departments may place orders with suppliers and award formal contracts. These are:
- Procurement and Supply Chain – for general goods and services
- Pharmacy – for drugs and pharmaceutical products
- Estates – for works, repairs and maintenance

2. Financial Limits

The Trust’s Standing Financial Instructions set the levels at which formal action is required. The process becomes more rigorous the more money you want to spend.

- From £5,000 to £19,999 - competitive quotations required, a minimum of three to be sought
- From £20,000 to £164,176 - competitive tenders required, a minimum of four to be sought
- Goods above £164,176 - EU Legislation applies
- Services above £164,176 - EU Legislation applies
- Works above £4,104,394 - EU Legislation applies

3. Principles of Procurement

All medical and non-medical products and services – including items bought with donated money – must be bought using the official requisitioning process.

Trust procedures for procurement apply to all departments and to all staff who have authority to order goods and services.

All goods and services must be ordered on an official purchase order.
No one may place an order with a Supplier unless they have formal authority from the Chief Finance Officer or Procurement.

Divisional Directors and Executive Directors are responsible for ensuring that the financial procedures are followed.

Finance and budget managers must ensure that the correct procedures are followed.

Any failure to comply with procedures, or any divergence from them, should be reported to the Chief Finance Officer

4. Contracts, tendering and agreements with suppliers

The Trust has clear rules on who has authority to place and sign contracts. Contracts may only be signed in accordance with the limits of delegation.

Financial Limit (including VAT) Authorised by
Up to £164,176 Director of Procurement
Up to £1,000,000 Chief Finance Officer & Chief Executive
Over £1,000,000 Trust Board

Procurement will guide departments to ensure that we get the goods and services we need, when and where we need them making sure that:

- We comply with National and EU regulations
- We comply with the Trust's SFIs
- We secure the best value for money
- The spend is covered by an approved budget
- The Trust’s terms and conditions are applied to all contracts

5. Our ordering system

The Trust has a Purchase to pay process which must be followed. In most cases users will order goods and services through our Finance and Procurement system Oracle. Access to the Oracle requisitioning system is given once the Oracle requisitioner's application form has been submitted to the Finance Systems team. Once a login has been created you will be required to complete the online e-Learning module and only then will you receive your login details.
All travel bookings must be made through the Trust’s appointed provider Redfern. Full details of the Trust’s travel policy are available on the Procurement page of the Trust’s intranet site.

Additional guidance and all forms are available on the Procurement intranet site. Certain areas such as Estates and Pharmacy have their own ordering systems to suit their operating needs. These systems are agreed by the Trust and meet the Trust’s SFIs and audit requirements. Training is given within the respective areas.

6. Correct Process for Raising Orders and Invoice Payment
The Standing Financial Instructions require a Purchase Order be raised before the Spend is committed or a verbal order is given to the Supplier. The process is:

- Requisition raised on Oracle or other Trust approved ordering system
- A requisition should be raised through the Oracle catalogue where possible
- Where raising a non-catalogue request ensure the correct e-Class code is used (list available on the Intranet)
- Requisition is authorised.
- Purchase Order is created.
- Purchase Order is sent to supplier.
- Supplier provides goods or services.
- Goods or service is receipted on Oracle – in the case of goods this will be done by Receipt and Distribution, for services end users are required to receipt the service.
- Only goods or services which have been supplied should be receipted.
- Goods or services not receipted cannot be paid.
- Supplier sends invoice - if the invoice comes to you please ensure the PO number is on the invoice and send it to E-Billing
- Accounts Payable match invoice receipt and PO reconcile and pay invoice.

Full guidance is available on the Intranet

7. Definition of terms

Call-off order an official order that covers supplies over a period of time with goods requested when required.

Catalogue A defined list of contracted commodities at agreed prices

Contract An agreement to provide services awarded through a formal procurement process
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Centre</td>
<td>A five digit reference number used to identify the department that goods are to be charged to.</td>
</tr>
<tr>
<td>e-Class Code</td>
<td>NHS-eClass is a bespoke classification system for products and services. The purpose of NHS-eClass is to facilitate the accurate analysis of expenditure. Each Category of spend is identified by an Alphabetic code which is mapped to a Subjective code</td>
</tr>
<tr>
<td>Procurement</td>
<td>The process of obtaining goods and services</td>
</tr>
<tr>
<td>Purchasing</td>
<td>The acquisition of goods and services from third parties concerned with the agreement of terms and conditions of supply with suppliers, for those goods and services identified by the sourcing team</td>
</tr>
<tr>
<td>Purchase Order (PO)</td>
<td>A document that authorises a purchase transaction, which should carry a unique identification number.</td>
</tr>
<tr>
<td>Purchase to Pay (P2P)</td>
<td>this process includes all steps from purchasing to paying for goods and services. This includes order placement, receipt confirmation, invoice handling, and payment. Where other activity is included or excluded it will be clearly stated in the document.</td>
</tr>
<tr>
<td>Requisition</td>
<td>An internal request for goods or services which proceeds through an approval process and once approved is converted to a Purchase Order</td>
</tr>
<tr>
<td>Receipting</td>
<td>the electronic recording of goods or services received against order</td>
</tr>
<tr>
<td>Standing Financial Instructions</td>
<td>The rules and regulations to which the Trust must comply, particularly in the contracting and tendering procedures</td>
</tr>
<tr>
<td>Standing Orders</td>
<td>An official purchase order the covers deliveries over an agreed period</td>
</tr>
<tr>
<td>Subjective Code</td>
<td>Six digit code defining commodities and expense types in a department’s budget</td>
</tr>
</tbody>
</table>
Tender

The formal document issued by the Procurement Department to prospective contractors for goods and services.

Transfer Point

Each ward or department is identified with a unique number in the Oracle system which links to the cost centre for re-charging purposes.

8. Frequently asked questions

8.1. Are purchasing and requisitioning the same thing?

No they are not. Purchasing implies a formal order issued on the Trust's behalf committing to a legally binding contract with a supplier or contractor initiating a supply of goods or services. A requisition is an internal request for goods or services to be delivered against an existing contract, or for a contract to be initiated. A requisition should never be sent outside the Trust and a requisition should never be used as a purchase order.

8.2. Why can’t we order goods without completing a requisition?

A requisition is a commitment from you to Procurement to spend your department’s budget. The authorisation to spend this money needs to be approved through an approval hierarchy. This gives managers visibility of the monies spent and the control of their budgets. This is a statutory requirement.

8.3. What do I do if I need something that I have not bought before?

Check if the Item is on the Oracle Catalogue. If not you can raise a non-catalogue request. If you require any help or quotes in order to meet the SFIs contact the Operational Buyers.

8.4. Why can’t I receive stock directly to my department?

Deliveries need to come to a central point for security (we don’t want drivers walking around the hospitals) and to make sure that there is a separation of duties. Goods should be checked in by someone other than the person who ordered them. This is good practice and is required by Audit and is a protection for staff.

8.5. Why do I have to use a specific supplier if I can get something cheaper elsewhere?

The Trust uses a single supplier to achieve savings on both the goods and the cost of process. Buying outside of the contract or purchase order can add £50 in process costs. In addition we cannot be sure that the quality and terms and conditions of the Trust will be met.
8.6. Can I request goods required as urgent?
Only mark your requisition as urgent if there is an urgent clinical need. By asking for Urgent delivery you may incur additional carriage charges.

8.7. What can I do if I am running out of something?
If the item you are running out of is usually topped up by Materials Management contact Procurement.

8.8. How do I avoid getting quotes or going out to tender?
You can’t. We are all bound by the SFIs but the Procurement team can help you speed up the process and advise you how to proceed.

8.9. Why does the Trust have all these rules?
All Trust money has to be accounted for and be seen to be wisely spent. The rules protect the Trust and staff from fraud and reputational damage. We must comply with UK and European law as reflected in our SFIs.

8.10. Where can I learn more about the procurement procedures?
If you want to read detailed policies and procedure the OUH Trust intranet site has a record of all the standard operating procedures and training guidance.

8.11. How can I find out more about procurement?
The Procurement team will arrange training and information sessions on request.

9. Enquiries Email mailto: ProcurementandSuppliesQueries@ouh.nhs.uk