



INTEGRITY IN PUBLIC LIFE

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## PROCUREMENT POLICY AND PAYMENT PROCEDURES

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### 1. Introduction

- 1.1 This document outlines the Standards Commission's Procurement policy and the related payment procedures. It should be read in conjunction with the Scottish Public Finance Manual and the Framework Agreement between the Standards Commission and the Scottish Parliamentary Corporate Body (SPCB).
- 1.2 The document also contains a scheme of delegation in respect of finance related decision-making. This includes all decisions in respect of procurement and contract management.
- 1.3 The Standards Commission's banking and accountancy services are provided by the Scottish Parliament Finance Office (SPFO) under a Service Level Agreement (SLA). The service covers the payment of invoices, the management of credit card facilities, and the provision of monthly management information reports and annual accountancy services.
- 1.4 The Standards Commission employs four members of staff and, as such, it is not possible to ensure a clear separation of duties is applied in respect of all procurement and payment activities. Therefore, to mitigate against the risk of fraudulent activity, the Standards Commission applies a two-stage payment authorisation and approval process, regardless of the value of the goods or services being procured.
- 1.5 Any decisions about the overall budget, including to apply for contingency funding or to surrender funds to the SPCB, are taken by the Standards Commission as an entity and are not delegated to any individual postholder.
- 1.6 The policy and procedures are reviewed by the Standards Commission every three years, or as otherwise necessary.

### 2. Procurement

#### Key Principles

- 2.1 The underlying principle is to secure best value in all procurement, while at the same time ensuring any goods and services being procured meet the requirements of the Standards Commission. All procurement should be undertaken with maximum efficiency and probity, and at minimum cost.
- 2.2 The key aims of the procurement policy are to:

- Ensure that any goods or services obtained by the Standards Commission meet its requirements.
- Ensure value for money. Value for money is the optimum combination of whole life costs and quality (or fitness for purpose) in meeting the Standards Commission’s requirements. Depending on the nature of the contract the whole life cost may include implementation costs, ongoing operating costs and end of life disposal (including the environmental impact of purchase and disposal).
- Act fairly towards suppliers and potential suppliers.
- Ensure the Standards Commission is protected against any claims, litigation or criticism in relation to its behaviour as a public body.
- Minimise the risk of fraud.
- Promote equality, diversity and sustainability, and reduce environmental impact when involved with procurement related activities.

2.3 The Standards Commission is subject to data protection legislation. This means that it is obliged to ensure, when undertaking procurement activity, that any service provider or contractor has provided the appropriate assurances or evidence about how it will comply with legislative requirements in respect of protecting any personal data.

### Scheme of Delegation

2.4 All decisions in respect of procurement and contract management must be made in accordance with the Scheme of Delegation as shown below and obtained before any order for goods or services is placed.

DELEGATED AUTHORITY FOR PROCUREMENT AND CONTRACT MANAGEMENT	
Overall Value (excluding VAT)	Delegated Authority / Decision Maker
Small value items, for example stationery, office equipment, travel arrangements where the value is less than £100.	<ul style="list-style-type: none"> <li>• Administrative Assistant</li> <li>• Office Manager</li> <li>• Executive Director</li> </ul>
Goods and services where the value is between £100 and £5,000.	<ul style="list-style-type: none"> <li>• Office Manager</li> <li>• Executive Director</li> <li>• Convener</li> </ul>
Goods and services where the value is between £5,000 and £10,000.	<ul style="list-style-type: none"> <li>• Executive Director</li> <li>• Convener</li> <li>• Standards Commission</li> </ul>
Goods and Services where the value is more than £10,000.	<ul style="list-style-type: none"> <li>• Standards Commission</li> </ul>

2.5 In the event that any individual postholder identified in the Scheme of Delegation is absent for a period exceeding three months, the Standards Commission can choose to appoint a substitute on a temporary basis.

### Purchase Orders

2.6 Having obtained the necessary authorisation, in compliance with the scheme of delegation, any member of staff can raise a purchase order. It is the responsibility of the individual authorising

the purchase to ensure value for money is achieved and that suppliers are treated in a fair and equitable manner.

- 2.7 Purchase orders should always be raised in advance for the procurement of goods or services from new suppliers or for or a significant piece of new work with an existing supplier (the exception being for small value credit card transactions). The purchase order should contain a description of the goods or services being procured and the cost (estimated or actual) of the proposed purchase. In addition, the following information should also be detailed:
- the delivery address and due date;
  - the procurement method (i.e. verbal quote, written quote or tender); and
  - where appropriate, the Standards Commission's terms and conditions of contract.
- 2.8 On receipt, any goods received (and any delivery note) should be scrutinised against the purchase order. Any discrepancies should be brought to the attention of the supplier as soon as possible by telephone and followed up in writing (within two working days).
- 2.9 It is essential that care is taken, during any negotiations with potential suppliers, to avoid the unintentional creation of a contract.
- 2.10 These requirements outlined above do not apply when orders are placed as a call-off under an existing contract.
- 2.11 The individual authorising the purchase should always ensure that consideration has been given to using a SPCB authorised supplier, as it may be possible to take advantage of discounted rates.
- 2.12 Procurement must not be divided simply because it is convenient to do so (to avoid the need to seek quotations or undertake a tender exercise). Value for money must always be sought.
- 2.13 **Purchases under £1,000 (ex VAT)**  
Competition is not required for expenditure with an overall value of less than £1,000. However, the individual authorising the purchase can request that a comparison exercise is undertaken to ensure value for money is achieved.
- 2.14 **Purchases between £1,000 and £5,000 (ex VAT)**  
While formal competition is not required for the purchase of goods and services with an overall value of between £1,000 and £5,000, quotations from at least two suppliers must be sought so that the individual authorising the purchase has assurance that value for money has been considered. A record of any comparison exercise should be kept and attached to, or noted on, the purchase order. Quotations can be provided verbally or in writing (including in email or downloaded from a website).
- 2.15 **Purchases between £5,000 and £50,000 (ex VAT)**  
Where the value of goods and services have an overall value of between £5,000 and £50,000, a quotation and / or a formal tender exercise should be undertaken involving at least three suppliers. The extent of any quotation or tender exercise may vary, however, depending on market availability and the complexity of the goods and services to be purchased. The process followed should be proportionate to the overall contract value and the complexity in terms of the documentation and input required from bidders. Consideration should be given to the use of the Quick Quote facility on the Scottish Government's website at:  
[www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk).

#### 2.16 **Purchases of £50,000 or more**

The procurement of any goods and services with a total value of over £50,000 must be undertaken through a formal sealed bid tendering process. Further details about the tendering process are available on the Scottish Parliament's website at:

<https://www.parliament.scot/about/how-parliament-works/supplying-to-the-parliament/supplier-resources/procurement-policy>

It should be noted that The Procurement Reform (Scotland) Act 2014 requires all public bodies conducting a procurement for goods or services with a value of £50,000 and above to publish their intention to seek offers (known as a contract notice) on the Public Contracts Scotland website. The value of the contract is the total amount, net of VAT, which the organisation expects to pay over the full duration of the contract (including any options to extend). In addition, 'above threshold' notices will also appear on the UK e-notification Find a Tender Service.

#### 2.17 Two of the following three postholders:

the Executive Director; Convener; and Chair of the Audit and Risk Committee, can agree to authorise non-competitive action for the purchase of goods and services with a value of less than £50,000, but only in situations of extreme urgency or where there is only one possible supplier.

#### 2.18 An equalities impact assessment must be undertaken if the value of any purchase or contract is £5,000 or more.

#### 2.19 **Credit Cards**

Individual credit cards, issued by the Scottish Parliament, are held by the Executive Director and Office Manager. Corporate credit cards can be used for procurement of small goods and services. A two-person authorisation and approval process is applied in respect of all transactions involving the use of a credit card.

#### 2.20 On being issued with a Scottish Parliamentary corporate credit card, the holder must sign an official declaration confirming they are fully aware of the duties and responsibilities associated with the use of it (including that it is only to be used for official purposes), which is then retained by the SPFO.

### 3. **Payment Procedures**

#### 3.1 Payments made to suppliers of goods and services are processed by the SPFO following receipt of an instruction to pay issued by the Standards Commission. All instructions for payment submitted to the SPFO by the Standards Commission must be authorised, in terms of the SLA, by two signatories (see the table in section 3.8). The SPFO must be advised of the named authorised signatories (and any changes to these, even if it is only a temporary substitution), before any instruction to pay is issued.

#### 3.2 Unless otherwise stated in the contract, or where an invoice is disputed, the instruction to pay should be issued within five working days of receipt of the invoice.

#### 3.3 Wherever possible, an instruction to pay should not be issued in advance of the goods / services being delivered. If the preferred supplier requires payment for goods and services in advance of the goods / services being provided, authorisation to approve this action must be obtained from the Executive Director or Convener.

- 3.4 Where the value of the goods and services is estimated to be more than £10,000, and expenditure was not previously identified within the budget application to the SPCB, a business case detailing the requirement needs to be submitted to the SPCB for consideration. The business case should include confirmation that costs can be met from the allocated budget. Where funding is required for unplanned or unexpected expenditure on a one-off basis, and the costs cannot be met from the Standards Commission's approved budget, it will have to consider submitting a request for contingency funding.
- 3.5 If payment is to be made by BACs, the SPFO should be asked whether the supplier's details are already on the payment system. If not, the supplier should be asked to provide their bank details, via the SPFO's Supplier Details form, when any procurement order is placed to ensure there is no delay in payment following receipt of the goods or services. The completed form should be passed to the SPFO.
- 3.6 The SPFO will provide a supplier reference which must be quoted on the subsequent payment authorisation form.
- 3.7 Staff should always be vigilant and aware of the possibility of fraud, including attempts to redirect or intercept sums) when dealing with payment arrangements. In particular, staff should take steps to ensure any requests to change bank details or the method of payment are genuine.

### Payment Authorisation

- 3.8 A two-stage process is used for the authorisation of any payments. The following table outlines who is responsible for the payment authorisation procedures both stages. Stages one and two must be undertaken by different staff members.

Type of Payment	Stage 1	Stage 2 (must be a different individual)
Invoice	Office Manager Administrative Assistant	Office Manager Executive Director Case Manager
Credit card in Office Manager's name	Office Manager Executive Director	Executive Director Convener
Credit card in Executive Director's name	Executive Director	Officeholder Services Convener
Payroll	Office Manager Administrative Assistant Executive Director	Executive Director Convener Chair of Audit & Risk Committee

#### **Stage 1:**

- 3.9 On receipt of an invoice a member of staff will review the documents. The review process includes checking that:
- the procurement was authorised in accordance with the scheme of delegation and a purchase order was completed (where required);
  - the invoice or claim is arithmetically correct;
  - the invoice or claim is not a duplicate and has not previously been passed for payment; and
  - supporting documentation is provided (this includes any written authorisation, the purchase order, any goods received or delivery notes).

- 3.10 Following the review process, a payment authorisation form should be completed. The form should confirm the supplier details (including the SPFO supplier reference) and identify the cost centre codes to which the transactions is to be charged. The names of the individuals authorising the payment should be included on the form.

#### **Stage 2:**

- 3.11 On completion of stage one, the paperwork should be emailed to the second authoriser. The individual undertaking the stage two process should undertake a further review (as outlined in paragraph 3.9), before emailing their approval back to the first stage authoriser.
- 3.12 The individual undertaking the stage two process is responsible for confirming that all the necessary checks have been completed and that payment is authorised.

#### **Stage 3:**

- 3.13 All payment authorisation forms (and accompanying supporting paperwork) should be emailed to the SPFO for payment.

#### **Document Retention**

- 3.14 In accordance with the Standards Commission's document retention plan, electronic records of all financial transactions will be retained by the Standards Commission for six years after the end of the financial year to which they apply.

### **4. Finance Reporting**

- 4.1 The Standards Commission manages its finances with propriety and regularity, in accordance with its allocated budget and delegated authorities. The Executive Director has been appointed by the SPCB as the Standards Commission's Accountable Officer and has overall responsibility for ensuring financial propriety.
- 4.2 All payments are recorded within the Standards Commission's Cashbook spreadsheet. All invoices and associated back up documents are retained online, which all staff can access.
- 4.3 At the end of each month, the Office Manager prepares a report of expenditure against budget which is reviewed by the Executive Director before being sent to the SPCB. In addition, the SPFO issues management information reports one month in arrears, which enable the Executive Team to reconcile their records to those centrally held.
- 4.4 The Executive Team provides a financial report to the Standards Commission at the end of each quarter outlining the expenditure to date against the allocated budget, and any projected out-turns. This enables the Standards Commission to identify whether any of the budget can be surrendered or whether contingency funding should be sought.



Summary of changes made to the Finance and Procurement Policy and Procedures				
Date	Action by (initials)	Version Updated	New Version number	Brief Description (i.e. correct typos; updated para. 1 – revised, reformatted, Corporate Branding)
17/12/2019	SCS		2019v1	Creation of overall policy to replace different existing documents.
30/06/2020	SCS	2019v1	2020 v1	Inclusion of requirement to undertake an equalities impact assessment if the value of any purchase or contract is £5,000 or more.
24/11/2020	EM	2020 v1	2020 v2	To updated to include changes to the contract notification procedures after the UK exits the EU on 31 Dec 2020.
26/04/2021	LJ	2020 v2	2021 v1.0	Updated to change references to ‘Business Manager’ to ‘Office Manager’ to reflect change in job title. Inclusion of Caseworker as stage 2 authoriser of invoices.
14/12/21	SN	2021 v1.0	2021 v2.0	Section 3.8 updated to include Chair of A&R Committee as stage 2 authoriser of payroll
27/02/2023	SN	2021 V2.0	2023 V1	Overhaul of layout of policy, references to transactions covered under payroll policy removed.
03/03/2026	SN	2023 V1	2026 V1	3 year review – no significant changes proposed