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# **PROCUREMENT and FINANCE POLICY and PROCEDURES**

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## **1. INTRODUCTION**

- 1.1 This document outlines the Standards Commission's Procurement and Finance policies and 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, at Appendix A, 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, payroll 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 only employs three 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 provided or services obtained.
- 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 be delegated to any individual postholder.
- 1.6 The policies and procedures will be reviewed by the Standards Commission every three years, or as otherwise necessary.

## **2. POLICY**

### **AUTHORITY FOR EXPENDITURE**

- 2.1 All decisions in respect of procurement and contract management must be made in accordance with the Scheme of Delegation. 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 on page seven).
- 2.2 Individual credit cards, issued by the Scottish Parliament, are held by the Executive Director and Business Manager. The two-person authorisation and approval process is applied in respect of all transactions involving the use of a credit card.

- 2.3 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.
- 2.4 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 (see the 'Payments' section below).

## **PROCUREMENT**

### **Key Principles**

- 2.5 The underlying principle is to secure best value in all purchases, 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.
- 2.6 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.
- 2.7 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 (vfm). Vfm 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 authority;
  - minimise the risk of fraud. The Standards Commission has a zero-tolerance policy towards bribery and staff and members should not accept any gift, reward or hospitality from any organisation or individual with whom they have contact with during the course of their work; and
  - promote equality, diversity and sustainability and reduce environmental impact when involved with procurement related activities

### **Requirements**

- 2.8 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 vfm is achieved and that suppliers are treated in a fair and equitable manner.
- 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 The requirements outlined below 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). Vfm must always be sought.
- 2.13 **Purchases under £1,000**  
Competition is not required for expenditure with an overall value of less than £1,000. The individual authorising the purchase may, however, ask that a comparison exercise is undertaken to ensure vfm is achieved.
- 2.14 **Purchases between £1,000 and £5,000**  
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 vfm 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**  
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.publiccontractscotland.gov.uk](http://www.publiccontractscotland.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/abouttheparliament/65209.aspx>.  
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). Requirements with a value greater than the Official Journal of the European Union threshold must be advertised in the Official Journal before being advertised on the Public Contracts Scotland website.
- 2.17 The Executive Director or Convener can 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.

### **Credit Cards**

- 2.18 A corporate credit card can be used for procurement but only where doing so is necessary to secure vfm.

2.19 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.

### **Purchase Orders**

2.29 Purchase orders should always be raised in advance for the procurement of goods or services (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.

2.21 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).

### **Payments**

2.22 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.

2.23 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.

2.24 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.

## **FINANCE**

### **Key Principles**

2.25 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.

### **Finance Monitoring and Reporting**

2.26 At the end of each month the SPFO issues management information reports, which enable the Executive Team to reconcile expenditure against the allocated budget and assess any projected out-turns to the year-end.

2.27 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.

## Cashbook

2.28 All payment processing transactions are recorded within the Standards Commission's Cashbook record. All financial documents and files are retained on an online folder, which all staff can access.

## Travel and expenses

2.29 Members or staff travelling on official business will be reimbursed for the cost of any travel and expenses which they actually incur and for any necessary expenditure, which includes staying away from home overnight, up to the limits stated in the SPCB Travel and Expenses Policy, which can be found at: [www.parliament.scot/intranet/25568.aspx](http://www.parliament.scot/intranet/25568.aspx)

2.30 Claims for travel and expense submitted by members and the Executive Team are processed through payroll. Travel and expense claims submitted by the Administrative Assistant are processed by the SPFO as a BACS payment.

## 3. PROCESS

### Authorisation

3.1 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.

3.2 Authorisation to procure goods or services must be made in accordance with the Scheme of Delegation at Appendix A and obtained before any order for goods or services is placed.

3.3 Authorisation for good and services with an overall value of £100 or more must be provided in writing (including by email or in an approved minute of a Standards Commission meeting).

3.4 Verbal authority can be given in respect of the procurement of goods and services with an overall value of less than £100.

### Supplier set up

3.5 If payment is to be made by BAC, 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.

### Fraud Check

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	Business Manager Administrative Assistant	Business Manager Executive Director
Travel and expense claim for staff (excluding Executive Director)	Business Manager Administrative Assistant	Executive Director Convener Business Manager
Travel and expense claim for Executive Director	Business Manager Administrative Assistant Executive Director	Convener Chair of Audit & Risk Committee
Travel and Expense claim for members	Business Manager Administrative Assistant	Executive Director
Credit card in Business Manager's name	Executive Director Administrative Assistant	Executive Director Convener
Credit card in Executive Director's name	Business Manager Administrative Assistant	Officeholder Services Convener
Payroll	Business Manager Executive Director	Executive Director Convener

#### Stage 1:

3.9 On receipt of an invoice, or travel and expense claim form, 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;
- the invoice or claim is arithmetically correct;
- the invoice or claim is not a duplicate and has not previously been passed for payment;
- travel and expenses claims are within the authorised limits (paragraph 2.29);
- supporting documentation is provided (this includes any written authorisation, the purchase order, any receipts or tickets, any goods received or delivery notes);
- if no vouching is provided, then an explanation has been supplied (for example, that any train ticket or parking receipt was retained at the ticket barrier). It should be noted that the decision to reimburse any claim submitted without vouching rests with the individual responsible for counter signing / approval at stage 2.

3.10 Following the review process, a payments authorisation approval form should be completed. The form should confirm the supplier details (including the SPFO supplier reference) and identify the cost centre code(s) to which the transaction(s) is / are to be charged. The form should be signed and dated to confirm that payment is due, correct and authorised.

3.11 There is no requirement to complete a payment authorisation approval form for travel and expense claims, as the record of the review and approval processes is recorded on the claim form itself. The individual undertaking the stage one process should record the costs centre(s) to which the expenses are to be allocated before signing and dating the form in the Admin Use only table, to confirm that payment is due, correct and authorised.

**Stage 2:**

3.12 On completion of stage one, the paperwork should be passed to a second member of staff. The individual undertaking the stage two process should undertake a further review (as outlined in paragraph 3.9) before countersigning and dating the payment authorisation form or travel and expenses claim form.

3.13 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:**

3.14 All payment approval forms (and accompanying supporting paperwork) should be copied, scanned and saved before the original documents are passed to the SPFO for payment.

3.15 Any travel and expenses claim forms (and accompanying supporting paperwork) for the Administrative Assistant should be copied, scanned and saved before the original documents are passed to the SPFO for payment.

3.16 All travel and expense claims for members and the Executive Team (and accompanying supporting paperwork) should be copied, scanned and saved before being passed to the payroll processing provider for inclusion as part of the monthly payroll activities.

**Document Retention**

3.17 In accordance with the Standards Commission’s retention periods 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. Paper records will be retained for the current and the previous financial period only and will be destroyed thereafter.



Summary of changes made to the Finance and Procurement Policy and Procedures				
Date	Action by (initials)	Version Updated	New Version number	Brief Description <i>(i.e. correct typos; updated para. 1 – revised, reformatted, Corporate Branding)</i>
17/12/2019	SCS		2019v1	Creation of overall policy to replace different existing documents.

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>• Administration Assistant</li> <li>• Business 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>• Business 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>