

# Black Sluice Internal Drainage Board

## Policy No: 4 Procurement Policy

Review Dates:

Reviewed	27 <sup>th</sup> April 2016
Board Approved	15 <sup>th</sup> June 2016
Due for Review	

### 1. INTRODUCTION

The Board approve an annual budget in February for all expenditure by the Board. Items of expenditure are discussed and approved by the Executive Committee, the Works Committees and the Board.

There has been a culture of the Board approving major items of expenditure which brings with it value for money.

### 2. THE PROCUREMENT PROCESS

Whatever the cost of an item or service that the Board purchases the following process is followed through to payment of that item:-

- 1 A Board order form must always be completed for any purchase made by the Board, except for purchases made using the internet or for items purchased by the Woldmarsh Group.
- 2 The following people are authorised to be issued with order books:
  - a. Chief Executive
  - b. Finance Manager
  - c. Operations Manager
  - d. Pump Engineer
  - e. Assistant Pump Engineer
  - f. Finance Supervisor
  - g. Operations Supervisor
  - h. Fitter/Pump Engineers Assistant
  - i. Unimog Driver
- 3 The order form should be filled out at the time of order and signed by the person who is organising the order and countersigned as required.
- 4 The management team is the Chief Executive, Finance Manager and Operations Manager.
- 5 The order is given to the supplier with, where possible, the agreed price of the item or service.

- 6 The green copy of the order form is given to the Finance Assistant. If additional quotations for the goods have been obtained then these should be noted on this copy.
- 7 When a delivery note is obtained this should be given to the Finance Assistant.
- 8 When the Finance Assistant receives an invoice for the goods they are to attach the order and the delivery note to this.
- 9 The invoice is approved by the Finance Manager before payment is made.
- 10 A report is made to every Board Meeting of the invoices paid by the Board.

### **3. BASIS OF PROCUREMENT POLICY**

The policy sets out guidelines for procurement for four bands of expenditure:-

- Greater than £10,000
- Between £2,000 and £10,000
- Between £500 and £2,000
- Below £500

The Policy for Delegation of Authority gives the following authorities:

- 1 Executive Committee to approve any item of expenditure up to a value of £25,000.
- 2 The Chief Executive or Finance Manager to approve expenditure up to a value of £10,000 which is included in annual estimates and regular budgeted expenditure (eg electricity) in excess of £10,000.

### **4. PROCUREMENT POLICY**

#### **(a) Items with a value greater than £10,000**

These items will typically be:

- Large items of plant
- Machinery and electrical equipment for pumping stations
- Substantial repair contracts
- Large contracts
- Insurance policies
- Large amounts of pipes, steel piles and other materials for stock

These items will be included in the annual budgeted expenditure and through this method the expenditure will be approved by the Board. In most cases three quotations will be obtained or the proposed purchase will be approved by the Board.

In the case of specialised equipment or in an emergency where it is not possible to obtain alternative quotations the Chairman or the Vice Chairman of the Board shall authorise the purchase.

**(b) Items between £2,000 and £10,000**

These items will typically be:

- Items of new plant
- Large repairs to plant
- Repairs to equipment at pumping stations
- Purchase of pipes, steel sheet piles and other construction equipment for stock.
- Items of office equipment
- Consultancy services
- Contracts for maintenance works
- Monthly payments to electricity companies.

Quotations will be obtained for items of new plant, office equipment, consultancy services and contracts for maintenance works. These will be approved by the Executive Committee before procurement, unless these have been approved within the annual budgets when the Finance Manager or Chief Executive will approve the expenditure.

Repairs of plant and pumping station equipment need to be progressed without delay and will normally be carried out by contractors or suppliers who regularly carry out work for the Board. The Finance Manager or Chief Executive shall approve this expenditure and this will be reported to the Executive Committee as part of the monthly Accounts Analysis sent to members by Email.

Regular purchases of equipment and materials for stock will be approved by the Finance Manager or Chief Executive. The Operations Manager or Operations Supervisor will where possible obtain three quotations and the best value will be chosen.

Some monthly utility payments, particularly electricity bills, will be included in this category. These payments will be approved by the Finance Manager and Chief Executive. Best value for money is achieved by using a broker to negotiate annual, 2 year or 3 year contracts with the electricity supply companies.

**(c) Items between £500 and £2,000**

These items will typically be:

- Purchase of small items of plant
- Hire of plant and machinery
- Repairs to plant and machinery
- Purchase of spare parts for machinery
- Material for construction materials.
- Computers and office equipment

The Finance Supervisor, Operations Supervisor, Fitter/Pump Engineers Assistant and Unimog Driver shall, where possible obtain three quotations and obtain the authorisation from a member of the management team before signing an order for this level of procurement.

The Pump Engineer shall after obtaining three quotations, where possible, have the authorisation to sign an order for this level of procurement when associated with pumping station equipment.

**(d) Items below £500**

These items or services are typically spare parts for machinery, office materials and other similar goods.

If possible, value for money will be achieved by obtaining at least one other quotation or by comparing the price with previous purchases of similar goods or services. It is accepted that small incidental purchases will be purchased from the most appropriate local supplier and this is to be noted on the carbon copies of the order.

## **5. ITEMS PURCHASED BY CREDIT CARD**

Credit cards have been issued to the Chief Executive, Finance Manager and Operations Manager for use in purchasing goods and services for the Board. These items will be authorised by the management team and no one officer should authorise their own expenditure.

These purchases will be subject to the same guidelines as normal purchases.

## **6. ITEMS PURCHASED BY WOLDMARSH GROUP**

The Board has become a member of the Woldmarsh Buying Group which works on behalf of its members to procure goods and services at preferential prices.

If goods or services are required a member of the Management Team will contact Woldmarsh who will procure the items on behalf of the Board. An official Board order form will be completed as above to include the agreed prices and the analysis for the accounts.

As soon as Woldmarsh have completed an order to the suppliers a confirmation of the order is sent to the Operations Manager, Finance Manager and Chief Executive Officer for review and oversight.

Woldmarsh submit an invoice for payment once per month for all of the goods and services purchased for the Board.

## **7. SUMMARY**

The above policy is not exhaustive and is written as a guide to the appropriate level of authorisation for the level of procurement required.

Members of staff should always liaise with members of the management team to ensure that procurement of materials and services give satisfactory value for money.

Staff should look for every opportunity to make bulk purchases with other authorities to achieve additional value for money.