

Procurement Policy & Procedure

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All Translink Group Corporate Procedural Documentation (policies, procedures and guidelines) should be consistent in terms of development, approval, implementation, communication, control and review in line with these guidelines.



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Contents

PROCUREMENT POLICY STATEMENT	5
Introduction	6
Context and Scope	6
Financial Approvals and Delegated Authority	6
Applicable Legislation	7
Utilities Contracts Regulations 2016	7
EU Treaty Principles	7
Collaboration	7
Procurement Control Limits	7
Calculating Cost Thresholds	8
Disaggregation	8
Method of Tendering	8
TRF550 Process	9
Contract Initiation Request Process	9
Evaluating Tenders	10
Making a Contract	10
Extending a Contract	10
Modifying a Contract	10
Direct Award Contracts (DACs)	11
Managing a Contract	11
Ethical Standards and Conduct	12
Procurement Transactions	13
ABW	13
Retrospective Orders	13
Pre-payments / Stage Payments	13
Standing/Blanket Orders	14
Paying Personally for Goods or Services	14
Delivery and Receipt of Goods	14
Procurement Records	14

Freedom of Information (Fol) and Environmental Information Regulations (EIRs)	15
General Data Protection Regulations 2018.....	15
Internal Audit	15
Risk Management	15
Disposal of Surplus or Obsolete Equipment and Materials	16
Complaints and Challenges.....	16
Customer Complaints and Feedback	16
Supplier Complaints Process	16
Legal Challenges.....	16
Local Government Requirements	16
Gateway Review Process	17
Programme / Project Management	17
Grant Aid and Letters of offer from Department for Infrastructure (Dfi)	17
Procurement of Fuel, Electricity and Gas.....	17
Management of Gas and Electricity Price Exposure	17
Coverage	17
Legal Obligations	18
Approvals Process	18
Market Verification	18

PROCUREMENT POLICY STATEMENT

The Group will operate procurement activity in accordance with NI Public Procurement Policy, EU Procurement legislative requirements, corporate objectives and industry standards, demonstrating its commitment to deliver a quality procurement service.

This will incorporate:

- Timely delivery and value for money
- Contract management
- Supplier management
- Best procurement and commercial practice
- Recognition of safety and environmental concerns
- Compliance with Specification
- Ethical, social and environmental responsibility

We will establish mandatory procedures and controls that adhere to all applicable policies and legislation to ensure all holders of delegated procurement authority act within the aims of the Group Procurement Policy and Procedures.

We will develop stable, long term relationships with key suppliers and at the same time encouragement will be given to appropriate new suppliers in order to maximise the benefit of competitive procurement.

Contracts will be awarded to suppliers who meet the specified quality, reliability and safety requirements that represent the best overall value to the Group. These will be based on 'whole life' costs that also consider factors such as technical compliance, operating costs, warranty and product support, inventory and distribution costs, pricing and payment schedules.

Holders of Delegated Procurement Authority will be subject to frequent review and audit to verify compliance with the instructions contained in the Group Procurement Policy and Procedures.

All Group Managers are accountable for ensuring that the Procurement Policy and Procedures are briefed, understood and implemented at all levels within the Group.

Chris Conway

Group Chief Executive

February 2017

Introduction

Throughout this Policy, the words 'Translink' 'Company' and/or 'the Group' refer to all corporate entities under the ownership of the Northern Ireland Transport Holding Company (NITHC). This includes the parent company and each subsidiary either individually or taken together as a group.

Context and Scope

The Translink Group is responsible for operating public transport services within Northern Ireland (NI) and as such, has a unique portfolio of spend. Accordingly, Translink is accredited, by the Procurement Board for Northern Ireland, as a Centre of Procurement Expertise (CoPE).

As part of the Finance Division, the Procurement Department is a core function of the Translink Group. The Procurement Policy and Procedures detailed herein apply to the Group in its entirety.

Procurement by the Group also follows the guidance as set out in the Central Procurement Directorate Policy Unit Procurement Guidance Notes (PGNs).

The Procurement Department's role covers everything from supplier sourcing to oversight of contract management through to asset disposal (where appropriate). There are, however, financial transactions which fall outside the remit of Procurement – for example, transactions over which Procurement has no influence (rent, rates, licences, levies, etc). These may therefore fall outside the scope of this policy. The '[Guidance on Requirement for Purchase Orders](#)' provides information on which of these transaction types are governed by the Group Procurement Policy and which are not.

To ensure compliance with procurement legislation and to retain the Group's status as a Centre of Procurement Expertise, all Procurement, tender action and contract awards must be authorised by the Procurement Department unless delegated authority has been granted.

All Group employees **must** follow Translink's Procurement Policy and Procedures. Line managers have accountability for their staff and must ensure that they are aware of and adhere to the Group Procurement Policy and Procedures.

Financial Approvals and Delegated Authority

The Management Statement and Financial Memorandum provides a sound framework of effective financial controls, whereby no single individual has exclusive authority and control over any significant transaction or group of transactions.

For ease of reference, the applicable delegated authority levels are set out in a number of process maps:

[Financial Delegations for Making and Extending Contracts](#)

[Financial Delegations for Direct Award Contracts](#)

[Financial Delegations for Agresso](#)

[Financial Delegations for Modifying Contracts](#)

These are explained further within the relevant sections of this policy.

Applicable Legislation

Utilities Contracts Regulations 2016

The Group is classified as a Public Sector Utility and as such must comply with the Utilities Contracts Regulations 2016 (and, where applicable, the Concession Contracts Regulations 2016.)

EU Treaty Principles

Even if a procurement is not fully regulated, ie, its value does not exceed the relevant threshold which requires a full EU tender¹, it should follow the principles deriving from the Treaty on the Functioning of the European Union ("the EU Treaty Principles) – i.e.

- Transparency - procedures must be transparent and contract opportunities should generally be publicised
- Equal treatment and non-discrimination - potential suppliers must be treated equally
- Proportionality - procurement procedures and decisions must be proportionate
- Mutual recognition - giving equal validity to qualifications and standards from other Member States, where appropriate

The Procurement Team will take all necessary steps, and will follow detailed legal guidance - reviewed and updated regularly - to ensure that Group procurement is undertaken in accordance with these Regulations and Principles.

Collaboration

In line with the NI Procurement Board's Collaborative Procurement Strategy (June 2013), as set out in [Procurement Guidance Note 05/14](#), the Group is required to explore opportunities for collaboration with other CoPEs and to avail of arrangements established by Crown Commercial Services or its partners.

On the identification of a requirement, the Procurement Department will, in the first instance, investigate the availability of an opportunity for collaborative procurement. If such an opportunity is identified, then it will be utilised – unless there are significant and compelling reasons to the contrary. In such circumstances, these reasons should be documented in the Procurement Strategy section of the Contract Initiation Request (CIR) Form, together with a note on how the situation may be resolved to enable future collaborative opportunities. In approving the request, the Head of Procurement will verify that the reasons for not collaborating are sufficient and that the procurement can proceed as outlined in the strategy.

In circumstances where no collaborative opportunity exists, this should be clearly documented in the Procurement Strategy.

Procurement Control Limits

The following limits apply only where an arrangement (eg a collaborative opportunity, a contract or a framework agreement²) does not already exist and/or cannot be used for

¹ OJEU Thresholds wef 1 Jan 2018 – Supplies and services - £363,424; Works - £4,551,413

² An arrangement established with one or more providers where each purchase (call-off) constitutes a contract.

legitimate reasons.

In such cases, as a Public Utility, Translink follows the Procurement Control Limits as set out in [Procurement Guidance Note 04/12: Procurement Control Limits and the Basis for Contract Awards](#). These are replicated in the table below.

Estimated Value of Purchase (ex VAT)	Requirement
£0 to £1,500	Minimum of 2 verbal quotations – recorded, signed and dated
>£1,500 to £5,000	Minimum of 2 quotations as follows: <ol style="list-style-type: none"> 1. Quote by email (preferred method) 2. Quote by phone or in person - recorded, signed, dated and retained in soft copy 3. Internet screenshot printed, signed, dated and retained in soft copy
Rules for £0k to £5,000 purchases: <ul style="list-style-type: none"> • must be value for money and adhere to DoF guidance 'Managing Public Money Northern Ireland'; • must be a one-off requirement and must not cost any more than £5,000 (exc VAT) in total. 	
>£5,000 to £50,000	Supplies and Services - Minimum of 2 'Simplified Tenders' (see Method of Tendering)
	Construction Works and Services – use existing framework agreement <u>only</u>
>£50,000 – OJEU Threshold ³	Publicly Advertised Tender (see Method of Tendering)
>OJEU Threshold ⁴	Full EU Tender (see Method of Tendering)
Rules for purchases >£5,000: <ul style="list-style-type: none"> • condition of Translink's CoPE accreditation - eTendersNI portal must be used to perform competition and evaluate on-line (guidance and support provided by Procurement Team). 	

The above excludes the provision of consultancy services, for which there are separate rules. These are set out in [Procurement Control Limits for Tendering incl Consultancy](#).

Calculating Cost Thresholds

In order to determine which of the above limits applies to a purchase, the aggregated total cost of the supplies, services or works should be taken into account. Where these are required to be delivered over a period of time, then the total cost for that period should be used. If the period of supply cannot be determined, then the total cost should be based on a maximum period of 48 months.

Disaggregation

Under no circumstances should costs be deliberately disaggregated in order to apply lower control limits.

Method of Tendering

³ OJEU Thresholds wef 1 Jan 2018 – Supplies and services - £363,424; Works - £4,551,413

Tenders must be sought for all procurements valued >£5,000. This is explained further in the table below.

Estimated Value of Purchase (ex VAT)	Method of Advertising	Process	Timescales
>£5,000 to £50,000	Supplies and Services - Minimum of 2 'Simplified Tenders' from selected suppliers, via: <i>eTendersNI</i>	TRF550 Process (see link below)	At least one week from issue to closing date
	Construction Works and Services – use existing framework agreement only	n/a	n/a
>£50,000 – OJEU Threshold	Publicly Advertised Tender via: <i>eTendersNI</i> <i>Twitter B2B</i> <i>Translink Corporate Website</i>	Contract Initiation Request Process (see link below)	At least two weeks from publication to closing date (plus same for selection stage if used)
>OJEU Threshold	Full EU Tender via: <i>eTendersNI</i> <i>Official Journal of the European Union (OJEU)</i>	Contract Initiation Request Process (see link below)	Prescribed EU timescales - will vary depending on procedure used. Refer to Procurement for advice.

[TRF550 Process](#)

[Contract Initiation Request Process](#)

Evaluating Tenders

Estimated Value of Purchase (ex VAT)	Number of Evaluators	Training Requirements
>£5,000 to £50,000	Supplies and Services – one Group employee, with award decision validated by Procurement Advisor	Completion of eLearning Module on Tender Evaluation
	Construction Works and Services – n/a (use of existing framework only)	n/a
>£50,000	Panel consisting of at least three Group employees, moderated by Procurement Advisor	Completion of Tender Evaluation Training via Translink's Learning Pool Site

Making a Contract

The process map [Financial Delegations for Making and Extending Contracts](#) shows the requirements for seeking approval to enter into a contract. For contracts valued >£50k, a [Tender Report](#) must be produced by the Contract/Project Manager, in consultation with the relevant Procurement Advisor, and approved by the Head of Procurement. It must then be submitted to the Corporate and Divisional Meeting for approval.

Under no circumstances should a contract be entered into without the requisite approval(s) having been sought.

Extending a Contract

The process map [Financial Delegations for Making and Extending Contracts](#) shows the requirements for seeking approval to extend a contract. An extension should only be applied made if appropriate provision has been made within the original contract. Contracts which do not have such a provision cannot normally be extended.

In certain circumstances, there may be scope to modify the contract (see below) or it may be necessary to use the Direct Award Contract (DAC) process to extend an existing arrangement – eg in the event of a legal challenge which has suspended the award of the replacement contract.

In any such circumstances, advice should be sought from the Procurement Department before proceeding down any route to extend a contract where formal options for extension are not present.

Modifying a Contract

A contract can only be modified in the following circumstances:

- The modification was included as an option in the original contract in the form of a clear, precise and unequivocal review clause; or
- There are truly exceptional circumstances where it would be impossible to change contractor and the cost or inconvenience associated with doing so would be prohibitive to one of the fundamental purposes of the contract eg to deliver value for public money; or
- In circumstances which could genuinely not have been foreseen by the Group, acting as a diligent contracting authority.

Due to the associated risks and limitations, a contract should only be modified once the basis of the modification has been assessed by the Procurement Department and the rationale agreed. This may require additional steps to be taken before attempting to modify the contract – for example, the publication of a transparency (VEAT) notice in the European Journal citing the reasons for the modification. Only when the Procurement Department is satisfied that due process has been followed should approval be sought to modify a contract.

The process map [Financial Delegations for Modifying Contracts](#) shows the requirements for seeking approval to modify a contract.

Direct Award Contracts (DACs)

It is recognised that competition may be absent in certain circumstances. Regulation 50 of the Utilities Contracts Regulations 2016 sets out the permissible instances when a contracting authority can award a contract directly without a call for competition. The relevant extracts from Regulation 50 are set out in the [Guidance on Direct Award Contracts](#).

CPD [Procurement Guidance Note 03/11](#) also sets out guidance on the use of Direct Award Contracts.

Note that, although not all DACs will be of a value which exceeds the EU procurement thresholds⁴, the same principles for justification will apply – regardless of value.

Planned expenditure on Supplies, Services or Works which:

- does not fall into the category of a Non-PO Invoice (see [Guidance on Requirement for Purchase Orders](#)); and
- has not in itself been subject to a competitive tender process; and
- exceeds £5k in value **or** is for consultancy services, regardless of value

requires the completion of a Direct Award Contract (DAC) Request. There are two DAC Request forms:

- DAC Form 1 – for use where no contract existed previously and where competition is absent for a specific reason. ([DAC Request – Form 1](#))
- DAC Form 2 – for use where the DAC relates to an existing contract, i.e. supplies, services or works which have previously been tendered. (*Only the Procurement Department will initiate DAC Form 2 Requests*)

See also [Financial Delegations for Direct Award Contracts](#).

For DACs <£5k, an explanation must be provided on the associated requisition.

Managing a Contract

To determine how your contract should be managed, you should refer to [PGN 01/12 – Contract Management Principles and Procedures](#) and the [Contract Management Tiering Tool](#). By inputting information on your contract into the Tiering Tool, it will define the strategic importance and complexity of the contract, as well as the approach which should be taken to its management.

Where possible, formal Key Performance Measures (KPMs) should be used to ensure that the required standards are met. The levels of service/outputs required, whether these are

⁴ OJEU Thresholds wef 1 Jan 2018 – Supplies and services - £363,424; Works - £4,551,413

reasonable/achievable and how they can be accurately measured will depend on the nature and size of the contract and the level of monitoring required on a daily basis.

Ethical Standards and Conduct

All Group employees who are involved in Procurement must comply with the **12 Principles of Public Procurement**:

1. **Accountability:**
Effective mechanisms must be in place in order to enable public bodies to discharge their personal responsibility on issues of procurement risk and expenditure.
2. **Competitive Supply:**
Procurement should be carried out by competition unless there are convincing reasons to the contrary.
3. **Consistency:**
Suppliers should, all other things being equal, be able to expect the same general procurement policy across the public sector.
4. **Effectiveness:**
Public bodies should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement.
5. **Efficiency:**
Procurement processes should be carried out as cost effectively as possible.
6. **Fair-dealing:**
Suppliers should be treated fairly and without unfair discrimination, including protection of commercial confidentiality where required. Public bodies should not impose unnecessary burdens or constraints on suppliers or potential suppliers.
7. **Integration:**
Procurement should pay due regard to economic and social policies, rather than cut across them.
8. **Integrity:**
There should be no corruption or collusion with suppliers or others.
9. **Informed decision-making:**
Public bodies need to base decisions on accurate information and to monitor requirements to ensure that they are being met.
10. **Legality:**
Public bodies must conform to European Community and other legal requirements.
11. **Responsiveness:**
Public bodies should endeavour to meet the aspirations, expectations and needs of the community served by the procurement.
12. **Transparency:**
Public bodies should ensure that there is openness and clarity on procurement policy and its delivery.

The Group expects high standards of ethical conduct from employees involved in Procurement and from its suppliers. Procurement specialists are also expected to observe and comply with codes of conduct set out by the Chartered Institute of Procurement and Supply.

Employees operating in the area of procurement are expected to be particularly observant of, and comply with the codes of conduct set out by the Group's policies on:

Fighting Bribery in Public Procurement – employees should prevent the use of any

form of bribery or improper offers of payment to or from employees or organisations.

Gifts and Hospitality Policy - employees should conduct themselves with honesty and impartiality in the exercise of their duties and, as a consequence, should not receive benefits of any kind from a third party which might reasonably be seen to compromise their personal judgement or integrity.

Anti-Fraud Policy – employees must at all times act honestly and with integrity and to safeguard the Company resources for which they are responsible.

Employees involved in tendering processes must act with to ensure even-handedness, fairness and strict equity between Tenderers. The following must be strictly applied:

Conflicts of interest – any employee, involved in a procurement in which they believe there may be a potential conflict of interest, must declare that interest.

Confidentiality - must be respected by all employees and no information in relation to the outcome of a competition should be disclosed until the agreed announcement date.

Bid Rigging – any employee involved in a procurement has an obligation to be vigilant and to raise concerns where tenderers appear to be employing unusual pricing tactics or indulging in other anti-competitive behaviour.

Procurement Transactions

No commitment should be entered into for the supply of goods, services or works unless the transaction is fully compliant with the Group Procurement Policy.

ABW

ABW is the Group's ERP system which handles all transactions within the purchase to pay (P2P) cycle. Rules for the use of the system are as set out in [Agresso System Management](#).

Once a requisition has been entered onto ABW, it follows a workflow approval route depending on the nature and value of the requirement. Requisitions will only convert to Purchase Orders once they have successfully passed through this approval process.

Only Purchase Orders, or the related numbers, should be passed to suppliers. Under no circumstances must the Requisition number be given to a Supplier.

Only those authorised as 'Responsible' users may raise/approve requisitions or approve invoices on ABW.

Retrospective Orders

No commitment should be entered into for goods, works or services without an approved Purchase Order. Retrospectively raising a requisition to pay an invoice is not permitted.

Pre-payments / Stage Payments

On some occasions, it may be necessary to pay for goods or services prior to receiving them. It should be noted that wherever possible, pre-payment should be avoided as it places Group funds at risk.

Thus, such payments should only be considered where the supplier can offer payment protection – for example, in the form of a banker's guarantee whereby all monies paid will be refunded in full, should the supplier fail to fulfil the contract.

In any case where such payments are sought by a supplier, advice should be obtained from the Head of Procurement before making any payment.

Standing/Blanket Orders

In situations which involve a high volume of low value transactions, the use of a standing or blanket order can minimise administrative costs.

A standing order is one which is placed for a quantity of an item to be delivered at staged intervals, eg weekly over a pre-determined period. As each delivery is received and paid for, the outstanding balance is reduced until it is complete.

A blanket order is one which may be appropriate where the items required are of an ad hoc nature, either due to irregular demand patterns or varying specifications. A blanket order should quote either a maximum monetary value (estimated to cover, for example, six months of deliveries) or a fixed time period. The use of each blanket order must be monitored and strictly controlled.

When using standing or blanket orders, care must be taken to ensure that procurement procedures are adhered to and that, if the order is not for contract items, procurement control limits are not exceeded. Guidance should be sought from the Procurement Department as and when necessary.

Standing or blanket orders should not be carried over from one financial year to the next.

Paying Personally for Goods or Services

Unless in exceptional circumstances (for example, to meet an urgent requirement when no other procurement method is available), employees are not permitted to pay personally for goods or services with a view to being reimbursed for their expenditure.

Delivery and Receipt of Goods

When goods have been received, their correctness should be checked and the quantities received should agree with the delivery note which accompanies them. Goods should not be signed for until they have been checked. If insufficient time is available to do this, the delivery note should be clearly marked "goods received but not inspected by".

Goods retained for what the law terms "a reasonable time" will be deemed to have been accepted. It is therefore essential that all goods are checked as soon as possible and any deficiencies, faults etc notified to the supplier as soon as possible, and confirmed in writing.

The delivery note is a key component of the contract documentation and should therefore be retained in soft copy for audit purposes.

Procurement Records

All procurement records will be retained in line with the Group's [Information Management Policy](#).

Freedom of Information (Fol) and Environmental Information Regulations (EIRs)

Any requests for information, received by the Procurement Department, will be passed to the The Freedom of Information Co-ordinator and will be handled in line with the [Freedom of Information Policy](#).

General Data Protection Regulations 2018

The GDPR aims to protect the privacy of all EU citizens and prevent data breaches. Personal data means any information that relates to an identified or identifiable living subject ie staff member, member of the public, customers, etc. It may include an individual's name, address, phone number, date of birth, place of work, dietary preferences, opinions, opinions about them, whether they are members of a trade union, their political beliefs, ethnicity, religion, or sexuality. It can also include an individual's email address or job title if that sufficiently picks them out so that they can be identified (in isolation or with other information that may be held). The above is not exhaustive and any information that relates to an individual can be personal data.

The GDPR gives protection for personal data, and imposes obligations on those who process personal data. The obligations include:

- when their personal data are collected, individuals must be given more information about how it will be used through enhanced privacy notices; and
- individuals will have rights to have their personal data rectified, erased and/or provided to them. As a result, the systems used by organisations must be able to honour these rights.

Contract Managers must ensure that cognisance is taken of the use of personal data in all relevant contracts and that this is recorded on Contract Initiation Form.

The Procurement Department will ensure the application of GDPR legislation to all Group contracts, in line with [PGN 01/18 - Actions Required on Contracts as a Result of the General Data Protection Regulation \(GDPR\)](#).

Internal Audit

Internal Audits are carried out to ensure that procurement standards continue to meet the needs of the Group whilst complying with legal requirements. The frequency of Internal Audits will depend upon the Group Internal Audit programme of work.

Areas for review found at internal audit and recommended actions to address these areas are collated into an Action Plan for the Group to address. The Head of Procurement will discuss the report with the relevant employees and appropriate action nominee(s) will be identified. The action nominee will be tasked with establishing a satisfactory outcome for the area for review. A target completion date will be agreed.

Corrective / preventative action and target completion dates will be reviewed on a regular basis at the department management team meetings.

Risk Management

The Finance Division holds a risk register on which current procurement related risks should be recorded and kept updated.

Procurement risks should also be recorded in individual risk registers associated with capital project boards.

Risk must always be a consideration when tendering for all supplies, services and works – for example in respect of health and safety, supplier liability and business continuity – and appropriate steps taken to mitigate these risks.

Risks should be considered, and steps taken to mitigate as appropriate, in respect of each stage of the procurement process – from identifying the need and planning the purchase through to managing the resultant contract.

Disposal of Surplus or Obsolete Equipment and Materials

Asset disposals must adhere to the protocols as set out in the relevant [Policy](#).

Complaints and Challenges

The Procurement Department is committed to offering a high standard of service to all of our internal and external customers and is committed to continuous improvement.

Customer Complaints and Feedback

The Procurement welcomes feedback from its customers and in the event that a complaint should arise, there are protocols for dealing with this.

If you have any problems or complaints regarding a procurement matter, you should:

- In the first instance, contact the Procurement staff member you are dealing with or who is allocated to your Division.
- If this member of staff is not able to resolve the issue, you should contact the Head of Procurement – briefly setting out the details of your complaint.
- If, having liaised with the Head of Procurement, you remain dissatisfied, then you should put your case in writing to the Chief Financial Officer who is also designated as the Head of CoPE.
- Where the Head of Procurement considers that a matter requires escalation, he/she will elect to refer it directly to the Chief Financial Officer.

Supplier Complaints Process

The process for the handling of complaints regarding procurement is outlined on the

[Group website](#). Details of formal complaints and outcomes will be recorded by the Procurement Department and lessons learned will be implemented, where applicable.

Legal Challenges

Should the Group receive either correspondence threatening a legal challenge or a Writ of Summons suspending the procurement process, the Head of Procurement must be informed as soon as possible to ensure that appropriate steps can be taken.

Details of legal challenges and outcomes will be recorded by the Procurement Department and lessons learned will be implemented, where applicable.

Local Government Requirements

Gateway Review Process

The Group shall follow when it is appropriate to do so the Central Procurement Directorate's [Procurement Guidance Note 03/09: Procedures and principles for application of threshold limits as part of the Gateway Review process](#).

Guidance Note 03/09 sets out the de minimis limit to be applied for application of the Gateway Review Process. This limit will apply in all cases where a Departmental Accounting Officer does not make a specific ruling. The guidance also includes an upper value limit above which the Gateway Review Process will be mandatory.

Programme / Project Management

The Group shall follow when it is appropriate to do so the Central Procurement Directorate's [Procurement Guidance Note 01/09: Best Practice in Programme /Project Management](#).

Procurement Guidance Note 01/09 sets out the parameters within which NI public sector programmes and projects must be conducted. It widens the previous focus on ICT enabled change programmes and projects and consolidates its remit to cover all programme/project types.

Grant Aid and Letters of offer from Department for Infrastructure (DfI)

When it is appropriate to do so, the Group will follow the Central Procurement Directorate's [Procurement Guidance Note 01/07: Grant and Procurement](#).

The Group is classified in Category 1 under Guidance Note 01/07 and therefore may have conditions related to the Grants it receives for procurement. The Grant is normally flowed down in the form of a Letter of Offer from DfI. The Letter will usually have the conditions attached to the Offer.

It is important to note that sometimes the Letter of Offer will contain special conditions that may need to be addressed through the procurement cycle. These conditions must be checked and it must be established if and where these need to be built into the cycle and consequently any contract which results.

Procurement of Fuel, Electricity and Gas

Procurement of Fuel – [see separate Policy](#)

Management of Gas and Electricity Price Exposure

To outline the strategy for the management of energy price exposure relating to Natural Gas and Electricity used by NITHC/Translink in the delivery of public transport services in Northern Ireland. Separate procurement arrangements are in place for Gas Oil, DERV and other physical fuel stocks.

NITHC/Translink, covering Ulsterbus, Metro, N I Railways and NITHC annually uses circa 15 Million KWh of electricity, and 6.5 Million KWh of natural gas. The approximate annual energy bill for facilities is £2m, this represents approximately 2% of operating input costs. It is corporate policy to minimise financial exposure on as many of the significant input costs as possible.

Coverage

NITHC/Translink will ensure that electricity and gas prices are fixed on an annual basis. Forward prices will be reviewed on a monthly basis with a view to securing energy prices for a further 3, 6 or 12 month period on a rolling basis.

It is recognised that that this may conflict with annual financial accounting periods.

It is anticipated that protection that is put in place will cover > 80% of the volumes to be used during the period.

Protection may be taken on both Natural Gas and Electricity, according the state of each particular market at the point in time. NITHC/Translink will reserve the right to award separate or combined energy price exposure.

To ensure that the strategy is fully up to date the Procurement Manager, or his nominated appointee, will monitor the market on a regular basis. The Chief Financial Officer will be regularly informed of market developments.

Should market conditions be favourable, action to cover forward in line with the strategy may be taken at any time under the authority delegated to the Chief Financial Officer. Advice shall be sought from suppliers and the energy team as to whether prices are “favourable”.

The Chief Financial Officer shall notify the Executive Group should Translink purchase energy outside a fixed price agreement (exposed to market prices).

Legal Obligations

At all times NITHC/Translink will operate within the Utilities Contracts Regulations 2016.

NITHC/Translink will keep advised its sponsoring department, namely the Department for Infrastructure of any such commitments made within the strategy.

NITHC/Translink will only contract with companies licensed to supply natural gas and electricity within Northern Ireland. This is currently governed by OFREG.

All contractual documentation will be authorised by the Chief Financial Officer on behalf of NITHC/Translink

Approvals Process

Authority is delegated to the Chief Financial Officer to authorise such actions as will commit the Company to enter into financial arrangements to protect the long term fuels pricing position. Where practical the Chief Financial Officer will appraise the Group Chief Executive of the position prior to commitment

Such actions will be reported by the Chief Financial Officer at the earliest opportunity to the Translink Executive Team and NITHC Board. This may involve retrospective notification.

Market Verification

NITHC/Translink will undertake independent verification of prices quoted by the supply market as appropriate.