**PROCUREMENT JOURNEY**

**(Low value orders)**

Across the University there are some irregular and inefficient methods for purchasing goods and services that don’t meet the institutional Finance and Purchasing Regulations or audit requirements and these practices must be improved.

We have an obligation to use best practice and demonstrate value for money when purchasing with public funds, and for higher value procurement this is a legal requirement. Please follow the flow chart for information on how to raise a purchase order.

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**I need to purchase/order an item or a service**

Is there an existing source of supply?

Look at:
- UNIBUY portal: www.unibuy.com or
- APUC web-page: www.apuc-scot.ac.uk, or
- University Procurement: www.abdn.ac.uk/staffnet/documents/Procurement-policy.pdf

**Is there a supplier with a current contract for this product or service?**

Follow the contract’s Buyers’ Guide in the portal to select a firm and place an order

**Are there suitable suppliers already available on the Finance system?**

OneSource has enhanced enquiry options.

**Will the cost be below £5000?**

If your School or Section uses Requisitions, arrange for one to be raised. If not, request that your DFP/SFP raises an order to be sent to the supplier for the goods or services.

**NB:** Text used in the req/order lines must describe the goods or services. These must not say “as quote”, “as above” or “ditto”.

A formal tendering procedure is needed. Contact your Lead Buyer or Procurement (procurement@abdn.ac.uk)

As they have an institutional responsibility for high value orders, please consult the central Procurement team as soon as possible (procurement@abdn.ac.uk)

**Are there sufficient funds for this purchase?**

**NO**

If there is no current agreement for your product or service, then competitive quotes will be needed to obtain a best value selection.

Will the cost be between £50,000 and £100,000?

Don’t go any further with the purchase before arranging for adequate cash to be available in the correct budget, as this will have to be done before an order is placed. Discretionary funds might need Head of Discipline approval, and use of core funds might need endorsed by Head of School.

**Will the costs be over £100,000?**

**YES**

As they have an institutional responsibility for high value orders, please consult the central Procurement team as soon as possible (procurement@abdn.ac.uk)

**NB:** Please DO NOT add new suppliers without first checking if there is an appropriate firm on the Finance database.

The M I N I M U M number of written or verbal quotes required, or the level at which full tendering procedures are necessary, is detailed below.

| Under £1,000 | 1 quotation, written or verbal |
| £1,000 up to £5,000 | 2 written quotations |
| £5,000 up to £50,000 | 3 written quotations |
| £50,000 and above | 4 tenders |
| £100,000 and above | Procurement must be consulted |

**Are there suitable suppliers already available on the Finance system?**

OneSource has enhanced enquiry options.

**NO**

**YES**

Having first checked which suppliers are already available on the Finance system, request that they provide quotations.

**Will the cost be below £5000?**

**YES**

If your School or Section uses Requisitions, arrange for one to be raised. If not, request that your DFP/SFP raises an order to be sent to the supplier for the goods or services.

**NB:** Text used in the req/order lines must describe the goods or services. These must not say “as quote”, “as above” or “ditto”.

A formal tendering procedure is needed. Contact your Lead Buyer or Procurement (procurement@abdn.ac.uk)

As they have an institutional responsibility for high value orders, please consult the central Procurement team as soon as possible (procurement@abdn.ac.uk)

**NO**

- Research the market:
- Speak to your SFP/DFP; look for previous orders; perform online search – then
- Obtain quotations.
- Please note that that any supplier NOT on the Finance database will have to be added*. You, or your SFP/DFP, can do this by completing (with the supplier) a Supplier Information Form (www.abdn.ac.uk/staffnet/working-here/supplier-set-up-1152.php), and sending this to Procurement.

- Will the goods or services cost between £50,000 and £100,000?

- Will they cost over £100,000?

**NO**

- Obtain written quotes from a minimum of three suppliers;
- Select the firm offering the best value;
- Complete a Bid Summary Form to explain selection (www.abdn.ac.uk/staffnet/documents/Procurement-policy.pdf);
- Raise requisition (or order).

**YES**

Don’t go any further with the purchase before arranging for adequate cash to be available in the correct budget, as this will have to be done before an order is placed. Discretionary funds might need Head of Discipline approval, and use of core funds might need endorsed by Head of School.

**YES**

Across the University there are some irregular and inefficient methods for purchasing goods and services that don’t meet the institutional Finance and Purchasing Regulations or audit requirements and these practices must be improved.

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Raising orders on receipt of invoices

By doing this:
1. You are implicitly accepting the suppliers’ terms and conditions, including all delivery charges and early payment terms;
2. If there is no clear order description then you will not be able to dispute the supply after the invoice has arrived;
3. There is no funds check or commitment accounting done before the budget is used, and no budget authorisation;
4. There is no order number, recognised delivery address, VAT treatment or any other special clause advised formally to the supplier;
5. Invoices are frequently inaccurate, lost and duplicated when a purchase order system isn’t used – and supplier payments will always take longer;
6. You may be buying from a supplier which has been excluded from dealing with the University.

Purchase orders must be raised in advance for the purchase of all goods and services (apart from specifically approved exceptions). Informal ordering by telephone or email must stop. All of the University’s suppliers have been advised that they must obtain an order before they supply and that invoices without order numbers will be returned to them. The suppliers may then pursue invoice payments with the individuals who placed the unauthorised orders. The University has invested in efficient purchasing systems and a central Accounts Payable Team to process invoices; we must use them.

Separation of duties

In order to minimise the risk of fraud it is essential that there is a clear separation of duties. In practical terms this means that the member of staff who authorises a purchase must not be the same person who actions a goods receipt for the goods or services. If Schools and Sections have not established this arrangement within their structure they leave themselves open to criticism in the event of an audit at the least, and fraudulent activity at the worst.

Low value orders

There are far too many low value orders being raised within the University. This is a costly and inefficient use of resource – we have found a purchase order for 37p! An estimate of the administrative cost of the purchase to pay procedure for a One Source order is a minimum of £40. If we also have to set up a new supplier, this cost will rise to approx. £80. With this in mind we request that buyers:

- don’t place any order for less than £50 unless it is absolutely necessary;
- consider whether it is necessary to order now, or hold for other items from the same supplier;
- consolidate requirements – place on order once a week instead of once a day, once a month instead of once a week etc.;
- think of the environmental impact; the use of human and mechanical resource to select the item in a warehouse; the use of packing; the cost of delivery including the carbon footprint; the labour involved in checking and delivering the item/s to you – all for 37p!

Use of Credit Cards

The Financial Regulations clearly state that individual credit cards are not to be used to obtain goods or services: purchase orders are to be used which facilitate budget checking, commitment accounting and an audit trail.

Supplier Set-ups

There are thousands of suppliers available on the University finance and procurement system. There are large contracts in place with the suppliers of all of the high commonality items, yet there is a constant flow of requests to set up new suppliers. A lot of unnecessary resource is put to supplier adoption when there is a high probability that there are other suppliers which can provide the same or similar products already established on our database. We recommend that the supplier search doesn’t start with the telephone directory or Google, but that buyers look firstly for a supplier on the One Source system. This will save time and effort in your section as well as Finance.

When the need for a new supplier is justified, please read the Supplier Set-up guidance notes (http://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/finregs.pdf) and ensure that the completed form is addressed to Supplier Forms, Procurement, University Office (epsonquiries@abdn.ac.uk).

We would appreciate your support in improving the current procurement practices within the University. Thank you.

Gary McKinnon
Head of Procurement