

## **APPLICANT PROCUREMENT GUIDANCE**

Government Departments are required to ensure that grant funding, used for the procurement of goods, services or works by a grant recipient, is spent in accordance with procurement law and policy. In addition European Regulations for rural development schemes require that in advance of any funding assessment a price comparison/reasonableness of costs check is completed for all item(s), service(s) or works to be funded.

It is important that applicants are informed of the procedures to be followed to ensure

- a) the goods, non-construction services and construction works required to develop the project are procured in a fair, open and transparent manner and Conflict of Interest is managed within the procurement process,
- b) value for money when procuring goods, non-construction services and construction works is achieved,
- c) there is a price comparison / reasonableness of costs check for all goods, services and works prior to the assessment of any project application for an offer of funding, and;
- d) the application mandatory requirement to submit the required quotations/tenders is met.

**Applicants must be advised that:**

**Failure to provide a minimum of 2 quotations, tenders or price comparisons, for each item that grant funding is being applied for, by close of the application call may render the application submitted ineligible.**

**Failure to fully comply with the procurement procedures as set out in this guidance or to provide the supporting evidence required could result in the applicant being asked to undertake procurement again.**

**Checks will be carried out by the Council Admin Unit on the applicant's procurement process at a number of different stages throughout the grant process. Non-compliance with the procurement guidance will result in the disallowance of all or part of any funding. These checks will also involve reviewing quotations/tenders/invoices submitted with a number of the suppliers. Fraudulent documentation will deem the application ineligible and applicants may be debarred from future calls.**

## **1. Mandatory Requirements**

- 1.1 A detailed written specification for each procurement.
- 1.2 The applicant must submit their proposed quotation/tender process, including all specification(s), prior to undertaking the procurement exercise, for review by the Council Admin Unit.
- 1.3 Evidence of suppliers/businesses asked to quote or tender.
- 1.4 Evidence of quotations/tenders submitted by suppliers.
- 1.5 Evidence of random selection process to select contractors if the *Tendering procedure for Goods, Services and Works greater than £30,000* (Section 9) has been used.
- 1.6 Alternative price or reasonableness of costs check for all goods, services and works.
- 1.7 Retention of all original procurement documentation as evidence for project claim stage.

## **2. Different Types of Procurement Exercise Based on the Value of Items to be Grant Funded**

- 2.1 There are three different types of procurement exercise detailed in this applicant procurement guidance. The different requirements are based on the total value of the item or group of linked items that grant funding is required for. The three different procurement types are a single item or group of linked items, or services, or complete construction works
  - (a) with a total value of up to £5,000;
  - (b) with a total value of £5,000 up to £30,000, or
  - (c) with a total value of £30,000 and over (this includes additional guidance for procurements valued above the EU Procurement Thresholds).
- 2.2 It is therefore important that prior to starting any procurement exercise and asking suppliers for quotations or tenders, that applicants consider
  - (a) exactly what is to be purchased,
  - (b) is the item or service available in Northern Ireland (if not see guidance at Paragraphs 9.6 – 9.8),
  - (c) the specification/specific details for each item, service or work required, and
  - (d) the value of individual items that grant funding is being applied for.

This will help applicants to ensure that the correct procurement exercise in relation to the nature and value of the grant funded items, is undertaken. For example:

#### Total Cost of Individual Items, Services or Works

- Is the applicant business/organisation VAT registered?
- Are any of the items to be purchased VAT exempt?
- Is second hand equipment to be purchased?

#### Specific detail to describe the Items, Services or Works to be Grant Funded

- Identify the machine/piece of equipment together with the relevant size, output capabilities etc. relevant to the items to be purchased, or
- Description of the consultancy/marketing/training services to be commissioned, or
- Detailed drawings, approved technical plans & bill of quantities for the construction works to be delivered.

This will help the applicant to ensure that the specification of requirements to be issued to **all** potential suppliers allows for like for like comparison of eligible costs and for the LAG assessment of the project application and investment proposal.

#### Potential Suppliers

- Identify suppliers to be asked to quote/tender, and
- Check steps to be taken if the potential suppliers include family/extended family members (see Section 6).

The following section provides further detail to be considered when calculating the value of the items to be grant funded.

### **3. Calculation of Cost of the Goods, Services and Works to be Procured**

- 3.1 If the applicant is registered for VAT they are required to collect reimbursement of the VAT charges through their normal VAT return procedure. Therefore the cost of the procurement for VAT registered applicants is calculated using the net cost before VAT is added, i.e. the cost of the item(s), service(s) or works excluding VAT.
- 3.2 If the applicant is not registered for VAT the cost of the procurement is the gross cost, i.e. the cost of the goods / services / works after VAT has been added.
- 3.3 The applicant must also ascertain whether or not the goods / services / works to be procured are VAT exempt - for example some services and works on historical buildings are exempted from VAT charges.
- 3.4 A number of procurements may have to be carried out within one project as the project may require the purchase of several item(s), service(s) or

works. In this case this procurement guidance should be applied to each item(s), service(s) or works.

An applicant may choose to request quotations/tenders from suppliers for grouped or related item(s), service(s) or works, for example production line and packaging machines. In this case the cost of the procurement is the **total** cost of the item(s), service(s) or works quoted. An example of a single procurement might include the purchase of:

- processing line and end bagger;
- a discrete piece of equipment; or
- construction work.

- 3.5 The cost of procurement for construction works **must be calculated** as the total cost of the construction, i.e. procurement must be undertaken for the complete construction works and not be split into individual phases or trades. This means that construction works must not be broken down into component parts to avoid the procurement threshold requirements.
- 3.6 The total value of the procurement, i.e. the total estimated spend over the contract's duration, must be taken into account in determining the procurement process to follow. The minimum number of quotations/tenders needed for procurement is shown in [Annex A](#).

#### **4. Purchase of Second Hand Equipment**

- 4.1 Second hand equipment must satisfy the needs of the specification and comply with applicable standards for the equipment.
- 4.2 Applicants must notify the Council Admin Unit in advance if they intend to seek grant assistance for second hand equipment. At application stage applicants must provide a quote from the seller of the second hand item; and a quote from a bona fide trader (not the seller of the second hand item) of the specific equipment as to the market value of the second hand item, together with a quote for a matching new item.
- 4.3 The price of the second hand equipment must be less than the cost of similar new equipment.
- 4.4 The price of the second hand equipment must not be more than the market value which can be calculated as follows:
- (a) Apply the depreciation factor in the project economic appraisal to the value of the new item and deduct the depreciation for the age of the second hand equipment. If the age of the second hand equipment is more than 7 years this must be changed on the economic appraisal to ensure the cost of the equipment remains positive.

*Example* - where a new piece of equipment cost £70,000 and the expected life of the machine is 7 years, then the annual depreciation would be £10,000. The market value of a 1 year old piece of machinery would be £60,000, a two year old machine £50,000 and so on.

- (b) If an applicant disputes this market value they may obtain, at their own cost, an independent valuation from a competent engineer or plant auctioneer.

- 4.5 If successful in securing an offer of grant assistance towards the purchase of second hand equipment an applicant must obtain from the seller of the equipment a declaration
- (a) stating the origin of the equipment, and
- (b) confirming that at no point during the previous seven years was it purchased with the aid of government or European Community grants.

## 5. Preparing a Specification

- 5.1 Applicants **must** prepare a **detailed written** specification for all the goods, services or works to be procured regardless of the value of individual item(s), service(s) or works (including Goods, Services and Works valued less than £5,000). The purpose of the specification is to tell potential suppliers/contractors what is needed. Specifications should be unambiguous and include a clear statement of requirements/needs. This is particularly important in a single stage competition to ensure that only those suppliers capable of delivering the contract, submit tenders.

- 5.2 The specification **must not refer to specific suppliers, manufacturer names, makes, or models of equipment** for Goods, Services or Works procurements and must be sufficiently detailed to allow a fair comparison of like for like costs (***failure to adhere to this will render the procurement ineligible***), unless in the following construction project cases:

- **Non-public organisations - Funding is 50% OR LESS of the total contract value (construction projects only)**  
In the case of non-public organisations e.g. private businesses or voluntary/community organisations – if the grant rate to be funded is 50% or less (where DAERA is not the majority funder) of the total contract value then you can allow the inclusion of manufacturer names or makes as long as the wording “or equivalent” is specified; and that the applicant can show VFM.
- **Non-public organisations - Funding is MORE than 50% of the total contract value (construction projects only)**

In the case of non-public organisations e.g. private businesses or voluntary/community organisations - where DAERA is the majority funder, technical specifications must not refer to manufacturer names or makes ***unless justified by the subject matter of the contract or in exceptional circumstances and only at the approval of the Department.*** Where such circumstances justify this, as approved by the Department, the reference within the specification must be accompanied by the words 'or equivalent'. It's unlikely that there would be many under this category deemed exceptional.

- **Council led projects (RBSS, VR, Co-operation (construction projects only))**  
Technical specifications must not refer to manufacturer names or makes ***unless justified by the subject matter of the contract or in exceptional circumstances and only at the approval of the Department.*** Where such circumstances justify this, as approved by the Department, the reference within the specification must be accompanied by the words 'or equivalent'. It's unlikely that there would be many under this category deemed exceptional.
- Failure to seek DAERA approval for the inclusion of manufacturer names or makes within a specification may result in an administrative penalty being applied to a claim for funding.

5.3 **Annex B** provides a format to follow when developing a specification. The specification must include all the information needed for the eligible goods, service or works to be procured to complete the project. When drawing up the written specification it is important that the following are considered and detailed:

**Goods/items** – name of the item, number required, size or specification for the item, any attachments necessary for operation etc.  
(*Trade/manufacturers names, makes or models **must not** be used (see paragraph 5.2 above).*)

The installers/suppliers of goods/equipment must be able to quality assure such items. Therefore the specification and quotation/tender documentation should include an element to cover the quality of the product/service. The need for accreditation must be considered and if required, a reputable third party certification body must provide this.  
**Note:** PC sums and contingency amounts are not eligible items and must not be listed on the specification.

**Non-construction Services** – detail for example, the service required, timescales, expected outcomes, or if relevant qualifications required.

**Construction Works** – detail for example, the proposed development; works required; approved plans and bill of quantities; roles and responsibilities including quality assurance, building control and

certification of any works or installations; timescale and expected outcome.

- 5.4 The following are examples of other information which should be included in the specification to help to identify which supplier/contractor may be selected based on value for money:
- Delivery and installation costs,
  - Guarantees and / or warranty,
  - Delivery date (if it will affect project completion),
  - After sales service,
  - Training or instruction,
  - Dates for work to be started and completed (construction works),
  - Time limit on how long the price quoted lasts for,
  - Timescale/date for return of quotations or tenders. A minimum of 20 working days for construction works and 10 working days for all other procurements, **must** be allowed. The timescale starts from the issue of the invitation to quote or publication of the advert.

**When considering delivery dates and/or work start and end dates applicants must take account of the project application and assessment process to ensure that realistic timescales are provided to potential suppliers. The Council Admin Unit will advise in this regard.**

- 5.5 The Council Admin Unit should check that a specification exists for all procurements to allow like for like quotes/tenders to be obtained.
- 5.6 An identical specification(s) **must** be sent to all suppliers asked to quote or tender. All quotes or tenders received must match the specification issued to be deemed eligible for grant.

## **6. Conflict of Interest – Quotes from Family/Extended Family Members**

- 6.1 Applicants or a business that an applicant is an owner/partner/director of, are excluded from quoting or tendering for the supply of goods, services or works to a project that an applicant may be offered funding for.
- 6.2 If quotations or tenders are being sought, or provided from any member of an applicant's family or extended family then the relationship must be advised to the Council Admin Unit prior to any procurement activity and declared in writing on the procurement documentation. In these cases you are required to provide **3 quotes** i.e. two independent quotes in addition to the family member quote to provide sufficient comparison of costs under the reasonableness of costs rules within the programme. Failure to comply with this requirement will deem the procurement

process as ineligible. In addition applicants must sign a declaration to the effect that:

- (a) competitors' quotations will not be shared with the quoting family member; and
- (b) that applicants will strictly adhere to the procurement requirements as set out in this Applicant Procurement Guidance document.

## **7. Goods, Services and Works valued less than £5,000**

- 7.1 The minimum number of quotations needed for the procurement is shown in [Annex A](#). For Goods, Services and Works valued less than £5,000 the purchase must be a one-off requirement.
- 7.2 Applicants should retain for future reference and at claim processing stage (if successful), evidence of quotations sought from businesses appropriate to the nature of the item(s), service(s) or works to be funded. Evidence of quotations sought is a mandatory requirement and applicants must be prepared to have their evidence tested.
- 7.3 ***Internet quotations*** may be used for items of up to £5,000 in value. Applicants should complete the on-line ordering screen to the point where payment details are entered. The price quoted at this point should include delivery and for example any discounts. The screen page should be printed along with the specification details of the equipment to prove that each quote is for the same equipment specification.
- 7.4 If applicants are approaching suppliers directly, other evidence of quotations sought is:
  - email issued to business email address,
  - recorded delivery via post,
  - returned email receipt from business email address or
  - authorised receipt on company letter head acknowledging receipt and rejecting invitation to quote.
- 7.5 Each supplier asked for a quotation must be provided with the detailed written specification and advised of:
  - a) the return due date and time for receipt of quotations (refer to Para 5.4 final bullet point);
  - b) the terms and conditions for return of the quotation, for example,
    - on business headed paper with the supplier's name, address, contact information, Company & VAT registration numbers (if applicable),
    - be sufficiently detailed to show how the specification is priced and allow comparison of like for like to assess best value, for

example itemised costs, note any variance from the specification,

- detail the period for which the cost will be held,
- returned via email, fax, post or hand delivered,
- e-mailed quotes must be as an attached scanned image on headed paper signed and dated by a company employee,
- fax quotes must be on headed paper, dated and signed by a company employee, or
- post or hand delivered must be on headed paper signed and dated by a company employee.

**NOTE:** the Council Admin Unit will verify 20% of all quotations **per claim** received as evidence of procurement via a phone call to the supplier to confirm the validity of the quote; and

- c) how successful quotes will be selected i.e. price only.

The terms and conditions for submitting a quotation may be added to the specification or included in a cover letter or email inviting quotations.

- 7.6 Quotations should be addressed to the applicant or the business name as the applicant. If an employee or other representative is looking after the application and supporting documentation, quotations must also be addressed to the applicant or the business email address or forwarded on receipt.
- 7.7 Applicants should formally record the quotes received (**Annex C** contains a sample template).
- 7.8 To ensure that the quotations are assessed fairly and accurately and are like-for-like, applicants should prepare a summary of all of the quotations received which records the:
- price quoted for each item,
  - delivery date/timescale for delivery of service,
  - delivery charge, and
  - VAT.

Applicants also need to check that prices quoted do not include hidden extras such as

- after sales service and/or technical assistance charges outside those included in the specification,
- higher specifications than required, or
- running costs e.g. hosting a website.

- 7.9 The quotation accepted must be the lowest acceptable price. Applicants should formally record their decision (**Annex D** contains a sample template). If the lowest acceptable quotation is not going to be accepted, the reason(s) for the decision must be communicated in writing by the applicant to the Council Admin Unit, along with the

application procurement documentation. If the application is successful at project assessment stage, the offer of funding will be calculated using the value of the lowest quote. The applicant will be responsible for the additional costs.

- 7.10 In some cases the applicant may choose to advertise publicly regardless of the value of the procurement. The correct number of quotations required as detailed in [Annex A](#) will still apply regardless of the number of responses to the advertisement.

### ***Exceptional Circumstances***

- 7.11 If the applicant is unable to obtain the required number of quotations for example, where there is only one supplier, the applicant must provide evidence, e.g. printouts from Internet searches from at least two Internet search engines / sites showing the number of suppliers for a specific item; or evidence that the applicant has contacted potential suppliers via email (N.B. A note from the intended supplier stating they are the sole supplier is insufficient evidence). This information must be provided in writing to the LAG.
- 7.12 The Council Admin Unit will test the evidence provided and undertake a reasonableness of costs check on the single quote provided by the applicant. Where there is a significant variance in cost, the applicant must provide a written explanation, following which the LAG may decide to reject the quotations submitted by the applicant on the basis that the quoted price does not represent Value for Money (VfM). If this situation arises then the LAG **must** inform DAERA.

## **8. Goods, Services and Works valued £5,000 up to £30,000**

- 8.1 The minimum number of quotations needed for the procurement is shown in [Annex A](#) (Please note that if applicants choose to advertise for the procurement even if it is below the £30,000 limit, the correct number of tenders will still be required). Price should be the determining factor but exceptionally a supplier can be selected using both price and quality criteria. Applicants must however first **consult with the Council Admin Unit to obtain advice on whether this is acceptable or indeed necessary**. If found acceptable then the procedures at Section 9 for *Tendering for Goods, Services and Works greater than £30,000 and less than EU Thresholds* should be followed.
- 8.2 Applicants should retain for future reference and at claim processing stage (if successful), evidence of quotations sought from businesses appropriate to the nature of the item or service to be funded. Evidence of quotations sought is a mandatory requirement and applicants must be prepared to have their evidence tested.
- 8.3 If applicants are approaching suppliers directly, other evidence of quotations sought is:

- email issued to business email address,
- recorded delivery via post,
- returned email receipt from business email address or
- authorised receipt on company letter head acknowledging receipt and rejecting invitation to quote.

8.4 Each supplier asked for a quotation must be provided with the detailed written specification and advised of:

- a) the return due date and time for receipt of quotations, refer to Para 5.4 final bullet point,
  
- b) the terms and conditions for return of the quotation, for example,
  - on business headed paper with the supplier's name, address, contact information, Company & VAT registration numbers (if applicable),
  - be sufficiently detailed to show how the specification is priced and allow comparison of like for like to assess best value, for example itemised costs, note any variance from the specification,
  - detail the period for which the cost will be held,
  - returned via email, fax, post or hand delivered,
  - e-mailed quotes must be as an attached scanned image on headed paper signed and dated by a company employee,
  - fax quotes must be on headed paper, dated and signed by a company employee,
  - post or hand delivered must be on headed paper signed and dated by a company employee.

**NOTE:** the Council Admin Unit will verify 20% of all quotations received as evidence of procurement via a phone call to the supplier to confirm the validity of the quote; and

- c) how successful quotes will be selected i.e. price; or price and quality.

The terms and conditions for submitting a quotation may be added to the specification or included in a cover letter or email inviting quotations.

8.5 Quotations should be addressed to the applicant or the business name as the applicant. If an employee or other representative is looking after the application and supporting documentation, quotations must also be addressed to the applicant or the business email address or forwarded on receipt.

8.6 Applicants should formally record the quotes received (**Annex C** contains a sample template).

8.7 To ensure that the quotations are assessed fairly and accurately and are like-for-like, applicants should prepare a summary of all of the quotations received which records the:

- price quoted for each item,
- delivery date/timescale for delivery of service,
- delivery charge, and
- VAT.

Applicants also need to check that prices quoted do not include hidden extras such as

- after sales service and/or technical assistance charges outside those included in the specification,
- higher specifications than required, or
- running costs e.g. hosting a website.

8.8 The quotation accepted must be the lowest acceptable price. Applicants should formally record their decision (**Annex D** contains a sample template). If the lowest acceptable quotation is not going to be accepted, the reason(s) for the decision must be communicated in writing by the applicant to the Council Admin Unit, along with the application procurement documentation. If the application is successful at project assessment stage, the offer of funding will be calculated using the value of the lowest quote. The applicant will be responsible for the additional costs.

8.9 In some cases the applicant may choose to advertise publicly regardless of the value of the procurement. The correct number of quotations required as detailed in [Annex A](#) will still apply regardless of the number of responses to the advertisement.

### ***Exceptional Circumstances***

8.10 If the applicant is unable to obtain the required number of quotations for example, where there is only one supplier, the applicant must provide evidence, e.g. printouts from Internet searches from at least two Internet search engines / sites showing the number of suppliers for a specific item; or evidence that the applicant has contacted potential suppliers via email (N.B. A note from the intended supplier stating they are the sole supplier is insufficient evidence). This information must be provided in writing to the LAG.

8.11 The Council Admin Unit will test the evidence provided and undertake a reasonableness of costs check on the single quote provided by the applicant. Where there is a significant variance in cost, the applicant must provide a written explanation, following which the LAG may decide to reject the quotations submitted by the applicant on the basis that the quoted price does not represent Value for Money (VfM). If this situation arises then the LAG **must** inform DAERA.

9. **Tendering Procedure for Goods, Services and Works greater than £30,000 and less than EU Thresholds**

**Government Departments, Councils and Non Departmental Public Bodies (NDPBs) should use the Department of Finance's eTendersNI portal; eSourcingNI is an acceptable alternative.**

- 9.1 The minimum number of tenders needed for the procurement is shown in [Annex A](#). Price should be the determining factor but exceptionally a supplier can be selected using both price and quality criteria. The quality weighting should consider no more than 2 criteria and score achievable must equate to no more than 30% (70/30 for price/quality must therefore be used).

It is usual that during the tender evaluation process a threshold is set at which a tender would not be accepted for quality. For example when scoring from 0 to 5 (where 0 is low and 5 is high) it can be stipulated that only those tenders reaching a score of 3 and over in the quality criteria will proceed to award stage. This prevents applicants having to accept something which is low quality, just because it has the best price. If setting a 'not acceptable' threshold for the quality assessment you need to

- a) ensure that the rationale for the selected method of scoring & evaluating is agreed prior to commencing the procurement exercise, and
- b) that the method for evaluation and scoring of the tenders is declared in the published tender documentation.

- 9.2 If not using a Government Procurement Portal applicants must advertise the procurement requirement in a regional daily newspaper or a trade journal appropriate to the type of business. A minimum of 20 working days for building/construction works and 10 working days for all other procurements, **must** be allowed. The timescale starts from the issue of the invitation to quote or publication of the advert. The newspaper selected should have a distribution which covers all of Northern Ireland. If only one response is received to an advert every attempt should be made to obtain the correct number of tenders to provide a comparison of costs which is required under programme rules. If the correct number **cannot** be obtained applicants must ask the Council Admin Unit for advice before submitting an application. **Failure to comply will result in rejection of the application.**

- 9.3 For all Building/Construction Works projects, a 2 stage procurement including a Pre-qualification Questionnaire (PQQ) must be used. This procedure must be outlined in the advertisement seeking interested suppliers/contractors. The PQQ documentation must set out whether

price; or price/quality criteria are being used. If price/quality criteria are being used then applicants must include what the criteria are and the allocated marks for each. Criteria must be selected on a clear rationale that ensures that the award is based on the best combination of Price and Quality (PQQ) as set out at Paragraph 9.1. This rationale should be documented on the project file. Any other alternative procurement procedure must have prior agreement from DAERA.

- 9.4 The advertisement must state the closing date and time for either the expression of interest/PQQ or receipt of the tender (dependant on the method of procurement).
- 9.5 Applicants are required to provide a price comparison, i.e. at least 2 tenders for each item(s), service(s) or works to be funded. Applicants are therefore recommended to email a copy of the advertisement to a number of potential suppliers advising when the ad will be published and in which regional newspaper(s). Retaining copies of these emails will provide evidence of seeking tenders.

***Exception to Public Advertising***

- 9.6 If a supplier is not available in Northern Ireland the requirement to publicly advertise will not be enforced. The lack of suppliers within Northern Ireland must be proved by way of written responses from potential suppliers in N.I. that applicants have approached.
- 9.7 Applicants must still obtain the correct number of tenders/quotations from suppliers outside of Northern Ireland to prove reasonableness of costs/value for money.
- 9.8 The evidence of non-availability in Northern Ireland must be submitted to the Council Admin Unit at the time of the application along with the tenders received. Failure to comply will result in rejection of the application.

***Invitation to Tender***

- 9.9 If not using a Government Procurement Portal, applicants must provide each prospective supplier with the following (a sample Invitation to Tender letter can be found at **Annex E**)
- (a) detailed written specification for the item(s), service(s) or works required (Section 5 refers).
  - (b) the criteria for how the successful tender will be selected. If applicants are using both price and quality, the quality weighting should consider no more than 2 criteria and score achievable must equate to no more than 30%. Price should be the determining factor.
  - (c) a pre-addressed envelope labelled 'tender' in the bottom left corner but not identifying the sender/prospective supplier.

- (d) Applicant's contact details - name/business name, address, telephone, email.
- (e) name of person available to provide clarification.
- (f) the tender return due date and time (see Para 5.4 final bullet point).
- (g) the terms and conditions for return of the tender, for example:
  - completion of a tender document (sample at **Annex F**),
  - on business headed paper with the supplier's name, address, contact information, Company & VAT registration numbers (if applicable),
  - be sufficiently detailed to show how the specification is priced to allow comparison of like for like and to assess best value, for example itemised costs, note any variance from the specification etc.,
  - manufacturer's warranty, follow-up service,
  - qualifications, experience, previous jobs relevant to the service to be provided,
  - detail the period for which the cost will be held,
  - returned via post or hand delivered.
- (h) any terms and conditions to be attached to the award of contract, for example applicants may require the successful tenderer to sign an agreed contract for delivery of the item(s), service(s) or works.

***Receipt of Tenders, Opening and Selection of Successful Tender***

- 9.10 When each tender envelope is received it should be signed, marked with the date and time of receipt and not opened until the appointed time.
- 9.11 Any tender received after the closing date should not be opened and should be held with the other tender papers.
- 9.12 Tenders submitted by telephone, Fax and e-mail **must not** be considered.
- 9.13 The tender envelopes should be opened at the specified time by two people. Applicants should formally record the tenders received (**Annex C** contains a sample template). The date of opening, company name and amount quoted should be recorded. Any unused portion of the formal record should be ruled through to prevent any additional tenders being added later.
- 9.14 Applicants must not make changes or write comments on tenders or tender correspondence. These are original documents which will be needed in a Court of Law if there is a dispute.
- 9.15 For contracts for the supply of standard goods, non-construction services or construction services and works, the preferred basis of award should be the lowest price or lowest acceptable price. In this context, "standard" means when the goods, services or works can be clearly and simply specified, and are capable of being routinely delivered by a number of suppliers/contractors. The lowest acceptable price is the

lowest price after unacceptably low prices have been excluded. There must be no automatic exclusion and the suppliers whose tenders that are considered to be significantly low must be given the opportunity to justify their prices. The Council Admin Unit will advise in this regard.

***Exceptional Circumstances***

- 9.16 If applicants are unable to obtain the required number of tenders for example, where there is only one supplier, applicants must provide evidence to the Council Admin Unit of this who will consider what further action, if any, is required.

***Award of Contract to the Successful Tenderer***

- 9.17 All suppliers that submit a tender should be notified in writing as early as possible whether or not they are successful (**Annexes F & G** contains sample letters). No contract should be offered to the successful supplier until such times as funding has been approved and a Letter of Offer signed. Any contract must specify the price, any conditions specific to the contract and be agreed in writing, for example an agreed contract for delivery of the goods or service.
- 9.18 The tender accepted must be the lowest acceptable price; or the highest score if both price and quality criteria have been used. Applicants should formally record their decision (**Annex D** contains a sample template). For price only criteria, if the lowest acceptable tender is not going to be accepted, the reason(s) for the decision must be communicated in writing by the applicant to the Council Admin Unit, along with the application procurement documentation. If the application is successful at project assessment stage, the offer of funding will be calculated using the value of the lowest tender. The applicant will be responsible for the additional costs.
- 9.19 The sample templates in **Annexes C-H** are provided as an example of best practice and their use may help if there is a legal challenge to any successful supplier. Applicants are therefore encouraged to use these or similar ones.

***Assessment by Independent Expert***

- 9.20 Where a project includes construction work and the grant amount awarded is more than £50,000, the Council must, unless it has the expertise itself, obtain an independent assessment of the cost of the work carried out either on receipt of a Practical Completion Certificate (if available) or before the final grant payment is made (not retention). Applicants must ensure that tenders are sufficiently detailed to facilitate this.

9.21 Where there is a significant difference between the tender selected and that assessed by the independent expert the case will be referred to the DAERA Central Investigation Service to investigate.

## **10. EU Thresholds for Goods, Services and Works (not applicable to Private or Community/Voluntary Applicants)**

10.1 Procurements by Government Departments, Councils and NDPBs of more than the EU Threshold ([Annex A](#)) must be advertised in the Official Journal of the European Union (OJEU) (<http://www.ojec.com/Thresholds.aspx>).

10.2 If a supply of goods, non-construction service or construction works is more than the thresholds specified, the applicant should ask the Council Admin Unit for advice **before** tendering. This includes co-operation projects where the Local Action Group is the Project Promoter.

10.3 When the procurement is advertised in OJEU applicants should set a time period between informing the successful supplier and finalising the contract. This allows unsuccessful suppliers an opportunity to challenge the decision legally.

10.4 The minimum number of tenders needed for the procurement is shown in [Annex A](#). Price should be the determining factor but exceptionally a supplier can be selected using both price and quality criteria. The quality weighting should consider no more than 2 criteria and score achievable must equate to no more than 30%; Price should be the determining factor (70/30 for price/quality must therefore be used).

### ***Assessment by Independent Expert***

10.5 Where a project includes construction work and the grant amount awarded is more than £50,000, the Council must, unless it has the expertise itself, obtain an independent assessment of the cost of the work carried out either on receipt of a Practical Completion Certificate (if available) or before the final grant payment is made (not retention). Applicants must ensure that tenders are sufficiently detailed to facilitate this.

10.6 Where there is a significant difference between the tender selected and that assessed by the independent expert the case will be referred to the DAERA Central Investigation Service to investigate.

## **11. Retention of Procurement / Purchasing Documentation Required for Claim Preparation**

11.1 The Letter of Offer will set out the terms and conditions for submission of the claim for payment and supporting evidence required. In the interim

applicants should retain all evidence seeking and receiving quotes/tenders, notification of the successful and unsuccessful contractors, and any contract/follow-up agreement with the successful one. Examples of this information include:

- Copy of the specification,
- Public advertisements,
- Emails/correspondence inviting tenders,
- Tenders received,
- Tender paperwork including tender envelopes and unopened tenders received after the closing time/date,
- Tender receipt record,
- Successful and unsuccessful letters to suppliers / contractors,
- Invoices,
- Proof of payment,
- Explanations or justifications for any variation from the agreed procedures, and
- Copy of the contract issued (if applicable).

## Annex A

Applicant Type	Procurement Type	Procurement Value	Minimum Requirement
Private, Social Economy Enterprise, Voluntary/Community, Councils	Goods & Non-Construction Services	Up to £5,000	Price check in writing with at least 2 suppliers; or 2 internet quotations
		£5,000 up to £30,000	2 Written Quotes
Over £30,000		Open Tender	
Councils		£30,000 to EU Threshold of €209,000	Open Tender Councils should use eTendersNI
		Above EU threshold of €209,000	Advertise on eTendersNI Advertise in the Official Journal of the European Union (OJEU)*
Private, Social Economy Enterprise, Voluntary/Community, Councils	Construction Works/Services	Up to £5,000	Price check in writing with at least 2 suppliers; or 2 internet quotations
		£5,000 up to £30,000	2 Written Quotes
Over £30,000		Open Tender	
Councils		£30,000 to EU Threshold	Open Tender Councils should use eTendersNI
		Construction Services	Above EU threshold of €209,000
	Construction Works	Above EU threshold of €5,225,000	Advertise on eTendersNI Advertise in the Official Journal of the European Union (OJEU)*

\* <http://www.ojec.com/Threshholds.aspx>

In certain circumstances, and only where there is documentary evidence in place, local Councils and NDPBs applying for grant assistance may avail of existing contracts for delivery of goods, services or works.

The Council Admin Unit will ensure that the Council or NDPB has all the necessary evidence in place prior to approval to proceed.

In all cases the following will apply without exception:

- The contract must have been procured in accordance with the Priority 6 rules on procurement.
- The contract must be for delivery of goods, services or works directly related to the items the applicant is seeking Priority 6 assistance for.
- The contract award date must not be more than 12 months old at the date of purchase of the goods/services/works relating to the project.
- Where the original contract date is more than 12 months old and includes an option to extend that contract, documentary evidence must be sought to confirm that any extension approved has been offered and accepted.
- No work may commence on the project under the contract until applicants have accepted a Letter of Offer and the acceptance has been recorded on the database.

## **SPECIFICATION**

### **Introduction**

The introduction should briefly explain the requirement and the context of that requirement. Briefly explain your business/organisation, don't assume all suppliers/contractors will know who or what you are.

### **Background**

The information provided here should be of sufficient length and detail to ensure the supplier/contractor has an understanding of why this item/work is being commissioned.

### **Scope of the Contract**

This is the description of the requirements. It should briefly detail the organisation's project expectations and should set out the broad scope of the procurement

- what is included;
- what is excluded;
- anything that is optional;
- geographical coverage if relevant;
- anticipated quantities (although not guaranteed).

### **Outline of the requirements**

State the detailed requirements the supplier/contractor is to meet, and

- include the mandatory requirements. These are essential requirements that supplier/contractors must meet. Ensure they really are essential because bids can be rejected for failing to meet them;
- use simple language, avoid using jargon;
- define terms, symbols and acronyms either in a list at beginning or when they are first used;
- do not be more technical than is necessary in order to make the intention clear;
- be as concise as possible but don't be so economical as to risk lack of clarity;
- plan and analyse your needs;
- arrange the components of the requirement into a logical form. A good way of doing this is to set out a skeleton structure with the main headings and then add in sub-headings as necessary;

- do not embed requirements in background information as suppliers/contractors may miss them. Keep requirements in their own sections;
- list the most important elements of the requirement first and work through to the least important; and
- discuss the requirement with colleagues and other users and procurement staff (if applicable), if necessary. During this process you may also identify other topics you need to include.

Define the task or desired result by focusing on what is to be achieved (output), not by describing the way it is to be achieved (input). This challenges contractors to use their skills and develop smart, creative solutions. There are some cases however where it may be appropriate to specify particular types of equipment, provide drawings or patterns, but this should be avoided as far as possible. Specifying requirements in terms of outputs or functions gives contractors the opportunity to propose innovative solutions or simply be more creative in their proposals and also means the responsibility for ensuring that the solution meets the requirement rests with the contractor rather than the customer.

Consider also

- any training that staff will require;
- security - describe any specific security requirements appropriate to the requirement;
- standards - set out any standards relating to the goods or services being procured, for example health and safety, electrical; and
- consider practical matters e.g. delivery times, how the goods/services are to be provided, what you want to happen if successful supplier can't provide goods/services on time, how goods/services will be ordered e.g. catalogue.

### **Contract Management and Payment Arrangements**

You should define what type of contract information you require, and if regular meetings/update reviews are required, these should be built in here (if applicable). Details of how the supplier should invoice and payments arrangements must be outlined.

### **Mobilisation of Contract/Delivery**

You should state any delivery requirements or timescales for delivery including any special requirements.

### **Security Clearance**

You must detail what type of security clearance is required to provide the service or if procuring supplies/goods if security clearance applies.

**QUOTATION /TENDER ACTION RECORD**

**Annex C**

**Quotation /Tender for:** \_\_\_\_\_

**Closing Date:** \_\_\_\_\_

Quote /Tender No.	Name & Address of Prospective Suppliers sent the specification	Date Specification Issued	Date Quotation /Tender Received	Forms completed by potential supplier		Signed quotation/pricing documents	<b>COMMENTS</b>
				F.O.T*	VAT		

**\*F.O.T** – Form of Tender i.e. please specify how quotation/tender was submitted - by hand, post, fax, email etc.

**This form should be used to record the procurement details from sending the specification to the suppliers through to supplier selection. You should write the details of each quotation / tender received onto the form.**

I/We certify that \_\_\_\_\_ quotations/tenders were received on or before the due time and were opened by me/us on \_\_\_\_\_  
(Date)

There were \_\_\_\_\_ late quotations/tenders.

**Name(s) in CAPITALS:** \_\_\_\_\_

**Signed:** \_\_\_\_\_

## EVALUATION OF A QUOTATION / TENDER

- **Evaluation criteria**  
Price or Price/Quality.
- **Weighting criteria**  
The total weighting of all the evaluation criteria should add up to 100. The weighting value should represent the importance of the requirement within the procurement.
- **Score for quotation**  
The person evaluating the tender must decide how the tender scores against the weighting. For example scoring the speed of a printer against the desired speed of 20 pages per minute and 1 printer can do 20 and the other 30. The one at 30 would receive a higher score.

EVALUATION CRITERIA (Examples given below)	WEIGHTING	SCORE FOR QUOTATION / TENDER 1	SCORE FOR QUOTATION / TENDER 2	SCORE FOR QUOTATION / TENDER 3	SCORE FOR QUOTATION / TENDER 4
Price	70				
Quality	30				
<b>TOTAL SCORE</b>	100				

<b>COMMENTS</b>					
Successful quotation / tender					

**Evaluation completed by Name(s):** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

The form should be signed and dated by the scorers.

**Sample Invitation to Tender Letter**

**<name>  
<address>**

**<date>**

Dear Sir

[I/We] invite you to tender for the supply (and delivery) of **<List Goods, Services or Works required / as per attached specification>**.

If you wish to take part in this contract competition, please complete the enclosed tender form and return it, using the pre-addressed envelope provided to arrive at the above address not later than **<specify a time and date>**.

The contract sum as specified in the tender should be a “fixed price”. The length of time the price is valid should be stated. Failure to quote a fixed price may result in your tender being excluded from the competition. The contract sum as quoted in the tender should include all delivery, installation, commissioning and handling charges.

[I/We] require <detail requirements, i.e. delivery on or before ....., immediately, indication of when liability for the goods/service/work transfers to the purchaser, assurance that all Statutory Requirements are being met, etc.>. (*Refer to Paragraph 8.9, Invitation to Tender of the Procurement Procedures which provide advice on the information required from prospective suppliers*)

[I/We] reserve the right to:

- (a) Accept part of any quotation unless it is clearly stated that the tender may only be considered as a whole and
- (b) Not necessarily to accept the lowest or any quotation.

Yours faithfully

**Sample Tender Form**

**PART 1**

**TENDER FOR**

---

I/We hereby offer to provide the above mentioned goods/services/works as detailed in the attached invitation to tender for the sum of £ \_\_\_\_\_ (exclusive of VAT).

Amount in words \_\_\_\_\_ pounds.

I/We have read and understand the Conditions of Contract and the Notes/Instruction to Tenderers and agree:

*to the terms and conditions set in this Tender; to any additional terms and conditions set out in the invitation to tender; that having completed this form a binding contract shall be constituted by this Tender and our acceptance thereof.*

I/We agree that this tender together with your written acceptance thereof shall constitute a contract between us in relation to the whole of the Tender or any part as may be specified in your written acceptance.

**Tenderer's Signature**

*The Tender must be signed by a person authorised to sign on behalf of the contracting firm.*

Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_

**Address** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Telephone Number** \_\_\_\_\_

**VAT Registration Number** \_\_\_\_\_

**Notes / Instructions to Tenderers**

Tender prices must reflect all circumstances affecting, or likely to affect, the provision of the good/services/works.

Tenders should be returned in the pre addressed envelope provided and must reach its destination not later than the time specified in the invitation to tender.

Tenders received after the specified time will not be considered.

We reserve the right to accept a part of any tender unless the tenderer clearly states that the tender may only be considered in it's entirety.

---

**Opened By** \_\_\_\_\_ **and**

\_\_\_\_\_

**Date** \_\_\_\_\_

**PART 2**

**Schedule of Quantities and Prices**

<b>Item No.</b>	<b>Description of Goods</b>	<b>Quantity</b>	<b>Unit Cost £</b>	<b>Total Contract Price (excl. VAT) £</b>	<b>VAT Amount £</b>

**Successful Tender**

<name of contractor / supplier>

<address>

<date>

Dear Sir

Thank you for your tender dated *<date tender form was dated by tenderer>* for the supply and delivery of *<details of goods / services / works >* at your quotation price of *<contract amount in figures>*, *<amount in words>*.

I have pleasure in confirming that you have been successful.

[I/We] require delivery *<state requirements>*.

Please confirm your agreement to me in writing by return.

Yours faithfully

**Unsuccessful Tender**

<name of contractor / supplier>

<address>

<date>

Dear Sir

Thank you for your tender dated *<date tender form was dated by tenderer>* for the supply and delivery of *<details of goods / services /works >* at your quotation price of *<contract amount in figures>*, *<amount in words>*.

I regret to inform you that on this occasion you have been unsuccessful.

Please contact me if you require any further details.

Yours faithfully