



European Union
European Regional
Development Fund
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PEACE III Programme

Guidance Note on Procurement and Tendering G4/PIII

1. Introduction

- 1.1 This guidance note sets out the procurement processes and thresholds in relation to projects funded in the PEACE III Programme 2007-2013. It also applies to activities funded from the Technical Assistance priority.
- 1.2 This note is in accordance with those issued by Department of Finance and Personnel (Northern Ireland) and Department of Finance (Ireland). Further information is available at:
<http://www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm> and
<http://www.finance.gov.ie/ViewDoc.asp?fn=/documents/PublicFinancialProcedures/default.htm&CatID=15&m=f>
- 1.3 Procurement is the process of acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies. It ranges from the purchase of routine supplies or services to formal tendering for large infrastructure projects by a wide range of contracting authorities.
- 1.4 Value for money should be a major consideration in purchasing goods and services – obtaining the most advantageous price available consistent with quality and fitness for purpose.

2.0 Background

- 2.1 During the implementation of a PEACE III project, almost every project partner will buy goods and services e.g. setting up websites, purchase of equipment, using external auditors etc. Whenever purchases are made, contracts are awarded and external suppliers are involved in a project, public tendering rules must be observed, including both National and EU Public Procurement thresholds (as detailed in section 10). These rules are intended to ensure a transparent and fair competition within the common market and aim to achieve value for money.
- 2.2 The Lead Partner is responsible for compliance with the public procurement procedures for the entire partnership and must ensure both EU and national rules on procurement are strictly adhered to.

3.0 EU Thresholds (excluding VAT)

- 3.1 The Lead Partner must adhere to the EU thresholds and, when applicable, in addition to the regional advertisements an invitation to tender must also be placed in the Official Journal of EU (OJEU).
- 3.2 The EU thresholds set out in section 10 are stated in Euro. The sterling equivalent is also indicated but based on an assumed average rate. This is only set as a guide and the exchange rate prevalent at the date on which the tender is advertised should be used to calculate the correct sterling equivalent (www.x-rates.com). Where the sterling rate is close to the threshold it would be prudent to proceed using the OJEU tendering procedure.
- 3.3 The Lead Partner should refer all cases which exceed the thresholds to SEUPB for further guidance.
- 3.4 Partners should be aware that the OJEU process can be lengthy and will delay implementation by at least 12 weeks.

4.0 National Thresholds (excluding VAT)

4.1 For all purchases below the EU threshold the national thresholds in section 10 must be applied. All figures quoted are exclusive of VAT. There is no exchange rate impact, the figures in Sterling and Euro are set. If a tender is very close to the next threshold level above, it would always be prudent to apply that procurement procedure as costs may rise at any time before the final payment is made to the contractor.

5.0 Procurement Principles

5.1 As a general principle the full purchasing procedure should be documented including the brief/specification of goods/services required, the selection criteria adopted, the quotes/tenders submitted and the rationale for selection of the provider where the lowest bid is not selected.

5.2 The Procurement process should satisfy the following principles:

- Transparency in policy and its delivery.
- Integrity, fairness and consistency when dealing with suppliers and potential suppliers.
- Purchasing by competition unless there are convincing reasons to the contrary.
- Compliance with EC, national and other legal requirements.

6.0 Tendering Principles

6.1 The Lead Partner must include realistic budget reservations in the budget plan at application stage in case any goods and services need to be tendered.

6.2 When tendering for items or services at the project implementation stage it is important that:

- You start on time with the tendering procedure.

- You decide on the specification of generic items or services you require.
- The same list of items and/or services is presented to all companies.
- Tenders are opened at the same time and no advance knowledge of bids is made available to anyone prior to this opening or during the tendering process. A suitably qualified and experienced individual must supervise the tendering process.
- The selection criteria must not be changed after the tender documents are received.
- Evidence of the above is maintained on file, including the unsuccessful tender documents.
- Documentation including notes of decisions and assessment of tenders must be retained.
- Receipts, invoices and copies of all bids are retained for inspection.

7. Single Tender Action

- 7.1 If there is only one possible supplier or other circumstances that make it impractical or inappropriate to seek competitive quotes, the agreement of SEUPB must be obtained before going ahead with the purchase.

8.0 Advertising

- 8.1 The Lead Partner should ensure that advertisements are placed in the regional press. Consideration must be given to advertising in both Member States across jurisdictions (Ireland, Northern Ireland) where relevant. It is unnecessary to also advertise in the local press but should it be done, it should be equally available to both communities. All advertisements should appropriately acknowledge the EU funding being provided in line with the Programme's Information and Publicity Guidance Note (G5/PIII).

9.0 Criteria for Scoring

9.1 The criteria for scoring should be clearly set out in the Terms of Reference. The quality assessment criteria should be relevant to the goods/service being procured but could include:

- understanding of the requirements/brief;
- the specification of goods being provided;
- relevant experience of the company;
- aftercare provision;
- proposed methodology and resources; and
- expertise of individuals.

The tenders received should be scored according to the cost and quality criteria clearly set out.

9.2 A clarification meeting, including a presentation by and interview of, the providers may be needed if the competition is close. Again, this step should be outlined in the Terms of Reference.

9.3 For construction projects where the process of providing a price is a lengthy one, the quality assessment should be used to draw up a shortlist of those invited to submit a fully priced bid.

10. Procurement Thresholds

10.1 The thresholds for the PEACE III Programme, which are set out below, have been based on the guidelines applied by the European Commission and the Member States. Procurement rules are complex; if there are any doubts about the application of procurement rules, Lead Partners should seek advice. The Lead Partner must obtain written quotations for goods and services as follows:

<u>ESTIMATED VALUE OF ORDER (excluding VAT)</u>	<u>QUOTATIONS/ TENDERS REQUIRED</u>	<u>MINIMUM DOCUMENTATION TO RETAIN</u>
<u>BELOW EU THRESHOLDS</u>		
UP TO €1,450 (£1,000)	2 oral quotations (depending on the need to have a price comparison-fax or email confirmation should be obtained).	<ol style="list-style-type: none"> 1. Evidence that 2 quotations were sought. 2. Written confirmation of price (fax/email/letter) if applicable.
€1,450.01 to €14,500 (£1,000.01 to £10,000)	3 written quotations	<ol style="list-style-type: none"> 1. Evidence that appropriate number of quotations were sought from prospective bidders/suppliers. 2. Documentation and/or Terms of Reference sent to all potential bidders/suppliers. 3. All tenders received and evidence they were received within the specified timeframe (date stamped). 4. Notes of assessment of tenders including signed scoring matrix, minutes of discussion and names of assessment panel members. 5. Correspondence with the successful and unsuccessful bidders/suppliers. 6. Contract or equivalent awarded to winning tender. 7. Documented changes or addendums to contract.
€14,500.01 to €43,500 (£10,000.01 to £30,000)	4 written quotations	As 1 – 7 above.
€43,500.01 to € EU threshold (£30,001 to £EU threshold)	Full Tender Action <ol style="list-style-type: none"> 1. Advertisement in at least 2 regional newspapers; at least 1 from each relevant jurisdiction. 	As 1 – 7 above and in addition: <ol style="list-style-type: none"> 8. Copy of advertisements in newspapers.

EU THRESHOLDS AND ABOVE (excluding VAT) from 1 January 2008				
	Supplies/ Services	Works		
Entities listed in Schedule 1¹	€133,000	€5,150,000	Full Tender Action 1. Advertisement in at least 2 regional newspapers; at least 1 from each relevant jurisdiction. 2. Invitation to tender place in Official Journal of EU.	As 1 – 7 above and in addition: 8. Copy of advertisements in newspapers. 9. Copy of invitation to tender placed in Official Journal of EU.
Public Sector outside the Civil Service (e.g. Local Authorities)	€206,000	€5,150,000		
Utility Sector	€412,000	€5,150,000		

Notes¹: Schedule 1 of the public contracts regulations 2006 lists central government departments subject to the WTO GPA and can be downloaded from <http://www.opsi.gov.uk/si/si2006/20060005.htm#sch1>

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