

For the information of all staff

This circular is for the attention of all staff and sets out the Office's policy for the procurement of goods and services.

Procurement of goods and services

1. This PPC sets out the NIAO policy for the procurement of goods and services and identifies those with delegated authority to approve the purchase and payment of such services. This PPC is effective from 1 January 2005.
2. Given its unique role, the NIAO needs sensible, robust procurement procedures that reflect good practice, result in demonstrable value for money and ensure the proper conduct of NIAO business.
3. The NIAO operates a clear authorisation framework to ensure that only certain staff have the authority to commit the NIAO to expenditure. All powers to incur expenditure are delegated from the C&AG, and must not be exceeded or further delegated.

C&AG's Responsibilities

4. The C&AG is responsible for formally delegating the power to incur expenditure on behalf of the NIAO to named members of staff. The C&AG has delegated this responsibility to the Principal Finance Officer (PFO), AAG Division A, who ensures that any delegations are recorded.

Principal Finance Officer's Responsibilities

5. The PFO is responsible, inter alia, for ensuring that necessary controls are in place to ensure the regularity and propriety of expenditure and that resource consumption and spending are kept within plans and the Estimate.
6. In respect of procurement the PFO:
 - authorises appropriate delegations of power to incur expenditure on behalf of the NIAO (amendments to the list of officers with delegated powers can only be made on the authority of the Principal Finance Officer);
 - sets clear standards for NIAO procurement practices;
 - has oversight of procurement activities, including guidance to ensure good practice is followed; and
 - if necessary, invokes disciplinary procedures where NIAO rules are breached or guidelines are flouted.

Division A Responsibilities

7. The Audit Manager in Branch A1 is responsible for:
 - monitoring and enforcing the separation of duties between those who commit the NIAO to expenditure and those who authorise payment to be made for goods and services received; and
 - facilitating internal/ external audit examinations as appropriate.
8. The Audit Manager in Branch A2 has been designated as the Office's Finance Officer and is responsible for:
 - ensuring that the Principal Finance Officer is able to discharge his/her role properly;
 - monitoring, in co-operation with the budget holders, the accuracy of payments, commitments and liabilities information within the accounting system;
 - setting up and maintaining appropriate and robust systems within which payments can be made and controlled properly;
 - determining appropriate procedures, controls and delegations to cater for all types of payments; and
 - monitoring the payment system and payments made to provide assurances to the PFO that NIAO standards are being maintained.
9. The Audit Manager in Branch A4 is responsible for:
 - updating and maintaining procurement guidance;
 - co-ordinating the production and distribution of central guidance on procurement matters;
 - providing advice to staff on procurement and contract matters;
 - approving all notices to be placed in the Official Journal of the European Communities;
 - fulfilling the role of Framework Business Manager;
 - maintaining the Office's framework agreements with private sector firms and managing the contracting-out process;
 - obtaining advice from others on contract matters where appropriate e.g. legal advisors; and
 - providing reports for senior management as appropriate.

Purchase of Goods and Services

10. NIAO staff who procure goods and services are responsible for following procurement procedures as laid down in Office circulars and supplementary guidance.
11. Staff who perceive the need for goods and services must not simply go ahead and place orders. The **only** staff who may order goods and services directly have

been given specific delegated powers to do so. There are several reasons for this, including:

- ensuring that the Office does not over-commit or mis-manage its budget;
- allowing value for money to be pursued;
- ensuring that legislative and other requirements are met; and
- maintaining common standards within the Office.

Budget Holders

12. There are a number of budgets within the Office. Each budget is set annually following a planning process. Budgets should only be used for the purpose intended and budgets should not be overspent without prior approval of the PFO. Generally, one individual – the Budget Holder – will be responsible for managing the budget.
13. Annex A names the Budget Holders and the budgets for which they are responsible. Only the Budget Holders may order goods and services on behalf of the NIAO. Annex B details the delegated financial limits within which individual Budget Holders may work. Annex C sets out the financial thresholds for the method of purchase.
14. All Budget Holders should take care not to exceed their limits and staff who do not have delegated powers must not commit the Office to expenditure.
15. Permission is not required for committing the Office to expenditure for consumption of utilities eg making a business telephone call. Travel and subsistence expenditure is usually controlled at Audit Manager level and normally implicit permission to incur such costs is sufficient, though there will be times when explicit permission is required.
16. The permission of the appropriate Budget Holder should be obtained before staff incur any non-travel and subsistence expenditure and recover the cost from the Office eg books.

Commitments

17. Staff with delegated powers must obtain records of commitments and monitor these carefully against budgets. Monthly financial statements will be issued to budget holders to check with their records.

Payments

18. The NIAO makes approximately 1500 individual payments each year, whether to suppliers or staff and aims to pay 100% of these within 30 days. CSB should ensure that no payments are made without the proper authority. Extreme care

should be taken to ensure that payments are made to the right supplier/person for the right amount of money at the right time.

ANNEX A

BUDGET HOLDERS

C&AG	Approves Annual Budget incl staff complement.
PFO	Monitors overall position
AAG Div F	Contracting-out of financial audit Receipts
AAG Div L	Legal Fees Receipts
AAG Div L	External Review Panel VFM Consultants
Director Div A	All IT expenditure
Audit Manager Branch A1	Salaries Temporary Appointments General Travel and Subsistence Stationery & Printing Postage & Courier Telephones Miscellaneous Expenditure Hospitality Accommodation Office Equipment (other than IT)
Audit Manager Branch A2	Training Study Assistance Professional Fees Publications

Delegated Limits

Over £100,000 inc VAT
Up to £100,000
Up to £50,000

Comptroller & Auditor General
Principal Finance Officer
Budget Holders

Annex C

Procurement Thresholds

Where Framework Agreements exist within the Office they must be used. Where such Agreements exist within the public sector they must be considered.

Staff with delegated powers to order goods and services should ensure that, where a contract does not already exist the following applies:

1 or 2 oral quotations for purchases **up to £5,000**

3 quotations in writing for purchases **> £5,000 < £10,000**

3 selected tenders in writing for purchases **> £10,000 < £30,000**

Publicly advertised competition for purchases **> £30,000 < EU Thresholds**

Official Journal of European Communities **>EU Thresholds**

Exceptionally, approval to dispense with competition may be given by the Principal Finance Officer who should record the reason justifying the decision.

Decisions and negotiations must be fully documented.

Note: all of the above figures exclude VAT.