

1. PURPOSE

- 1.1 To detail the method to be employed when issuing invitations to tender (ITT) or requests for quotation.

2. METHOD – Also see Procurement Planning TPP101b ANNEX 1 for process maps.

2.1 What is a quotation?

A quotation is when a supplier provides a price for a straight forward requirement usually with the price being based on the suppliers Terms and Conditions (T&Cs). However all quotations requested by Translink should hold a caveat that any orders resulting from quotations will be on Translink standard Terms and Conditions.

2.2 What is tender action?

Tender action is when you have a **more** complex requirement and you need to evaluate evidence that the suppliers are capable to meet the requirement and Translink want a price based on Translink's Standard and at times tailored T&Cs to ensure risks are covered. This process will invite tenders to be submitted.

2.3 Terms and Conditions

For all goods and service procurements it is important that Translink ensure risks such as insurance, intellectual property rights, confidentiality, security etc are covered and therefore all procurements for goods and services should be on Translink's T&Cs.

2.4 Aggregating requirements

Translink should group together planned expenditure to consider the appropriate thresholds and required action. The subdivision of a procurement order with the objective of avoiding the thresholds listed below is not permitted and is illegal.

2.5 Purchases up to £1k EX VAT

Where no formal contract exists 2 oral Quotes must be obtained and written confirmation must be obtained then the details must be recorded in internal Agresso text box.

2.6 Purchases Greater than £1k EX VAT to £10k

Where no formal contract exists 3 written Quotes must be obtained with the details recorded in internal Agresso text box or selected tender action via purchasing if required.

2.7 Purchases Greater than £10k EX VAT to £30k

Where no formal contract exists 4 written Quotes must be obtained with the details recorded in internal Agresso text box or selected tender action via purchasing if required.

2.8 Purchase Purchases Greater than £30k EX VAT up to EU Thresholds

Where no formal contract exists advertising is required and full tender action procedures must be followed utilising Translink's public website and where appropriate <http://www.supply2.gov.uk/>.

2.9 The number of quotations

It is not always possible to obtain the required number of quotations. In this event a detailed explanation must be written and recorded on the relevant file / Agresso system including options explored and actions taken to obtain the required number of quotations.

3. Quotations and Invitations to Tender

3.1 Requests for Quotations (RFQs)

3.1.1 A written request for quotation should be submitted to potential suppliers via the Agresso system and the Purchasing Department. The supplier quotations and terms are then evaluated by the requisitioner against the specification of requirements provided by the sponsor. If a previous competitive quotation exists this may be used subject to a revalidation of prices and Terms and Conditions.

3.1.2 The request for quotation must include the following information provided by Translink:

- Technical Specifications and/or drawings
- Delivery method required e.g. ex-works,
- Delivery dates, programme or contract period
- Conditions of contract
- Deadline for submission of quotation

3.1.3 The following information must be requested from the supplier:

- Price excluding VAT (GBP)
- A Price breakdown including any charge for delivery, Discounts / volume discount structure
- Minimum order quantity
- Payment terms options
- Lead Time required
- Delivery date / programme
- Statement of Acceptance of Translink terms & conditions of contract
- Quotation validity

3.2 Invitations to Tender (ITTs)

3.2.1 Authority to release Tenders resides with the Purchasing Department; all Tenders must be reviewed prior to issue by the Purchasing Department unless otherwise agreed by the Purchasing Manager or his representative.

3.2.2 Where there will be a prolonged delay in the issue of the ITT from the date envisaged when the contract notice was published in OJEU or if any fundamental aspect (e.g. price, quantity, duration) of the requirement significantly changes from the requirement previously advertised in OJEU it may be necessary to start the procurement procedure again by submitting a new contract notice to OJEU in order to avoid a breach of the Regulations it is important that this is considered by the Project Sponsor and the Purchasing Department. The test for whether re-advertising is necessary will include:

b) could the prolonged delay or changed requirement attract bidders that did not respond to the original notice or have affected the way in which bidders responded; or

b) could the changed requirement call into question a decision made earlier in the process, such as the basis on which a potential supplier was not selected for inclusion in the tender list.

- 3.2.3** ITTs for competitive tenders must be identical and issued to all tenderers simultaneously, efforts to provide the tender documents electronically must be made & records of this must be held within the Purchasing Department. Note care must be taken to avoid at all times inadvertent release of sensitive information particularly when releasing information electronically.
- 3.2.4** ITTs are contract documents compiled sent out by Translink. The Regulations refer to the documents in an ITT to include the proposed conditions of contract, the specifications or descriptions of the goods, services, work or works required by the Utility and of the materials or goods to be used in or for such work or works, and all documents supplementary thereto.
- 3.2.5** Translink must apply realistic timescales to the procurement process and therefore the issue of and the responses to an ITT. The Procurement Planning Standards (TPP101c Annex 2) illustrates the timescales that must be considered here and Part 3 Section 16 of the Regulations highlights that ITT must be issued within 12 months of the notice calling for competition and inviting economic operators to express their interest.
- 3.2.6** ITTs must be written clearly with Special Notices and Instructions to Tenderers clarifying issues and properly defined technical documentation and/or specification. The ITT, all subsequent correspondence and conversations with suppliers should be clearly marked or stated as 'Without Commitment'. The regulations (Part 3, Section 22 (17)) stipulates that some information must be included in an ITT (such as award criteria and weightings) it is important that this is referred to and checked prior to the release of any ITT. It is important to note that the Procurement Board of Northern Ireland has determined that by the end of March 2009 all contracts should be awarded on the basis of Most Economically Advantageous with any exceptions to this subject to the formal approval of the Head of Procurement the relevant Centre of Procurement Expertise.
- 3.2.7** It is not Translink practice to reimburse tender costs however Translink is conscious of the level of resource needed to respond to its ITTs. Translink will normally seek to contain tender costs by limiting the number of potential Tenderers and will utilise down selection procedures such as Pre-qualification Questionnaire's (PQQs) to achieve this.
- 3.2.8** For complex or substantial new requirements a Bidders' Conference should normally be held soon after issue of the ITT to clarify any areas of doubt.
- 3.2.9** All queries from potential tenderers or tenderers must be handled formally and even-handedly. They should be directed in the first instance to, and managed by; the

Project team member appointed to perform this role and this is usually the Purchasing Lead.

- 3.2.10** It is essential that ITTs are written clearly and contain adequate technical documentation defining the requirement and/or include a specification. The issue of incomplete or immature ITT documentation that will need amendment or explanation later in the tender process is not good practice and will, rightly, attract criticism from potential tenderers. Purchasing teams must also ensure there is no ambiguity or conflict between the requirement documentation or specification and other ITT documentation. Getting it right first time at ITT issue stage will be worthwhile further down the purchasing route. It can be very beneficial if members of the tender assessment panel act as a point of quality assurance to proof read the ITT prior to issue.
- 3.2.11** The Purchasing Department must not normally invite tenders (and should never place contracts) until they have received clear written financial approval to do so from the Executive Team or the Director of Finance. It is a fundamental principle of the tendering process that Translink has a serious intent to place a contract as a result of the tender exercise.
- 3.2.12** It is a requirement in all ITTs issued that details of the tender assessment criteria is provided to enable potential tenderers to make well-informed commercial judgements about the most effective solution.
- 3.2.13** Potential tenderers need to be aware of the relative importance of each element of the requirement, whether they are mandatory, desirable or optional, and the weighting to be applied to them in the assessment process.
- 3.2.14** Potential tenderers should be allowed a reasonable period in which to prepare and submit their tenders not solely the time allowance indicated in the EU Directives. This will help to avoid requests from tenderers for an extension to the tender return date. Considerations which affect the tender response time include:
- the complexity of the requirement,
 - subcontracting activity involved;
 - volume of the specifications/ drawings and information to be examined;
 - the possible need for a Bidders' Conference.
- 3.2.15** Competitive tenders need to be rigorously safeguarded in order to preserve confidence in the integrity of Translink's procedures and to preserve equity between tenderers to ensure that no irregularities this procedure is listed in TPP108 Receipt and witnessing of tenders.
- 3.2.16** **Anti-competitive practices**; if there is a low response rate to an ITT at any point in the Tendering Process, a Tenderer withdraws from a competition without providing a reason or there are odd circumstances it is recommended that the Purchasing Department try to establish why this was the case and investigate this further if required. If the circumstances appear to be unusual the Purchasing Manager should be informed of the situation without delay. If there is any doubt as to whether a

competition will be genuine and effective (e.g. it appears that only one tender will be received) a revision to the process may be required and new tenders should normally be sought.

3.2.17 Any anti-competitive practice such as price fixing is subject to control under the Competition Act 1998. If there is a strong reason to believe a Tenderer might be employing unusual pricing tactics or indulging in other anti-competitive behaviour at any stage in the Tendering process please refer to the Purchasing Manager for advice in the first instance after which consideration will be made of whether to seek advice from a Legal Adviser.

4. Supplier Payment Terms

4.1 The appropriate method of payment for supply contracts must be evaluated at the Procurement Planning stage and risk assessed at this point. When inviting tenders or quotations two payment options may be considered:

- Standard Payment on delivery
- Milestone based / incentivised pricing mechanisms

4.2 Stage Payment Terms shall only be considered for high value goods and services, where it may be advantageous to Translink to consider payments not in accordance with Standard Payment on delivery Terms. Payment must be on clearly defined deliverables/milestones. It may be important to retain an element of the contract price payable only on satisfactory acceptance of goods, completion of service or contract.

4.3 Advance Payment

4.3.1 In very rare circumstances it may be imperative for commercial reasons to pay suppliers in advance of clearly defined deliverables. Such advance payments can be used provided Translink is protected by an Advance Payment Bond. An Advance Payment Bond must be included in the ITT and must be approved by the Purchasing Manager. Advance Payment Bonds can be used provided that:

- value for money is demonstrated (including discount for advance payment).
- the supplier will accept the cost of the Bond being guaranteed by a UK bank or insurance group of substance. These Bonds protect Translink when advance or progress payments have been arranged before the contract has been completed. The Bond, usually issued by the supplier's lead bank, provides for the repayment of the advance or progress payment should the supplier fail to perform to the terms and conditions of the contract.
- wherever possible an element of the contract price should be retained payable only on satisfactory acceptance of goods, completion of service or contract.
- advance payments are kept to a necessary minimum.

4.4 Foreign Currency Payment

