Procurement Strategy

2008

Approved by the University Court: 2 May 2008
1. **Procurement Mission Statement**

To drive the embedding and consistent application of best Procurement practice and to increase the sustainable Value for Money from the University non-pay expenditure - through Advanced Procurement across the Schools, Units and Residences of the University of St Andrews.

2. **Executive Summary**

The Strategy of the University of St Andrew’s Procurement Unit is to efficiently and effectively support decentralised (devolved) procurement to the Schools, Units and Residences of the University.

The Procurement strategy is in support of the overall University Strategic Plan and in particular relates to Aim 8: Financial Health –

To maintain a sustainable and resilient financial position to support the mission and academic positioning of the University on an ongoing basis.

At a top level, the Procurement Unit’s remit and responsibility covers the complete Procurement process including all related policies and legislation. Procurement has the overarching responsibility and advisory role for all of the Universities Procurement activities.

Our primary objective is to ensure the University is obtaining Best Value for money whilst supporting the extensive and wide ranging requirements of all our teaching and research activities within the University.

It is of paramount importance that Procurement effectively liaises and guides all staff in procurement activities; ensuring compliance and governance of all non-pay spend throughout the University.

Throughout the Scottish public sector, procurement is receiving a high level of attention as well as recognition of the potential benefits that an efficient and effective procurement process can bring to an organisation.

The focus of Scottish Government on public sector procurement has grown significantly as a result of the McClelland Report which has highlighted the potential opportunities and threats that have a direct effect on the public purse.

The report was written by John McClelland in 2006 after an extensive review of Public Sector Procurement at the request of the Minister of Finance and Public Sector Reform:

http://www.scotland.gov.uk/Publications/2006/03/14105448/0

Our Procurement Strategy and operational plans are aligned and in support of the output and recommendations of the McClelland Report.

A key focus area throughout 2007 and continuing into 2008/9 is to extensively raise the awareness and understanding of good Procurement practice throughout the University. Focussing on the key areas of:-

- sustainable procurement
- Best Value
- electronic Procure to Pay (P2P) tools
contract compliance
increased collaboration
improved governance and accountability
improved operational and documented processes
communication forum
training

3. **Buyer Network**

During 2007, Procurement review meetings were held with all Heads/Directors of Schools and Units. Individual(s) were nominated to form part of the Buyer Network. The group consists of c.90 members from across all Schools, Units and Residences. The key areas to be covered jointly by Procurement and the Buyer Network are:-

- communication exchange
- contract compliance
- User Intelligence Group members (external through APUC)
- use of electronic Procure to Pay (P2P) processes
- supplier/contract management
- governance and policy adherence
- sustainability
- training

The launch of the Buyer Network took place on 22\textsuperscript{nd} February 2008 and proved to be an informative and successful event - this is the start of a new integrated and improved way of working. The role of Procurement will be far more advisory and strategic in nature, based on a two-way and mutually beneficial forum for all buyers in the University - the ultimate goal being to jointly deliver the Procurement Strategy.

4. **Advanced Procurement for Universities and Colleges (APUC)**

Advanced Procurement for Universities and Colleges Limited (APUC) is the procurement Centre of Expertise for Scotland’s 62 universities and colleges. It is a private limited company, owned by institutions and was established in response to the McClelland Report: Review of Public Procurement in Scotland.

APUC’s vision is to maximise the contribution that advanced procurement makes to Scotland's investment in teaching and research.

The University of St Andrews Procurement unit is the main liaison between APUC and our Schools/Units. The focus areas for Procurement and APUC are:-

- increased collaboration and contracting opportunities
- contract compliance
- procurement policy and best practice
- User Intelligence Group participation

The ultimate aim of APUC is to provide the HE/FE sector opportunities to achieve cost savings and delivery of Best Value procurement solutions.

5. **Sustainable Procurement**

The University recognises that procurement decisions have a direct impact on the environment and sustainability.
Over the last 18-months all EU Tenders for goods and services have included sustainability as part of the award criteria and decision making. All other tenders managed by Procurement have sustainability questionnaires and reviews within the process.

Our strategy going forward is to increase our involvement with our Environmental team within Estates to further embrace sustainability throughout our complete purchasing cycle. As well as complying with all relevant environmental legislation, the Universities overall aim is to reduce the adverse impact of its procurement activities.

The following are key areas of focus in the coming year:-

- APUC interface and drive forward University of St Andrews sustainability requirements and targets
- promote further understanding through Buyer Network
- representation at Carbon Management Meetings
- review of methods of reporting and measurement of Procurement sustainability progress
- review supply chain for sustainability improvements (eg frequency of deliveries)

6. **Major Estates Projects**

Throughout 2007, Procurement have been increasingly involved in the initial stages of Capital Projects and play an ongoing role in these. This has been a more proactive approach and has been of benefit to:

- ensure legislative requirements are met
- achieve timelines
- increased level of understanding of Estates and Procurement requirements - this is beneficial in project planning and delivery

The plan is to continue and build on the joint partnership between Estates and Procurement to the benefit of the University. Up and coming major projects requiring Procurement resource and support (2007-2011):-

a. Medical Science Building  
b. Library Redevelopment  
c. Bimolecular Science Extension  
d. David Russell Apartments/Fife Park - Phase 4D

7. **Electronic Procure to Pay (P2P)**

Our aim within Procurement is to employ electronic processing where possible from initiation of a requirement through to order placement, receipting and payment of invoice. The two main benefits from Electronic P2P are: - quality of data and efficiency cost savings.

7.1. **Aptos (Purchase Order Management)**

Aptos is our fully integrated financial and purchase order management tool. This is the backbone of both our purchasing and financial management. Our aim is to fully use Aptos for purchases to allow accurate commitment accounting and order/supplier management. There
are some exceptions that are not processed through Aptos and a more detailed explanation can be found at:-

http://www.st-andrews.ac.uk/media/MethodsOfOrder.pdf

7.2. Parabilis (Web PunchOut)
Parabilis is our hosted eProcurement software which is integrated with Aptos. Parabilis is a marketplace which links Aptos to our supplier’s websites and allows full web ordering. This method is the most efficient as once the order is processed then approved, the purchase order is automatically created in Aptos therefore eliminating double keying. There are currently 10 live suppliers within Parabilis and these are mainly high volume type commodities. There is scope for a further 5-10 supplier to be added during 2008. Although the numbers seem low it is a significant amount of transactions and when benchmarking to other Universities, we are one of the furthest ahead in the area of true eProcurement.

7.3. In-Tend
In-Tend is our electronic tendering software. This hosted facility allows full electronic processing of our tendering process from initiation of specification through to final tender documentation being received from our suppliers.

This is partly rolled out and is used on all tenders processed by Procurement which includes all EU tenders. The plan during 2008 is to work with key user departments to further roll out In-Tend and realise the benefits both in cash and added value of electronic tendering.

7.4. eInvoicing
To complete electronic P2P, we will implement electronic invoicing (eInvoicing). This is where an electronic (soft) copy of the invoice is transmitted from supplier direct to Aptos and is automatically matched with our Purchase Order. This results in the elimination of manual paper copies and increased accuracy of data. It is a much more efficient and effective method and will add to our non-cashable savings. The project to implement eInvoicing is to be run jointly with Finance and Procurement. The project plans and timelines have to be agreed and are planned to commence in 2008.

8. Legislation and Governance
Procurement of non-pay spend, accounts for over £40 million of the University of St Andrews annual expenditure.

There is a large element of risk and complexities involved in Public Procurement; namely in terms of contractual, tendering, legislation (particularly EU), and general integrity. The level of audit requirements and governance is extensive and understandably essential.

All University purchases of goods and services are governed by the Procurement Financial Operating Procedures:-

http://www.st-andrews.ac.uk/media/Procurement.pdf

This document includes the various financial levels and subsequent authorisation requirements. The Procurement Unit through approval of Court, is responsible for setting the standards and maintaining procedures in line with legislation. All Directors/Heads are responsible for their own Units/Schools adherence to the Procurement Financial Operating Procedures.
9. **Key Performance Indicators (KPIs) & Reporting**

In collaboration with Finance, work has been done during 2007 to initiate Procurement KPIs. There are various graphs updated monthly.

During 2008 the KPIs will undergo review with an aim to enhance the measures with a focus on targets and values of savings:-

**Current Measures in Place**
- orders raised via Aptos POM system
- orders and value via PunchOut (Parabilis)
- individual invoice transactions
- contracted spend (through tenders) versus non contract (annual review)

**Measures to be defined**
- compliant spend (contracts or tenders)
- savings applied to process changes ie Aptos / Parabilis/In-Tend
- savings achieved from increased compliance
- savings achieved from increased collaboration
- general cost savings (Efficiency Measurement Model EMM – under review)

Our reporting strategy for procurement and related activities will be developed using a tool called Spikes Cavelle. This is being funded centrally by Scottish Government. It contains all public sector procurement data allowing extensive measurement and benchmarking. Spikes Cavelle is a comprehensive database including our procurement/spend activities - It will be used to deliver meaningful information to support and influence positive change in Procurement.

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