

# Procurement Policy and Rules

The States of Guernsey

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Should you have any questions regarding the use of this policy or wish to make contact with a member of the Procurement team at the States of Guernsey then you are welcome to contact us at [procurement@gov.gg](mailto:procurement@gov.gg)

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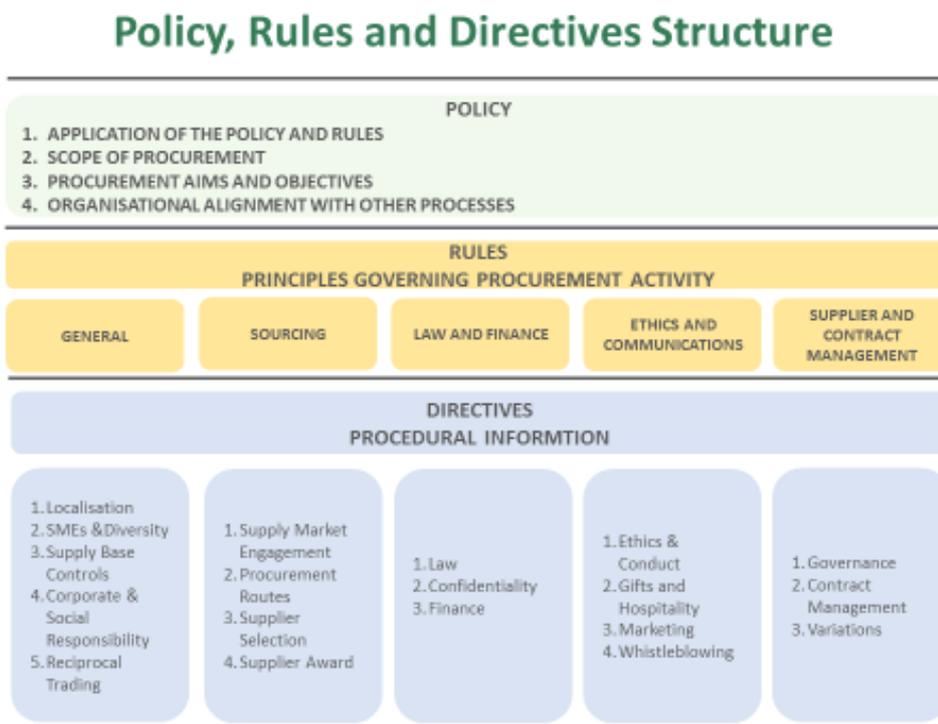


# Introduction

This policy sets out the role and scope of procurement and outlines the rules which representatives of the States of Guernsey should follow when committing to spend money with a supplier/3<sup>rd</sup> party. This policy and the accompanying Directives aim to ensure that such monies are committed responsibly, deliver value for money and stand up to scrutiny.

This policy is supported by our Directives, the procedural information which sets out in detail how procurement is to be conducted.

The structure of how the policy, rules and directives align and support one another is articulated in the below diagram.



## Application of the Policy and Rules

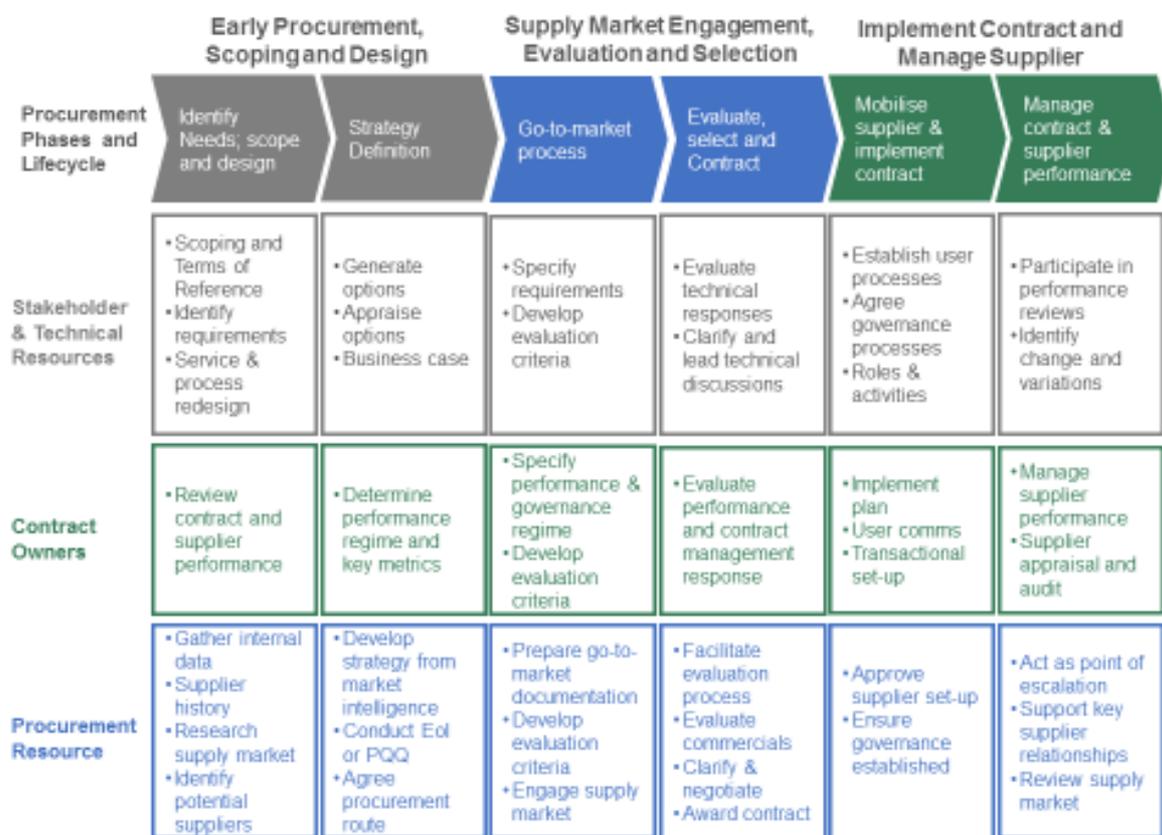
1. Throughout this paper where reference is made to the States of Guernsey (hereafter 'the States') or the island of Guernsey it shall also apply to the States' unincorporated entities e.g. Guernsey Water, Dairy, Waste etc.
2. **This policy applies to all employees and other individuals who may be acting in the States' name as a representative** (e.g. interims, contractors, political members). **Adherence to the Policy is both an individual and an organisational responsibility.** Wilful breach of the Policy, or unauthorised departure from the procedures derived from the Policy may constitute a disciplinary offence. The Policy can only be revised or altered with the authority of the Policy & Resources Committee.
3. **This policy should be applied whenever public money is being utilised in part or whole to pay a 3<sup>rd</sup> party (an organisation external to the States) in consideration for the receipt of goods, works and services.** This includes subsidies (to financially support the provision of services from 3<sup>rd</sup> parties), monies paid to the voluntary/3<sup>rd</sup> Sector for services and States trading bodies where they compete for contracts procured by other Service Areas. It may also include grants where these are of a more commercial nature and there is an expectation that the States' shall receive a specified service at a stated performance level from the receipt of such a Grant. The policy shall also extend to commercial arrangements with 3<sup>rd</sup> parties which deliver revenue to the States (e.g. airport concessions, advertising etc.)
4. **This policy shall apply to all expenditure regardless of the classification of its source or the manner in which it is paid for.** This shall include Capital and Revenue sources as well as any other source of funds used for the expenditure. The policy shall also apply to items that are leased or rented.
5. The term 'procurement' in this document shall refer to the process and its activities unless otherwise specified differently. Where activities are performed by specific functions or roles exclusively then these are specified e.g. Procurement function, Contract Owner
6. **The term '3<sup>rd</sup> party' shall mean any supplier, bidder, 3<sup>rd</sup> sector organisation, States trading body or other organisation which the States may enter into a contractual relationship with of a trading nature which requires the transfer of public money.** This shall typically be a relationship where the States shall make a financial commitment to pay for works, goods or services although in some circumstances this could result in revenue (e.g. airport concessions)
7. **The 'Contract Owner' is the individual responsible for the management of the contract** and ensuring the 3<sup>rd</sup> party performs its duties in accordance with the requirements of the contract.

## Role and Scope of Procurement

1. **Procurement is concerned with the management of spend which may be committed by the States to a 3<sup>rd</sup> party.** This is usually a supplier but also includes organisations operating within the 3<sup>rd</sup> Sector (e.g. Charities) and potentially spend which may be committed under Grants. Procurement is a key organisational process and is also an integral part of any commissioning process.
2. **Procurement activity begins at the point where a problem, opportunity or outcome is defined which requires the potential involvement and engagement of a 3<sup>rd</sup> party** to realise a solution that will likely create a contract or involve the transfer of public money between the parties.. This is the point at which services are conceived and designed or specifications developed for goods. In order to help define this, it is often the case that early engagement with the supply market and suppliers is required. This has the objective of helping inform the potential solution and the preferred procurement strategy. **Early engagement of 3<sup>rd</sup> parties and supply markets is perhaps the most critical phase of the procurement process as it provides the opportunity to influence the market and optimise the commercial outcome.** Conversely, it can seriously undermine the commercial outcome if not managed effectively. **For the avoidance of doubt, the procurement process has started if the States of Guernsey or any representative has interacted, communicated or engaged with any 3<sup>rd</sup> party, which may lead to a trading/contractual relationship, whether that be in an informal or formal capacity**
3. In addition to sourcing activity, **Procurement and the Procurement function shall also contribute to other activities aimed at improving the interface which the States has with providers of goods, works and services.** For example, supply chain re-engineering, product/service redesign, demand management, insourcing/outsourcing etc.
4. **Procurement encompasses the management of the contract over its life and the performance of the 3<sup>rd</sup> party during this period.** This may also involve activities concerned with supplier development and continuous improvement.
5. **Procurement shall, where appropriate, seek to contribute to the development of local supply markets to ensure the island has the necessary competencies and capabilities in key sectors.** This role will extend to contributing to the development and introduction of appropriate standards in conjunction with functional experts e.g. Health and Safety accreditations in the construction sector
6. **Procurement is an organisational process that requires the participation of many different stakeholders to ensure success. Early collaboration and cross-functional engagement are**

**essential. The procurement process and its intentions are entirely consistent with and operate in parallel with the principles of commissioning.** A procurement exercise usually requires input from a range of skills including end users, specifiers, budget holders, subject matter experts, Finance, Legal, ISS and potentially HR specialists as well as the Procurement Function and Contract Owners. Each individual provides relevant expertise at appropriate points in the process and early engagement prevents mistakes and unnecessary delay later in the process.

The diagram below seeks to summarise the key roles and activities performed by the main participants within a procurement process and demonstrates how all individuals need to participate from the outset.



# Procurement Aims and Objectives

1. **The aim of Procurement is to ensure the organisation satisfies its stated needs, requirements and outcomes from 3<sup>rd</sup> parties in the most economic, efficient and effective manner possible.**

The Procurement function shall work closely with stakeholders to enable Service Areas to procure goods, services and works in a timely manner and backed by enabling systems. The Procurement function shall achieve this by:

- i. Maintaining processes which are fit for purpose and can be flexed to reflect the nature of the procurement
- ii. Maintaining processes which enable contracts to be managed and measured effectively to deliver the stated requirements
- iii. Directing procurement's focus to improve commercial outcomes for the States
- iv. Developing procurement, contract management and commercial skills more broadly across the organisation

2. **Procurement as a process and function aims to align its objectives and priorities with those of the Service Areas and Customers** to support and be an enabler in helping to deliver the States of Guernsey Medium Term Financial Plan and reform agenda. The Procurement function shall achieve this through:

- i) Implementing category led procurement to support the achievement of targets set out in the Financial Plan
- ii) Harness supply market expertise to support the reform agenda and redesign services to better deliver outcomes
- iii) Act as an enabler to the Service Areas in helping them meet their operational needs to customers and support their key policy objectives

3) **Procurement's aim is to fairly and objectively select those competent 3<sup>rd</sup> parties whose solution delivers best Value for Money and best overall benefit based upon clearly agreed criteria.**

- i) Value for Money is defined as the lowest 'whole life' cost solution which delivers the best overall benefit.
- ii) In certain circumstances it is appropriate to define this as the lowest 'whole life cost' solution that meets the required outcomes and whose quality/technical aspects at least meets minimum stated requirements (i.e. is fit for purpose). In such circumstances where an alternative solution is of a higher quality or delivers enhanced outcomes than those specified, the additional cost must be proportionate to the additional benefits delivered (refer to evaluation/selection sections of the Sourcing Directive).

- iii) Officers should be sensitive to evaluating proposals in such a way as to encourage the selection of high quality, high cost solutions where the quality exceeds that which is needed.
- 4) **In addition to an assessment of capability, cost, experience and ability to meet the requirement, consideration shall be given to the wider aspects of social and economic benefit to Guernsey.** Social benefit is the total benefit to society from producing or consuming a good/service. E.g. a decision to procure bicycles for civil servants to travel between offices carries the social benefits of reducing vehicle congestion, vehicle pollution and improving health.
- 5) **Procurement shall, through its activities and focus, aim to develop and sustain the local economy by using the States' purchasing power to increase localisation** (the proportion of spend transacted through local businesses). The Procurement function shall achieve this by;
- i) Maximising the participation of local providers in responding to requirements
  - ii) Developing objective criteria to assess the economic value to the island of selecting local providers when making award decisions. Wider aspects will include, for example, the need to sustain local employment, uplifting local skills and retaining revenue flows on-island through taxation and social security contributions, and the local multiplier effect of spend within the local economy
  - iii) Working with specific industries and their representatives to ensure they possess the capabilities and competencies to support the States' current and future requirements.
  - iv) Providing support to local businesses to ensure they are familiar with the States' procurement processes and are equipped to be successful in responding to opportunities.
  - v) Ensuring that the States' procurement processes do not unfairly and inappropriately create barriers to local participation
- 6) **Procurement shall comply with legislative, probity and accountability requirements.** The Procurement function shall seek to enable this through:
- i) Operating in accordance with Public Law and delivering a framework to support this with clear accountability
  - ii) Ensuring procurement is undertaken in a manner which is fair, objective, transparent and gives equal opportunity to all participants
  - iii) Adopting a common-sense and pragmatic approach which is underpinned by professional judgement to make the right selection decisions

# Procurement Rules

The following rules set out the principles for how procurement is to be conducted within the States of Guernsey. These are governed by the following:

- The rules exist to ensure fairness, objectivity and transparency in the use of public funds with 3<sup>rd</sup> parties. They also exist to help manage the States of Guernsey's risks in regards to its commitments with 3<sup>rd</sup> parties.
- It is recognised that some of the rules may be open to interpretation. It is expected that individuals will follow the spirit of the rules where definitive requirements are not specified.
- In the event that an Officer or Service Area considers that a specific rule cannot be applied to a particular circumstance then advice should be sought from the Director of Procurement and an exemption sought in the first instance.
- Individuals should be aware that the rules do not operate in isolation from the Directives which aim to provide detailed guidance regarding their application.

The rules have been organised under major headings to help guide individuals in their application.

## General

### 1) Localisation

- a) **The States shall have the right to restrict competition to local providers where healthy levels of suitable capability and competition exist** within the local supply market and it can be shown that Value for Money can still be achieved. In this context, any financial premium associated with procuring from an on-island provider must be negligible and proven to be substantively offset through tax/social security contributions and wider benefits.
- b) The States shall allow **up to 20% of the overall score of a 3<sup>rd</sup> party evaluation/selection process to be applied to 'local factors'** (local economic contribution and broader benefits) such that those 3<sup>rd</sup> parties contributing most to the local Guernsey economy shall be favoured.
- c) **The States shall seek to increase the proportion of business placed with Guernsey based 3<sup>rd</sup> parties.** A Guernsey based 3<sup>rd</sup> party shall be defined as one which is a Guernsey based legal entity, employs locally residing individuals and is conducting substantive business on-island which is relevant to the nature of the goods or services being procured by the States (i.e. employing individuals, investing in skills and capabilities, possesses physical assets if appropriate etc.)

### 2) SMEs and Diversity



- a) **The States shall not favour any particular group of enterprises.** The States of Guernsey has a responsibility to work with and support micro, small & medium sized enterprises (SMEs) as well as the voluntary sector.
- b) **The States shall ensure that its procurement processes do not inhibit or unfairly disadvantage SMEs** (businesses and 3<sup>rd</sup>/voluntary sector organisations whose revenues are less than £1m p.a. and they employ fewer than 10 people). The States of Guernsey, at its discretion, may relax or provide a waiver to specific organisations participating in a procurement process or agree to modify the requirements of the procurement process to all participants where it can be shown the requirements would create an unnecessary barrier to participation or competing on an equal basis. Advice and direction should be first sought from the relevant Procurement Manager under such circumstances.

### 3) Supply Base Controls and Risk

- a) **The States shall not, under normal circumstances, represent more than 25% of a 3<sup>rd</sup> party's revenue.** This is in order to manage the potential exposure, risk and dependency such that decisions that may be taken by the States of Guernsey are not influenced by the potential consequences of those decisions to the 3<sup>rd</sup> party. Should it be necessary to enter into a relationship where the States exceeds this threshold then a thorough risk assessment should be performed.
- b) **The States has a responsibility to manage and control the overall size of its supply base.** Where there is a need to add a new supplier then consideration should be given to removing suppliers (in the same category) unless the goods/services being supplied are a new requirement or there is a defined strategy to increase the number of suppliers within the category.

### 4) Corporate and Social Responsibility

- a) **All 3<sup>rd</sup> parties should possess a current CSR policy** (other than micro enterprises whose revenue is less than £1m p.a. and they employ fewer than 10 people) and evidence should be sought of its existence and application as part of the procurement process (i.e. in the PQQ or tender submission). The policy should address areas such as business conduct, environmental responsibility, impact on communities and social contribution, compliance with laws, values etc.
- b) **3<sup>rd</sup> parties must be able to demonstrate an ability to meet the needs of disabled customers** where the contract includes an element of service provision requiring disabled customers to access such services. All 3<sup>rd</sup> parties (other than micro enterprises whose revenue is less than £1m p.a. and they employ fewer than 10 people) must be aware of the Business Disability Forum's best practice guidance and can demonstrate they are working towards improving disability performance.



- c) **The States shall select Fairtrade products** where possible provided such products are deemed to be of suitable quality, are fit for purpose, are readily available and do not represent poor value for money.

#### 5) **Reciprocal Trading**

- a) **Reciprocal trading relationships are to be avoided where they may have the effect of influencing procurement decisions and outcomes adversely.** Considered analysis should be undertaken before entering into any procurement arrangements which would lead to a reciprocal trading relationship.



## Sourcing

### 6) Supply Market Engagement

- a) **All requirements to commit the States to spend money on goods, works or services with any 3<sup>rd</sup> party organisation shall be competed on a fair and objective basis** in accordance with set thresholds and using an approved Procurement Route as specified in the Directives unless an exception has been granted by an authorised person as defined in the Directives.
- b) **Procurement should be conducted in a manner which is compliant with the Thresholds set out in the relevant Directive.**
- c) **Any procurement exercise where the value of the financial commitment is £25,000 or greater shall be conducted in conjunction with a member of the Procurement function** (or as amended in the Directives from time to time). Officers and Service Areas may conduct procurement exercises below £25,000 in accordance with the Directives.
- d) **Any procurement exercise where the value of the financial commitment is £25,000 or greater shall be conducted/transacted using the e-Sourcing portal (SupplyGuernsey.gov.gg).** This helps ensure compliance and provides a record of the procurement activity and documentation in the event this is required at a later date.
- e) **A 'low value' procurement route may be followed where the annualised value of the goods, works or services (defined at a sub-category level) is less than £10,000** (or as amended in the Directives from time to time) provided such goods, works or services are not available under an existing contract or available from an already approved 3<sup>rd</sup> party. The value of the goods, works and services shall be the total contract value (based upon the purchase price; not a lease or rental).
- f) **Exceptions to specified Procurement routes shall be allowed for specific circumstances.** Reasons for the exception must be recorded, auditable and retained. Reasons may include:
  - i) An emergency as defined by the appropriate Procurement Directive
  - ii) Where the difficulty of the supply market or nature of the requirement indicates that a better outcome and better value for money will be achieved by not following a specified Procurement Route. In such circumstances, the recommended process shall be reviewed and approved by a member of the Procurement function (as defined in the Directives) prior to the commencement of the process.
- g) **Exceptions to specified Procurement routes (e.g. a tender) must be requested and approved before any engagement has taken place with individual suppliers** e.g. meetings, quotes etc. Exceptions shall be approved by the relevant Procurement Manager.
- h) **The States shall research, identify and engage with a sufficient number of capable 3<sup>rd</sup> parties prior to initiating a process to solicit proposals from them.** This is particularly important where suitable local 'on-island' capability exists.
- i) **The States shall not enter into an early procurement dialogue with any 3<sup>rd</sup> party if such dialogue may prejudice the outcome or favour any one 3<sup>rd</sup> party over another.** In the event that early market engagement discussions are required (to inform a specification, redesign



a service or create a solution) then Expressions of Interest should first be sought from capable and interested 3<sup>rd</sup> parties and early discussions held on the basis of fair and equal treatment to all. Such Expressions of Interest may also include some form of pre-qualification process (PQQ) if there is a need to identify only a short list of capable suppliers.

## 7) Supplier Selection

- a) **Proposals shall be evaluated fairly and objectively using clear and unambiguous criteria** which reflect the organisation's needs and requirements in respect of the goods, services or works being procured. Reasons for and against a selection decision must be fair and balanced in regard to judging all participants. The use of assumptions and opinions should be avoided.
- b) **Criteria must not be defined in such a way as to give any potential or existing 3<sup>rd</sup> party an advantage.**
- c) **Criteria and weightings must be established and agreed prior to the receipt of any proposals/tenders.** For contracts where the value is likely to exceed £100,000 then the criteria and summary level weightings shall be published within the tender documentation. Criteria and weightings may be modified and updated between stages of a procurement process (if a multi-stage process) provided this is communicated to all and has not been unduly influenced by bidders.
- d) In the event that face to face dialogue (early market engagement) with the potential 3<sup>rd</sup> parties forms part of the procurement process then the criteria and decision making process shall be agreed prior to conducting any such dialogues.
- e) **The procurement process shall determine the financial viability and stability of potential 3<sup>rd</sup> parties prior to considering any award.** This shall normally be undertaken as part of the PQQ process and through an evaluation of copies of accounts.
- f) **Contracts shall be awarded on the basis of the offer which represents best Value for Money** to the States (as defined in the Aims and Objectives in this document).
- g) **Clarifications and modifications to proposals are encouraged as part of the evaluation/selection process** in order to deliver improved solutions and outcomes which better reflect requirements. All participants to that stage in the process must be treated equally i.e. clarifications/modifications must be sought from all participants although the specific nature may vary between participants.
- h) **The evaluation and scoring of proposals should be undertaken by a minimum of two people independently of each other.** In the event that the scores of the individuals are different by more than 25% (as a proportion of the maximum score) in any section then a moderation process should follow between the individuals to understand the difference. This should result in a change in scores such that the difference between those scoring is 25% or less after the moderation.
- i) **Where two or more proposals score within 3% of the highest scoring proposal then these shall be deemed to be equivalent.** Under such circumstances the States of Guernsey shall



select the proposal that is the most commercially advantageous i.e. usually the lowest overall cost.

- j) **The States may negotiate financial and other terms with bidders provided it does so in a manner which treats all bidders equally.** Clarifying and negotiating is to be encouraged with all participants to ensure that weaker aspects of a proposal are improved and final solutions are able to meet the States of Guernsey's needs.

## 8) Award

- a) **The States shall NOT award a 'Preferred Bidder' status to a supplier until such time that all material commercial and other terms have been agreed** between the parties.
- b) **The States may apply a 'standstill' period to any contract award.** Use of a 'standstill' period shall be notified in the tender documentation and shall normally be for contracts of a substantive value as set out in the Directives.
- c) **The States shall not normally enter into a Letter of Intent which may form the basis of a contract or lead to a contract being entered into through conduct.** Effort should be applied towards completing the contractual documentation prior to work commencing. In the event that work is required to begin quickly (as a result of an emergency) then a Purchase Order covering a very clear and limited scope of work should be raised before the work commences.
- d) **A member of the Procurement function shall be required to authorise the set-up of any new 3<sup>rd</sup> party.**



## Law and Finance

The statements below are intended to provide guidance to individuals in regard to the financial and legal elements associated with Procurement activity. They are not intended to replace any Rules and Directives contained elsewhere but seek to supplement and reinforce these.

### 1) Law

- a) **The States of Guernsey shall be the legal entity used for all contracts.** Only incorporated entities shall be entitled to contract using their own name.
- b) **All contract terms and conditions shall be in a form approved by the Law Officers.** Where possible standard templates should be used and not amended.
- c) **Terms and conditions (including the release of a Purchase Order) should be agreed and signed prior to the commencement of any works or delivery of goods/services.** Advice shall be sought from the Procurement function if this may not be possible.
- d) **Letters of Intent (or similar documents) should not be entered into in the normal course of business.** Exceptions should seek approval from the Procurement function or the Law Officers.
- e) **Contracts may not be novated, assigned or sold under normal circumstances.** Any requests by a supplier/3<sup>rd</sup> party to novate or assign or change the details of the contracting parties must first be subject to proper due diligence to ensure the reasons are legitimate (i.e. not to defraud other shareholders etc.). Officers are required to undertake independent research rather than simply rely on the advice of those individuals specifically requesting such course of action.
- f) **All employees and any representatives of the States shall be familiar with and comply with GDPR regulations** as it pertains to data which may be shared with or transferred to suppliers and other 3<sup>rd</sup> parties.
- g) **3<sup>rd</sup> parties are required to comply with the GDPR regulations** as it pertains to data which may be shared with or transferred to suppliers and other 3<sup>rd</sup> parties. Advice shall be sought from the Data Protection team if required.

### 2) Confidentiality

- a) **Confidential and proprietary information relating to the States shall be handled with due care and proper consideration.** In particular, the commercial contents of the States' relationships with suppliers shall be held confidential and shall not be disclosed to other potential or existing 3<sup>rd</sup> parties/individuals unless required to do so by law.
- b) **Officers should seek to sign a Confidentiality or Non-Disclosure Agreement with all individuals and 3<sup>rd</sup> parties** before disclosing information/data which is of a sensitive commercial or personal nature.

### 3) Finance



- a) **Any financial commitment to purchase carried out in the States' name must only be undertaken by an officer with the appropriate financial authority** as set out in the Finance Directives.
- b) **Information concerning budgets** (including amounts) which may have been assigned to specific projects, contracts or suppliers **is considered commercially confidential** and should not be disclosed to 3<sup>rd</sup> parties.
- c) **The value of the procurement shall be the total estimated financial commitment** (to determine required authority, assess against thresholds etc.) made under the purchase for the expected life of the contract being entered into. This shall include ancillary items, consumables and potential disposal costs to determine the total cost of the contract. Where an agreement is of a Framework nature then the estimated total value of purchases to be committed under the agreement is to be used to assess the value of the financial commitment. Where an item is leased (rather than purchased) then the value of the procurement shall be determined by the total financial commitment made under such lease including arrangement costs and potential termination fees.
- d) Contract terms and conditions must be approved and signed in accordance with the schedule of limits and any committee financial limits. **Any contract which commits the States of Guernsey to a financial commitment of £25,000 or greater (or expected spend in the case of a Framework agreement) must be reviewed and countersigned by a member of the Procurement function.**
- e) **Where a contract is greater than 12 months duration then a Purchase Order should be placed for a period no greater than one fiscal/calendar year and must have an end date on or before 31<sup>st</sup> December of that year.** Purchase orders must not span more than one fiscal year.
- f) **The States of Guernsey payment terms shall be 30 days from the date of invoice.** Any exceptions shall be agreed in consultation with the Finance Business Partner
- g) **Payment shall only be made after receipt of the goods or services in full** unless the scope is delivered over a period longer than one month in which case this may be invoiced based upon effort or outcomes/deliverables in arrears. Only in exceptional circumstances should it be necessary to make upfront payments and agreement shall be sought from the Finance Business Partner before any commitments
- h) **Decisions to lease or rent (as opposed to purchase) should only be made in conjunction with Finance** and approval given by the Finance Business Partner
- i) **Payment shall be made in GBP£ Pound Sterling.** Where payment is requested in any other currency then the agreement of the Finance Business Partner shall be sought.
- j) **Invoices should be zero rated for any Goods or Services tax.** Guernsey is not subject to any GST/VAT and therefore invoices (including those from off-island 3<sup>rd</sup> parties) should be zero rated under normal circumstances.

## Conduct and Communications

### 1) Conduct

**States employees and representatives shall behave with the highest of integrity** and uphold standards which are consistent with the values of the organisation. The statements set out below in the States of Guernsey Procurement Code of Ethics are intended to outline the standards expected of individuals and compliment/supplement other rules where these exist (e.g. terms set out in employment contracts and HR rules/directives). In meeting the expected standards, individuals should be guided by the following:

- I. Staff should never use their authority for personal gain and should seek to uphold and enhance the standing of procurement within the States Committees and more broadly in the eye of the general public.
- II. They should maintain an unimpeachable standard of integrity in all their business relationships.
- III. They should promote the eradication of unethical business practices.
- IV. They should reject any business practice which might reasonably be deemed improper by others.
- V. They should ensure full compliance with laws and regulations.

### 2. Conflicts of interest

**States employees and representatives shall avoid situations which do constitute or may be interpreted as constituting a conflict of interest.** This shall include:

- i) **Any personal interest which may impinge or might be deemed by others to impinge on a member of staff's impartiality** in any matter relevant to his or her duties should be declared.
- ii) **Activities which create a real, potential or perceived conflict between personal interests or relationships and the interests of the States of Guernsey shall be avoided.** States representatives and employees shall avoid Conflicts of Interest by excusing themselves from further involvement in the activity/procurement process. In exceptional circumstances where a suitable replacement cannot be provided an exception should be sought from the Director of Procurement and any risks mitigated, such as by appropriate oversight. Conflicts may include:
  - 3<sup>rd</sup> parties in which a relative/friend is employed or is acting in an advisory/consulting capacity
  - 3<sup>rd</sup> parties in which the States representative/employee has an interest i.e. holds a position within the organisation or possesses a shareholding of more than 1.0%

### 3. Solicitation

- i. **States employees/representatives shall under no circumstance accept an inducement or bribe (something given to the employee/representative in exchange for them doing**

**something which would favour or give advantage to the organisation/individual providing the inducement/bribe) from any organisation.**

- ii. Solicitation of any States of Guernsey representative by a 3<sup>rd</sup> party with the intent of prejudicing the procurement process shall be reported to the Director of Procurement and avoided. **3<sup>rd</sup> parties shall not be permitted to contribute to the preparation of specifications/scopes of works or other activities which may prejudice the process or provide a competitive advantage unless they are independent of any bidder.**

#### 4. Confidentiality and accuracy of information.

- i) The confidentiality of information received in the course of duty should be respected and should never be used for personal gain; information given in the course of duty shall be true and fair and never designed to mislead.

#### 5. Integrity

- i. States employees/representatives shall in all circumstances behave with the highest of integrity in their interactions with 3<sup>rd</sup> parties. Individuals are expected to uphold the values of the organisation and operate to the highest standards. **Individuals shall behave honestly, fairly and objectively in their interactions with 3<sup>rd</sup> parties.** Examples of behaviours which are PROHIBITED include:
  1. Knowingly restricting competition
  2. Actions which seek to favour the selection of a particular 3<sup>rd</sup> party over another in any manner which is subjective or does not form part of the agreed evaluation process.
  3. Sharing confidential or sensitive information (which could distort competition)
  4. Acting in a way as to encourage or sustain collusion (coordination amongst market participants)
  5. Any arrangement which might, in the long term, prevent the operation of open, fair and objective competition.

#### 6. Gifts and Hospitality

- i) **The acceptance, solicitation, offer or giving of gifts, entertainment, favours, other forms of possible inducement or services from 3<sup>rd</sup> parties that might influence or appear to influence supplier selection decisions is prohibited.** Modest hospitality and gifts may be accepted as outlined below provided this is part of an ongoing contractual relationship and the individual or organisation providing the gift or hospitality is not subject to a process defined by one of the procurement routes.
- ii) Modest hospitality is an accepted courtesy of a business relationship. However, a member of staff should not allow offers of hospitality to influence, or be perceived to influence, business decisions, and should not use or be perceived to use inappropriately



lavish hospitality to secure a business advantage. In the event of doubt about the nature of the gift or hospitality, such offers should be declined or advice sought from the Director of Procurement.

- iii) Hospitality, if accepted from a 3<sup>rd</sup> party, must be of a nature that can be reciprocated e.g. lunch/dinner. The hospitality should have a value of less than £100 per person inclusive of all costs (including travel). Invitations to off-island sports events, music festivals/concerts and other similar types of event or corporate hospitality should not be accepted.
- iv) Conferences sponsored by (potential or existing) suppliers may be attended provided such attendance is not intended to overtly influence a procurement decision. This type of event is to be avoided if the supplier is involved in a sourcing process at the time of the event.
- v) Any business related gifts (e.g. power banks, branded pens etc.), if accepted from a supplier/3<sup>rd</sup> party, shall have a value of less than £20 in total. Gifts other than business related items should be declined. Items that should be declined include alcohol, hampers, vouchers etc.

Accepted gifts (if not within the constraints specified above) and all hospitality shall be recorded in a Gifts and Hospitality Register held by each Committee and reported annually to the Procurement Function

## 7. Marketing

- a) **3<sup>rd</sup> parties are NOT permitted to make reference to their working relationship with the States of Guernsey without explicit prior approval** of a relevant Senior Officer and the Corporate Communications team. This includes, for example, press releases, quotes and articles using the States of Guernsey as a reference and/or using the States of Guernsey name or logo in communications or marketing activity. Officers should be aware of marketing initiatives which are subtle in nature e.g. round table events where the Officer is invited as a subject matter expert and the sponsoring organisation uses the material to enhance their standing.

## 8. Whistleblowing

- a) Employees and representatives are encouraged to report situations in which the standards defined in this document (as outlined herein or relevant HR policy documentation) may have been violated or could potentially be violated. These should be reported to either the Director of Procurement, a HR Business Partner or the Head of Internal Audit. Reporting will be in confidence and the rights to privacy of the reporting individual respected.



## Supplier and Contract Management

### 1) Contract Governance

- a) **For contracts with a value over £25,000 (total cost over the life) an appropriate officer shall be appointed as the Contract Owner by the Service Area.** The Contract Owner is responsible for ensuring the scope of work is delivered in accordance with the agreement.
- b) **Contracts with a duration over one year should be formally reviewed on the anniversary of the contract to ensure that they remain fit for purpose.** This review shall incorporate feedback from relevant senior officers and users.
- c) **The Contract Owner is responsible for ensuring the 3<sup>rd</sup> party maintains any necessary licenses and accreditations to perform the work over the life of the contract.** This shall include insurance policies, an annual credit check and copies of company accounts. Copies of this shall be held by the Contract Owner and uploaded onto the e-Sourcing/Contract Management portal.

### 2) Contract Management

- a) **Contracts shall be subject to regular and/or formal reviews over their lifetime.** This shall include the monitoring of cost, quality and performance using appropriate measures. Contract owners are required to maintain adequate records.
- b) **Contract Owners shall provide assurance in regard to the ongoing financial stability and viability of the 3<sup>rd</sup> party over the duration of the contract.** The review period will differ according to the value and risk of the contract.
- c) **The Contract Owner is responsible for ensuring the supplier operates in accordance with safe working practices** (and appropriate licenses/accreditations as required by Law) and shall seek evidence in the form of policies, method statements and qualifications/accreditations where necessary
- d) **Unacceptable performance or behaviour shall lead to the suspension of a 3<sup>rd</sup> party's work until proper measures have been implemented.** This shall extend to the conduct of any Directors and/or major shareholders. This shall be in accordance with any contract terms.
- e) **The Contract Owner is responsible for ensuring that the 3<sup>rd</sup> party is only paid when they are satisfied that the goods/services have been receipted, are of the expected quality and work has been completed** in accordance with the specification and any expectations.
- f) In the event of a serious dispute (a matter that cannot easily be solved between the parties through the normal working relationship and dialogue) with a 3<sup>rd</sup> party that is subject to either mediation, arbitration or litigation proceedings, the 3<sup>rd</sup> party shall be prohibited from undertaking any new contracts or bidding for new work with the States of Guernsey until such matters have been satisfactorily resolved.



- g) **Contract Owners should discourage 3<sup>rd</sup> parties from seeking annual RPIx or similar index linked price increases as a routine.** Any increases must be challenged, should only apply to genuine increases in cost (i.e. not apply to the whole price) and evidence sought of actions taken by the 3<sup>rd</sup> party to offset or improve productivity.

### 3) **Contract Variations**

- a) **Contracts may be extended under certain circumstances** subject to the following terms:
  - i) The extension is no greater than 50% of the original value (for contracts of quantity) or contract term (contracts of duration). Any extension shall require a countersignature by a member of the Procurement function if the value of the extension exceeds £25,000.
  - ii) The contract has not materially changed in scope from that originally specified
  - iii) The financial terms are no worse
  - iv) Provided the performance of the 3<sup>rd</sup> party has been rated as good over the duration of the initial contract period.
  - v) Provided the conduct of the 3<sup>rd</sup> party has been good over the original term. Such conduct shall extend to the Directors of the 3<sup>rd</sup> party and key employees.
  - vi) Provided the credit worthiness and financial strength of the supplier remains adequate and has not materially deteriorated.
- b) **The scope of a contract may be varied provided it is of a minor nature** to reflect organisational change or changes in procedures/working practices. Contracts may not be varied in such a way as to materially change or substantively expand the scope of work unless originally envisaged and specified in the contract.