

## **GUIDANCE ON EUROPEAN MARITIME AND FISHERIES FUND (EMFF) PROCUREMENT PROCEDURES**

### **Introduction**

1. The purpose of this document is to provide applicants with additional guidance that will help ensure, as far as possible, compliance with the required procurement (or tendering and quotation) procedures and ensure Value for Money for the public purse from the provision of grant support. Failure to comply with procurement procedures often results in applications being either declined for grant support or a claim for grant being disallowed. This document provides applicants with a best practice guide to the procurement process required for the European Maritime and Fisheries Fund to reduce the risk of applications being declined or disallowed due noncompliance with the procurement requirements.
2. **Calculation of Cost of the Goods and Services to be Purchased**
  - 2.1 If an applicant is registered for VAT, the cost of the goods or services is the net cost, that is, the cost excluding VAT.
  - 2.2 If an applicant is not registered for VAT the cost of the procurement is the gross cost - that is, the cost of the goods / services after VAT has been added.
  - 2.3 The cost of the procurement may not necessarily be the same as the total project cost as a project may involve the purchase of several individual items from different suppliers. If this is the case, then this guidance should be applied to each individual item (when the items are not going to be combined into a contract with one supplier).
  - 2.4 An applicant may choose to request quotations from suppliers for grouped or related items (for example, computers and printers). In this case, the cost of the procurement is the **total** cost of all the items quoted. An example of a single procurement might include the purchase of:
    - 5 computers, 5 monitors and a printer;
    - one discrete piece of equipment; or
    - any building work where one contractor can complete all the work.
  - 2.5 The cost of procurement for construction projects or building works may be calculated as either: -

- (a). the construction of all elements of the work (that is, the cost of building, plastering, plumbing, electrical etc.) is deemed to be one integrated project and therefore requires one procurement exercise; or,
- (b). the cost of each individual element of the work (that is, if separate quotes are requested or required for the building, plastering, plumbing and electrical parts of the project.

Applicants have flexibility over how they package contracts, provided they **do not** artificially break up larger contracts to avoid the EU and national procurement threshold rules.

### 3. Preparing a Specification

- 3.1. To help ensure that the applicant is supplied with the goods or services he requires, as well as helping to prove grant providers with evidence of value for money from the proposed investment, it is recommended that a detailed **written** specification of the goods or services to be sought is prepared.
- 3.2. For all tendering exercises, identical written specifications must be sent to all suppliers asked to quote or tender so that all suppliers have the equal opportunity to quote for the same goods and services. For purchases over £30,000 applicants will need to provide evidence in the form of a letter or email that shows that tenderers have been approached for a quotation. If a letter or email entailing the specification is not submitted the applicant must advise DAERA on how they requested the goods or services from suppliers and also how they provided details on what specification was provided for the provision of the goods or services.
- 3.3. Unless totally essential for the successful delivery of the proposed works, any specification prepared for the provision of the goods or services should not refer to specific manufacturers or models of equipment. The specification should be comparable in terms of the quality, size, quantity and type of product.
- 3.4. The specification should include everything needed for the goods or service to be procured. For example, if a project was to purchase an Auto pilot and other electronic equipment for a fishing vessel, the specification should include reference to: -
  - 1 Autopilot system compatible with a fishing vessel of overall length of x metres,
  - 1 HD System with 17" display
  - 1 GPS antenna
  - 1DCS VHF radio
  - Labour costs

- 3.5. The following are examples of information which should be included in the specification and are considered as best practice - this will help you to decide which supplier can be selected based on value for money.
- delivery and installation costs;
  - guarantees and / or warranty;
  - delivery date (if it will affect project completion);
  - after sales service;
  - training or instruction offered;
  - date for work to be started and completed (building or construction projects);
  - the time limit on how long the price quoted lasts for.
- 3.6. Specifications for **construction projects** should also include any other fees e.g. architects Fees, if appropriate.

#### 4. **Quotations needed for Goods and Services less than £30,000**

- 4.1. The number of quotations needed is shown given in Annex A.
- 4.2. Each supplier must be asked for a quotation based on the requirements of the written specification.
- 4.3. Quotations should be addressed to the company, business or individual for which the European Maritime and Fisheries Fund grant is being sought.
- 4.4. Quotations **must always have**:
- the supplier's name, address, telephone number, fax number, e-mail address, company registration number (if applicable);
  - enough detail to show how the specification has been priced. For example, itemised costs should be provided if there is more than one item;
  - the date;
  - the supplier signature where possible;
  - the period for which the cost remains the same (for example 30 days).
  - Breakdown between goods and labour where appropriate
- 4.5. Quotations which are older than three months cannot be used in the procurement process unless there is written evidence from the supplier that the costs remain unchanged and that they will honour the original price.
- 4.6. It is normal practice that quotes or tenders do not come from suppliers that applicants are related to or that their business is linked to. Where this is totally inescapable, the relationship must be declared as part of the declaration in the EMFF application form. Failure to declare a family relationship or business link may result in an application being rejected or grant payment being disallowed.

4.7. Internet Quotations/Checks

These are accepted for goods or services up to £5,000. The applicant should complete the on-line ordering screen to the point where payment details are entered. The price quoted at this point should include delivery and, for example, any discounts.

4.8. Faxed and e-mailed quotations

Email quotes can be accepted. However, the body of the quote or the attachment must follow the general quote guidance and contain the company name and address, date, name of the individual with the company supplying the quote, company number etc, Quotes that don't meet these requirements will be rejected by DAERA.

4.9. Sole Supplier

In some cases, it may not be possible to obtain the required number of quotations or tenders for example where there is only one or a limited number of suppliers.

4.10. The applicant must provide evidence that a limited number of suppliers are available, for example, printouts from Internet searches from at least two Internet search engines / sites showing the number of suppliers for a specific item. A note from the intended supplier stating they are the sole supplier is insufficient evidence.

**5. Acceptance of a Quotation**

5.1. The quotation accepted must be that which provides best value for money.

5.2. To decide the best value for money the applicant should compare:

- the price quoted;
- delivery date;
- quality;
- technical merit;
- running costs;
- After-sales service and assistance.

Such details, if required, should be included in the prepared specification.

5.3. If the lowest quotation is not accepted, the reasons for the decision must be documented by the applicant and sent to SEAFLAG Admin Unit with the procurement documentation. SEAFLAG Admin Unit will decide if value for money is being obtained. If in doubt, the applicant should contact SEAFLAG Admin Unit for advice. The lowest cost quotation is not always considered the best value for money by the Department and in determining compliance with procurement requirements, it will consider, among other things, "non-cost" factors such as after-sales service, delivery timescales, future maintenance service and costs and compatibility with existing plant, equipment and machinery

- 5.4. If the applicant chooses a quotation based on personal preference only, without providing evidence as to why the lowest quotation was not accepted, the amount of grant paid will be the amount of the lowest quotation received. The applicant will be responsible for the additional costs.
- 5.5. In some cases, an applicant may choose to advertise publically regardless of the value of the procurement. The correct number of quotations needed is shown in Annex A, Table 1.

## 6. **Purchase of Second Hand Equipment**

- 6.1 The purchase of second hand equipment is **not eligible** for EMFF funding support.

## 7. **Tendering Procedure for Goods and Services greater than £30,000 and less than the EC Threshold<sup>1</sup>**

- 7.1. The applicant must prepare a written specification of the goods or service as detailed in Section 3.
- 7.2. The applicant must advertise the procurement requirement in a national daily newspaper or a trade journal if appropriate to the type of business. Where possible the newspaper selected should have a distribution which covers all of Northern Ireland.
- 7.3. The advertisement must state the closing date for either the expression of interest or receipt of the tender.
- 7.4. Exceptions to Publicly Advertising

If a supplier is not available in Northern Ireland the requirement to publicly advertise will not be enforced. The lack of suitable suppliers within Northern Ireland must be proved by way of written responses from potential suppliers approached by the applicant. The applicant must still obtain the correct number of quotations from suppliers outside of Northern Ireland to prove value for money.

- 7.5. Tender Process  
The applicant must provide prospective suppliers with the following information:
- contact details - name/business name, address, telephone, fax, email;
  - who the quotation/tender should be returned to;
  - date and time of when the quotations/tenders should be returned.
- 7.6. All suppliers must be given the same closing date and time for return of their tender or quotation.

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<sup>1</sup> Currently £144,371 for goods and services or £3,611,319 for works.

- 7.7. When each tender is received it should be signed, marked with the date and time of receipt
- 7.8. Any tender received after the closing date should not be opened and be rejected.
- 7.9. Tenders submitted by telephone, Fax and e-mail must not be considered.
- 7.10. The date the tender was received, supplier name and amount quoted should be recorded. A template form to record this information has been provided at Annex C which applicants are encouraged to use as it is considered best practice. If applicants choose not to use this template, they are still required to provide this information in written format.
- 7.12. The applicant must not make changes or write comments on tenders or tender correspondence. These are original documents which will be needed in a Court of Law if there is a dispute.
- 7.13. All suppliers tendering should be notified as early as possible whether or not they are successful.
- 7.14. While the forms in Annexes C - H are optional to use, they are examples of good practice and their use may help if there is a legal challenge to any successful supplier.
- 7.15. If the applicant chooses to advertise for the procurement even if it is below the £30,000 limit, the correct number of tenders (Table 1, Annex A) will still be required. If only one response is received to an advert every attempt should be made to obtain the correct number of tenders to prove value for money. If the correct number cannot be obtained the applicant must ask SEAFLAG Admin Unit for advice before awarding the contract. If there is no response to a tender competition the applicant must ask SEAFLAG Admin Unit for advice. Failure to comply may result in disallowance of payment.

## **8. EC Thresholds for Goods and Services exceeding the EC Threshold<sup>2</sup>**

- 8.1. Procurements of more than the EC Threshold must be advertised in the EU Official Journal. This limit applies to provision of goods and services only. The limit for construction works is > £3 million. If an item or service is more than the EC Threshold the applicant should seek advice from SEAFLAG Admin Unit before tendering.
- 8.2. When the procurement is advertised in the EU Official Journal applicants should have a time period between informing the successful supplier and finalising the contract. This allows unsuccessful suppliers an opportunity to challenge the decision legally.

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<sup>2</sup> Currently £144,371 for goods and services or £3,611,319 for works.

## **9. Assessment by Independent Expert**

- 9.1. SEAFLAG Admin Unit reserves the right to employ an independent expert to assess projects to help determine value for money where documentation provided by the applicant does not provide sufficient detail or where there are other concerns identified in respect of complying with procurement requirements.
- 9.2. Where there is a sufficient difference between the value quoted/priced for the work and that assessed by the independent expert, DAERA will endeavour to reconcile the differences between the two parties and decide upon an appropriate grant award.

## **11. Retention of Procurement / Purchasing Documentation Required for Claim Preparation**

- 11.1. The applicant must retain all original documents for 5 years from the date of the last EMFF claim paid as specified in the Offer Letter.
- 11.2. Examples of this information include:
- A copy of the Specification;
  - All original Quotations/Tenders received
  - Quotation/Tender paperwork including tender envelopes and unopened tenders received after the closing time/date;
  - Quotation/Tender Receipt Record
  - Delivery notes,
  - Invoices,
  - Proof of payment
  - Explanations or justifications for not following the procurement procedures.
- 11.3. If requested, the applicant must send all the procurement information to SEAFLAG Admin Unit and it must be approved by DAERA prior to the claim for payment.
- 11.4. SEAFLAG Admin Unit is responsible for making a final decision on an applicant's explanations for not following best practice procurement procedures.

## ANNEX A

**Table 1 – Summary of Procurement Thresholds**

Estimated Value of Individual Procurements Excluding VAT	Action & Minimum Number	Comments
Up to £5,000	2 price checks with suppliers	(This can include internet price checks which should be documented and retained on file for the audit trail)
£5,000 to £30,000	2 original quotes/tenders	<p>If there is an incumbent supplier, then use the incumbent plus two further tenders). If at least two quotes have not been provided, then an explanation why must be provided.</p> <p>Quote must provide a breakdown of the total project costs in order to demonstrate value for money for each part of the proposed investment.</p> <ul style="list-style-type: none"> <li>• Applicants are also required to provide a copy of the invitation to quote/tender document that was issued to perspective suppliers</li> </ul>
Over £30,000 to EC Threshold <sup>3</sup>	Advertisement in the press	<p>Open tendering secured by preparing a detailed specification and public advertising.</p> <p>No restriction on the number of Tenders to be received</p> <p>Evidence must be provided demonstrating that a tender competition has taken place, including evidence of the evaluation system used, details of the chosen tender and scoring.</p>
EC Threshold	Advertisement in the EU Official Journal	This limit applies to provision of goods and services only. The limit for works (construction works) is > £3 million.

<sup>3</sup> Currently £144,371 for goods and services or £3,611,319 for works.



## **ANNEX B**

### **Summary of Procurement Procedures and Forms**

The forms in Annexes C - H are **optional** and examples of best practice which could assist any legal challenge associated with procurement for goods and services over £30k. Applicants are encouraged to change and use these forms for their project as appropriate.

#### **1. Quotation / tender receipt record – Annex C**

This form should be used to record the procurement details from sending the specification to the suppliers through to supplier selection. The applicant should write the details of each quotation / tender received onto the form.

#### **2. Quotation / tender evaluation report – Annex D**

This form should be used to for the evaluation of a quotation / tender.

- ***Evaluation criteria***

These are mostly the specification requirements.

- ***Weighting criteria***

The total weighting of all the evaluation criteria should add up to 100. The weighting value should represent the importance of the requirement within the procurement.

- ***Score for quotation***

The person evaluating the tender must decide how the tender scores against the weighting. For example, scoring the speed of a printer against the desired speed of 20 pages per minute and 1 printer can do 20 and the other 30. The one at 30 would receive a higher score. The form should be signed and dated by the scorer.

#### **3. Sample Letter of Invitation to Tender – Annex E**

#### **4. Sample Tender Form – Annex F**

#### **5. Sample Successful Tender Letter – Annex G**

#### **6. Sample Unsuccessful Tender Letter – Annex H**

**QUOTATION/TENDER RECEIPT AND ACTION RECORD**

**ANNEX C**

Quotation/Tender for: \_\_\_\_\_

Closing Date: \_\_\_\_\_

Quote/ tender Nos	Name & Address of Prospective Suppliers sent the specification	Date Specification Issued	Date Quotation/ Tender received	Forms completed by potential supplier		Signed quotation / pricing documents	COMMENTS
				F.O.T*	VAT		

\*F.O.T – Form of Tender i.e., please specify if quotation, tender, by post, fax, email etc.

*(insert number)*

I/We certify that \_\_\_\_\_ quotations/tenders were received on or before the due time and were opened by me/us on  
\_\_\_\_\_ *(Date)*

*(insert number)*

There were \_\_\_\_\_ late quotations/tenders.

Name(s) in CAPITALS: \_\_\_\_\_

Signed: \_\_\_\_\_

**SAMPLE Quotation/Tender Evaluation Report**

**ANNEX D**

<b>EVALUATION CRITERIA (Examples given below)</b>	<b>WEIGHTING</b>	<b>SCORE FOR QUOTATION /TENDER 1</b>	<b>SCORE FOR QUOTATION /TENDER 2</b>	<b>SCORE FOR QUOTATION /TENDER 3</b>	<b>SCORE FOR QUOTATION /TENDER 4</b>
Price	35				
Ability to meet specification	40				
Delivery/after sales service/maintenance	5				
Experience/qualifications/track record	10				
Completion schedule /completion date	10				
<b>TOTAL SCORE</b>	100				
<b>COMMENTS</b>					
<b>Successful quotation/tender</b>					

**Evaluation completed by Name(s):** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**<name>  
<address>**

**<date>**

Dear Sir

[I/We] invite you to tender for the supply (and delivery) of **<List Goods or Services required / as per attached specification>**.

If you wish to take part in this contract competition, please complete the enclosed tender form and return it to the above address no later than **<specify a time and date>**.

The contract sum as specified in the tender should be a "fixed price". The length of time the price is valid should be stated. Failure to quote a fixed price may result in your tender being excluded from the competition. The contract sum as quoted in the tender should include all delivery, installation, commissioning and handling charges.

[I/We] require <detail requirements, i.e. delivery on or before ....., immediately, indication of when liability for the goods/service transfers to the purchaser, assurance that all Statutory Requirements are being met, etc.>. *Refer to Section 7 Tendering Procedure for Goods and Services greater than £30,000 and less than the EC Threshold*

[I/We] reserve the right to:

- (a) Accept part of any quotation unless it is clearly stated that the tender may only be considered as a whole and
- (b) Not necessarily to accept the lowest or any quotation.

Yours faithfully

**Sample Tender Form**

PART 1

Annex F (1)

TENDER FOR

\_\_\_\_\_

I/We hereby offer to provide the above mentioned goods/services as detailed in the attached invitation to tender for the sum of £ \_\_\_\_\_ (exclusive of VAT).

Amount in words \_\_\_\_\_ pounds.

I/We have read and understand the Conditions of Contract and the Notes/Instruction to Tenderers and agree:

*to the terms and conditions set in this Tender; to any additional terms and conditions set out in the invitation to tender; that having completed this form a binding contract shall be constituted by this Tender and our acceptance thereof.*

I/We agree that this tender together with your written acceptance there of shall constitute a contract between us in relation to the whole of the Tender or any part as may be specified in your written acceptance.

**Tenderer's Signature**

*The Tender must be signed by a person authorised to sign on behalf of the contracting firm.*

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Print Name** \_\_\_\_\_

**Address** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Telephone Number** \_\_\_\_\_

**VAT Registration Number** \_\_\_\_\_

**Notes / Instructions to Tenderers**

*Tender prices must reflect all circumstances affecting, or likely to affect, the provision of the good/services.*

*Tenders should be returned in the pre addressed envelope provided and must reach its destination not later than the time specified in the invitation to tender.*

*Tenders received after the specified time will not be considered.*

*We reserve the right to accept a part of any tender unless the tenderer clearly states that the tender may only be considered in its entirety.*

\_\_\_\_\_

Opened By \_\_\_\_\_ and \_\_\_\_\_

Date \_\_\_\_\_

**PART 2**  
**Schedule of Quantities and Prices**

**Annex F (2)**

<b>Item No.</b>	<b>Description of Goods</b>	<b>Quantity</b>	<b>Unit Cost £</b>	<b>Total Contract Price (excl. VAT) £</b>	<b>VAT Amount £</b>

**Successful Tender**

**Annex G**

<name of contractor / supplier>  
<address>

<date>

Dear Sir

Thank you for your tender dated *<date tender form was dated by tenderer>* for the supply and delivery of *<details of goods / services>* at your quotation price of *<contract amount in figures>*, *<amount in words>*.

I have pleasure in confirming that you have been successful.

[I/We] require delivery *<state requirements>*.

Yours faithfully

## Unsuccessful Tender

Annex H

<name of contractor / supplier>  
<address>

<date>  
Dear Sir

Thank you for your tender dated *<date tender form was dated by tenderer>* for the supply and delivery of *<details of goods / services>* at your quotation price of *<contract amount in figures>*, *<amount in words>*.

I regret to inform you that on this occasion you have been unsuccessful.

Please contact me if you require any further details.

Yours faithfully



## **References**

Ensuring grant aided bodies deliver value for money on procurement involving public money - Office of Government Commerce.

The Use of Grant for Procurement –Based on <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/PGN-04-12-Procurement-Control-Limits.PDF> Procurement Guidance Note 01/07 revised December 2016 - Central Procurement Directorate – Department of Finance

<https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/PGN-01-07-%28amended%29-Grant-and-Procurement.pdf> Central Procurement Directorate – Department of Finance

