



# **LUT GROUP PROCUREMENT GUIDELINES**

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## 1 CONTRACTING ENTITIES AND GENERAL PROCUREMENT PRINCIPLES

LUT University and the LAB University of Applied Sciences are contracting entities under the Act on Public Procurement and Concession Contracts (1397/2016), which the institutions observe in procurements that exceed national threshold values. The LUT Group's internal procurement guidelines apply to smaller purchases.

Purchases must be as functional, economical and carefully planned as possible, taking life cycles and environmental aspects into consideration. In its purchases, the LUT Group must treat participants and suppliers in a procurement procedure in an equitable and non-discriminatory manner, transparently, having regard to the requirements of proportionality. The basic requirement for public procurement is that the goods or services are necessary and that sufficient funding is available for them.

Procurement Services are responsible for the coordination of procurement, providing related guidance, instructions, and framework agreements. Procurement Services manage purchases worth 40 000 euros or more. Schools are the contracting entities in smaller-scale procurement – they carry out purchases under 40 000 euros. Procurement guidelines and forms are available on the [intranet](#).

## 2 PROCUREMENT PLANNING, THRESHOLD VALUES, AND CALCULATION OF ESTIMATED PROCUREMENT VALUE

### 2.1 Procurement planning

Planning is the most important stage of procurement and requires a sufficient amount of time. Planning includes e.g. funding, scheduling, a market survey, and the definition of the object of procurement and selection criteria. The scheduling should take into account the time limit of 14 days for domestic tender competitions and 30 days for competitive tendering in the EU. Complaints may be lodged within 14 days in both cases. As a rule, public procurements are always subject to competitive tendering. A tight schedule created by the contracting entity itself does not constitute grounds for neglecting competitive tendering.

The person in charge of information security issues in Information Services and Technology must be involved in the planning of ICT purchases. ICT purchases require an information security assessment, and comprehensive information security throughout the life cycle of the product must be ensured. ICT purchases include information systems, management services for information technology systems, and presentation technology systems and services. Smaller ICT purchases, such as phones, computers and individual software programmes are acquired through framework agreements subject to tender competitions.

In all purchases regardless of value, applicable standard contract terms must be attached (JYSE Supplies 2014, JYSE Services 2014 or JIT 2015).

### 2.2 Threshold values

The national threshold values (excl. VAT) are as of 1 January 2017 the following:

- Supply and services € 60 000
- Social services and health care (Annex E, sections 1–4) € 400 000
- Other special services (Annex E, sections 5-15) € 300 000
- Concessions: € 500 000
- Public works € 150 000

The EU threshold values (excl. VAT) are as of 1 January 2020 the following:

- Supply and services € 214 000

- Public works € 5 350 000

### 2.3 Decrease of estimated value

The estimated value of a product determines whether its purchase falls within the domain of Procurement Services or the contracting entity. The estimated procurement value refers to the largest total compensation payable excluding value-added tax. The calculation of value also considers the option and extension terms in the procurement contract and the fees or charges for the duration of the contract period. For contracts in force until further notice, the estimated contract period is four (4) years, which is used as a criterion in the calculation of the estimated procurement value (monthly cost x 48 months).

## 3 PROCUREMENT PROCEDURES AND PROCESSES

The Act on Public Procurement and Concession Contracts applies to all purchases above the national threshold values, which are centralised under the responsibility of Procurement Services. In the LUT Group, so-called small-scale purchases that fall below the national thresholds are either handled independently by the contracting units (under 40 000 euros) or by Procurement Services (above 40 000 euros). The contracting units carry out their purchases according to the simplified tender competition system below:

Figure 2. Procurement procedures and processes of the LUT Group.

### 3.1 Small-scale purchases under 40 000 euros

- The contracting units carry the procurement out with a simplified procedure by conducting a market survey and e-mailing requests for tenders to 2 or 3 actors. A simplified tender competition memo/decision is prepared only for project purchases.
- Note! Project purchases must observe the terms and conditions of funding institutions. If the funding decisions do not set stricter conditions for purchases, the LUT Group's internal guidelines shall apply. If the funding institution's instructions are not followed, the funding may, in the worst case, be recovered. A simplified tender competition memo/decision is saved in the case processing system and archived in the project's files.
- In ICT purchases, always contact Information Services and Technology.

### 3.2 Purchases of 40 000–59 999 euros and purchases exceeding the national and EU thresholds

- Purchases are carried out by Procurement Services through a tender competition in the Cludia digitalised sourcing service.
- Contact Procurement Services
- Fill out the *Hankinnan keskeiset tiedot* form and the Purchase Criteria form and e-mail them to [hankinnat@lut.fi](mailto:hankinnat@lut.fi)

### 3.3 Direct procurement

Direct procurement is possible only on certain conditions under the Act on Public Procurement and Concession Contracts. A narrow interpretation is taken to direct procurements under the Act. Direct procurement is not recommended. Instead, tenders should be requested from two to three suppliers.

### 3.4 Procurement process from start to finish

#### *Planning*

- Funding, budget
- Classification (small-scale, national, EU)
- Find out if any framework agreements apply
- Survey the product/service range and supplier market
- Prepare a schedule
- Apply an open procurement process as a rule
- Define the selection criteria (overall cost-efficiency: lowest price, lowest expenses or best price-to-quality ratio)
- Define criteria for the selection and assessment of the procurement
- Prepare annexes to the requests for tenders (e.g. contract draft, general terms of public procurement)

#### *Competitive tendering*

- Procurement notice and call for tenders to Cludia
- Call for tenders including attachments to HILMA

#### *Comparison and decision-making*

- Open the tenders
- Verify the suitability of the tenderers
- Verify that the tenders comply with the call for tenders
- Compare the tenders with each other
- Make a grounded decision
- Inform the tenderers of the decision and give instructions on appealing the decision

#### *Concluding a procurement contract*

- EU tender competitions require an extract of the winner's criminal record
- Procurement contract
- EU tender competitions require a contract award notice within 30 days of the procurement contract

#### *Monitoring the implementation of the contract*

- Approval of actions
- Complaints, termination, rescission

## 4 RIGHT TO APPROVE PURCHASES

Approval rights are confirmed by [Procurement Services](#).

## **5 OTHER MATTERS TO CONSIDER**

### **5.1 Control of procurement process and receipt of delivery**

After orders have been placed and contracts concluded, the person responsible for procurement in the unit must follow and control the progress of the procurement process. The supplier must be notified immediately in writing of all breaches of contract, such as delayed or incorrect deliveries. Deliveries must be received in the location and at the time defined in the contract. Goods rejected in an acceptance inspection shall not be taken into use. Also non-recurring services should be received in the manner defined in the contract. The receipt of services and acceptance of their outcomes should be agreed on in detail in a contract between the parties. The invoice related to the purchase is paid only after the delivery has been accepted in accordance with the procurement contract.

### **5.2 Archiving and publicity of documents**

The publicity of procurement-related documents depends on the stage of the procurement process. After the contract award notice, the tenderers are entitled to request access to the documents. Under the Act on the Openness of Government Activities, the comparable price given by a company in the tender competition is always a matter of public record after the signing of the procurement contract. As the tender documents submitted by companies often contain trade and business secrets, the tender documents may not be disclosed to parties outside the LUT Group as they are, without verifying which information is confidential. Procurement processes that involve competitive tendering are recorded in a case processing system, including the opening, conclusion, contract and possible complaints of the case, and the information is stored in accordance with an information management plan.

### **5.3 Contractor's liability and disclosure obligation**

The Act on the Contractor's Obligations and Liability when Work is Contracted Out obligates the contractor to find out if the contracting party 1) is entered in the Prepayment Register and in the Employer Register in accordance with the Act on Prepayment of Tax and registered as VAT-liable in the Value Added Tax Register in compliance with the Value Added Tax Act, 2) is entered into the trade register, 3) has paid its taxes (no tax debt or a certificate provided by an authority on the amount of tax debt), 4) has taken out employee pension insurances and paid the related premiums or can provide an account that a payment agreement on outstanding pension insurance premiums has been made, 5) is committed to the collective agreement or has agreed on the principal employment terms applicable to the work, 6) provides occupational health care services to its employees, and 7) has taken out the statutory accident insurance required in the construction industry.

The contractor's obligation to check applies to all service purchases worth 9 000 euros or more (VAT 0%). The simplest way to fulfil the obligation to check is to ask contracting parties to register in the tilaajavastuu.fi service and ask Procurement Services to print out a company-specific report on the service concerned. Alternatively, the contracting party may send the information directly to the LUT Group unit before the agreement is signed. The information may not date back more than three (3) months from the day the tender was submitted.

### **5.4 Disclosure obligation in construction**

The LUT Group unit is obligated to disclose information to the Tax Administration on construction, repair or maintenance services of a value exceeding 15 000 euros (VAT 0%) and where the LUT Group unit is the contractor. The disclosure obligation applies to public works contracts and employee information. Facility Services conducts the required analyses in public works projects.

## **5.5 Observing the EU's new General Data Protection Regulation in IT procurement**

In the purchase of systems, applications and services that process personal data, data protection must be taken into account in the procurement process. In such cases, contact the data protection officer or the chief information security officer, as the data protection requirements must be defined in the tender request, and data protection and information security documentation must be attached to the tender request.

## **5.6 Agreement and payment policy**

Procurement Services prepare procurement contracts in a centralised manner using the LUT Group's own contract templates (excl. Hansel framework arrangements, which involve the use of Hansel's own templates). All purchases are primarily paid in full within 30 days of the receipt of the goods or services. Advance payments are not recommended, are decided depending on the case, and require a guarantee by the supplier. If advance payments are required, please ask for further instructions from Procurement Services.

## **6 ENTRY INTO FORCE AND APPROVAL**

These guidelines shall enter into force on 1 January 2020.

Approved on xx Month 2020

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