

---

# Public Procurement & Capital Expenditure

In line with NFR 01

---

Dun Laoghaire Rathdown  
Outreach Project

---

Approval date: 18<sup>th</sup> April 2019

---

Revision date: April 2021

---

1.Responsibility for approval of policy	Board of Management
2.Responsibility for implementation	Project Manager
3.Responsibility for ensuring review	Project Manager
4. Version	Version 2 June 2019 AC

## Policy Statement

- 1.1. The Dun Laoghaire Rathdown Outreach Project values the economical and efficient use of resources and aims to ensure that all expenditure on capital items utilises effective planning and decision making and ensures that the most economical options have been sourced.

## 2. Purpose

- 2.1. This policy aims to clarify decision making processes and safeguards in regards to capital expenditure.

## 3. Scope

- 3.1. This policy covers all the procedures and principles for Procurement and Capital Expenditure and should be applied together with the Financial Policy and Procedure.

## 4. Glossary of Terms and Definitions

- 4.1. Procurement: the acquisition of goods and/or services at the best possible total cost and in the right quantity and quality.
- 4.2. Capital expenditure: expenditure where the benefits last more than 12 months. For the most part, this means expenditure on assets such as equipment, which can be used over a long period.

## 5. Principles

- 5.1. All goods and services will be purchased at the most competitive price available.
- 5.2. Prior to the initiation of a tender process, a risk assessment should be carried out to pre-empt any difficulties and ensure that sufficient safeguards and checks are in place.
- 5.3. Individuals will declare any conflict of interest in relation to any purchases to ensure that processes are fair and transparent. Individuals should not participate in procurement decision making where they have a conflict of interest
- 5.4. Decision making processes will be transparent.
- 5.5. Staff members will undertake adequate research in relation to purchasing and procurement and will be encouraged to exercise initiative in suggesting ways to reduce expenditure or obtain value for money.
- 5.6. Where a company or service is selected that is not the most economical, there should be a clear rationale provided and recorded.
- 5.7. It is mandatory to obtain appropriate professional procurement input where the value of purchases exceeds €25,000.
- 5.8. Decisions to authorise expenditure (i.e. to authorise the purchase on the Standard Requisition Form or contract) above €25,000 must be formally written and recorded.
- 5.9. The staff member responsible for evaluating tenders (i.e. above €25,000) must not have the final decision as regards selection of the successful tenderer and/or approval to the purchase or contract. That decision is due to the Board of Management
- 5.10. 'Splitting of Purchases' occurs where a staff member separates what is in effect one requirement into two or more separate lots for the purpose of applying a lower than appropriate value threshold. This practice represents a very serious breach of the HSE Financial Regulations and is prohibited.

## 6. Roles and Responsibilities

- 6.1. It is the role of the Project Manager to ensure that the procurement and capital expenditure policy is followed, that decision making is recorded and transparent, that a satisfactory risk assessment and planning process has been undertaken, and that any required advice has been sought before the commitment of any funds.
- 6.2. It is the responsibility of any staff member involved in obtaining quotes to actively seek out value for money in the purchase of goods and services.
- 6.3. All staff and members of the Board of Management must operate in line with the provisions of this policy and must declare any conflicts of interest in relation to procurement.
- 6.4. The Board of Management must put in place a procurement plan, in conjunction with procurement/Materials Management as appropriate to address:
  - 6.4.1. Appropriate categorisation and rationalisation of suppliers;

- 6.4.2. Contracts to be renewed or terminated/allowed to lapse and their timeframes;
- 6.4.3. Additional contracts to be put in place;
- 6.4.4. Main service developments (new services, service expansions, service reductions) likely to impact on procurement over the following 12 months;
- 6.4.5. Any other relevant matters.

## 7. Procurement Planning

- 7.1. The Board of Management must put in place a procurement plan, in conjunction with Finance & Audit Sub-committee as appropriate to address:
  - 7.1.1. Appropriate categorisation and rationalisation of suppliers;
  - 7.1.2. Contracts to be renewed or terminated/allowed to lapse and their timeframes;
  - 7.1.3. Additional contracts to be put in place;
  - 7.1.4. Main service developments (new services, service expansions, service reductions) likely to impact on procurement over the following 12 months;
  - 7.1.5. Any other relevant matters.
- 7.2. Procurement plans should be updated annually and replaced every three years.

## 8. Procurement and Capital Expenditure Procedures

- 8.1. In general, a competitive process carried out in an open, objective and transparent manner can achieve best value for money in public procurement.
- 8.2. For the purchase of any goods or services, approval is required at the following organisational level according to the amount of expenditure, as indicated:
  - 8.2.1. Up to €2000 - Project Manager
  - 8.2.2. Over €2000 – Finance & Audit Management Sub-Committee
- 8.3. The following processes are required for purchase of any goods or services (with expenditure equalling this amount over a twelve-month period) according to the amount of expenditure as indicated:
  - 8.3.1. Direct approach: three quotes are always required, except where there is an existing supplier who has already been through a quote process and won the organisations custom.
  - 8.3.2. Public Invitation of tenders: over €25,000 and below €200,000, excluding VAT for goods/services and €5,000,000 for works – open tender process (through E-tenders or other tender process). The procurement process must adhere to the HSE NFR 1 and the national procurement guidelines, (up to date versions obtained from: <http://www.etenders.gov.ie/default.aspx>). In short these guidelines advise that a tender must be undertaken through E-tenders.
- 8.4. If there is any uncertainty as to which value range the required goods/services fall into then the next highest range should be assumed and the sourcing options required for that value range are to be utilised.
- 8.5. All potential suppliers must be informed in a consistent way as to any criteria that may be used to evaluate their quotes or tenders.
- 8.6. The staff must not give any real or perceived advantage to any potential supplier.
- 8.7. It is essential that any information or clarification provided to one supplier is provided in the same format and at the same time to all potential suppliers regardless of whether they have requested it or not.

## 9. Direct Approach Purchasing Process

- 9.1. The staff member responsible for identifying and communicate needs for goods and services must comply with the following directives:
  - 9.1.1. Demonstrate on the Standard Requisition Form that the need is genuine and appropriate for:
    - 9.1.1.1. the replacement of existing goods; or
    - 9.1.1.2. the improvement of an existing service provision; or
    - 9.1.1.3. the implementation of a new service provision; or
    - 9.1.1.4. policy implementation assigned by the Board of Management; or
    - 9.1.1.5. the fulfilment of a particular task or need that has been identified and assigned by the Board of Management.
  - 9.1.2. Seek the best value for money in terms of full-cycle costs.

- 9.1.3. Aggregate demand to optimise purchasing power, stating the reasons the Standard Requisition Form if that is not possible.
- 9.2. The good or service to be purchased should be specified on the Standard Requisition Form, and the specification should contain at least the preferred delivery address, the timescales, the quantity/duration and the likely cost, if known.
- 9.3. For costs under €25,000.00 where three quotes are required, the good or service to be purchased should be specified on the Standard Requisition Form, from which 'brief' should be drawn upon and sent to any potential suppliers. This is to ensure that quotes are for the same level and quality of goods and services. The brief will include the following:
  - 9.3.1. Clear description of what is required (non-negotiable aspects), including the quantity/duration and delivery address;
  - 9.3.2. Preferred elements (may be negotiable);
  - 9.3.3. Any relevant time-frames;
  - 9.3.4. Information on preferred warranty / servicing information;
  - 9.3.5. Request to include the cost of VAT and shipping.
- 9.4. Once quotes are received they should be reviewed to ensure that there is sufficient information to enable comparison and review. Information not provided should be requested:
  - 9.4.1. Tax and VAT should be included in all final figures;
  - 9.4.2. Warrantees information should be provided;
  - 9.4.3. Services arrangements should be clarified if relevant;
  - 9.4.4. Whether there are any additional hidden costs;
  - 9.4.5. Postage/transport costs;
  - 9.4.6. Installation and assembly costs;
  - 9.4.7. Availability of parts/related products (i.e. paper, ink).
- 9.5. Where products differ, the staff member managing this process will attempt to obtain comprehensive relevant information to assist in decision making and must consult with the Project Manager before a final decision is made.
- 9.6. A record must be kept of each request for tender documentation detailing when received, when responded to and documentation issue.
- 9.7. Regarding the minimum time to be allowed for receipt of a quote/tender, the following rules apply:
  - 9.7.1. For purchases above €10,000, the minimum time for receipt of quotes is 2 working days;
  - 9.7.2. For purchases below €10,000 no minimum time is required, but the Line Manager is obliged to allow additional time where doing so could be considered reasonably necessary.
- 9.8. The quotations are considered valid if abiding by the specification and if so, one of the quotations will be chosen according to the criteria set out on the Standard Requisition Form, which must be the Most Economically Advantageous Tender (MEAT) or the Lowest Price, as per article 10 below.
- 9.9. The Standard Requisition Form with the quotations, briefs and defined cost should be submitted to the Financial Administrator, for confirmation of availability of funds, and for approval by the following criteria:
  - 9.9.1. If below €2000, it must be submitted to the Manager;
  - 9.9.2. If above €2000, it must be submitted to the Finance, Quality Improvement & Risk Management Subcommittee.
- 9.10. If there is a preferred option, the staff member may include a note on this with a clear rationale.
- 9.11. Decision making will be undertaken by the person/committee identified above. If there are a number of competitive quotes, it may be recommended by the decision maker that service/business providers are given an opportunity to match a competitor's price or provide a more attractive deal.
- 9.12. On approval, the manager or staff member responsible must proceed to request invoice from the supplier where possible and sign the authorisation for the purchase on the Standard Requisition Form or a contract.
- 9.13. The staff member ordering the goods will confirm the quote before placing the order.
- 9.14. No manager (or staff) should have the final decision regarding the authorisation for the purchase or contract for any goods or service that is for their own day to day use.
- 9.15. Where payment is required on ordering, the manager or financial administrator must place the order.
- 9.16. The approved purchase along with invoice and all relevant paperwork must be submitted to the Financial Administrator for payment processing and to be entered into DROP's accounting systems.

9.17. Further general rules for the End of Purchasing Stage Expenditure Approval and Issue of Purchase Authorisation or Contract is provided on article 11 above.

## 10. Tender Based Purchasing Process

- 10.1. The general purchase to pay regulations must be fully complied with in relation to tenders unless specifically provided for in this section.
- 10.2. This regulation is intended to expand on and clarify the general purchase to pay regulations in relation to tendering and must always be read in conjunction with those regulations.
- 10.3. Prior to a tender or quotation request document being prepared or for any expenditure over €25,000.00, the following will be implemented:
  - 10.3.1. Finance & Audit Sub-committee or a specific subgroup with specific expertise will be established to approve the project plan and supervise the tender process. The group should number a minimum of three people and will always include the manager and treasurer, as well as another member of the Board of Management. This subgroup will ensure that there is sufficient expertise in relation to the following areas (if these skills are not held within the project staff team, individuals with these skills should be co-opted into the process):
    - 10.3.1.1. financial management / procurement;
    - 10.3.1.2. project management;
    - 10.3.1.3. Organisational and record keeping skills.
  - 10.3.2. This group should undertake the following:
    - 10.3.2.1. the development of a thorough project plan with timeline;
    - 10.3.2.2. a brief risk assessment into any possible issues arising;
    - 10.3.2.3. ensuring that all legal issues have been considered prior to the tender or request for quotes;
    - 10.3.2.4. Constructing a brief with details as described at the article 9.
- 10.4. This group should ensure that all legal issues have been considered prior to the tender or request for quotes.
- 10.5. There should be clear roles and areas of responsibility for the undertaking of all tasks within the process and clear guidelines on how decisions will be made.
- 10.6. Principles to be observed in conducting the procurement function include: non-discrimination, equal treatment, transparency, mutual recognition, proportionality, freedom to provide service and freedom of establishment.
- 10.7. The Finance & Audit Sub-committee will review quotes. No member of the group should have any conflicts of interest in relation to the tendering company. A conflict of interest is defined in this instance as:
  - 10.7.1. Any familial or other close connections with any person within the tendering company;
  - 10.7.2. Any business interests with the tendering company, either as customer, shareholder;
  - 10.7.3. Any other way in which an individual could foreseeably gain personally from a business relationship with the tendering company.
- 10.8. In all cases quotes should be kept on file, as should any marking schedules to determine the winning quote.
- 10.9. A payment schedule should be agreed, with the service provider only being paid for work completed.
- 10.10. The Project Manager will be nominated to ensure that goods or services are provided in the way described in the quotation. Payments will only be made once this individual has signed off that work or goods are delivered as described and in line with the payment schedule.
- 10.11. The NFR-1 regulations regarding the tendering process, stated in the section 3, 'Purchase to Pay – Tendering', and its related chapter 2 in the Appendix, must be followed as the standard forms of tender process for Non-EU Tenders, which are the ones used where values are below the EU Thresholds (€200,000 Supplies and Services). It comprises the 4 options for Non EU Tendering Processes, which are 'Open Tendering', 'Restricted Tendering', 'Abridged (selective) Tendering' and 'Negotiated Tendering', and their application criteria.
- 10.12. The criteria for the Acceptable Basis of Award of Contracts are the Most Economically Advantageous Tender (MEAT) or Lowest Priced Tender.
- 10.13. Most Economically Advantageous Tender is recommended as the primary basis of tender evaluation. Other criteria (in addition to price) are considered as part of the evaluation process, e.g. technical assistance and merit, after sales service, environmental concerns.

- 10.14. Examination of Tenders should be carried out by individuals (with the relevant competence and skills. These may include Clinical input or evaluation of tenders in addition to commercial evaluation (as appropriate to specific contract).
- 10.15. All contracts greater than € 25,000 will require input from a Purchasing Professional who should coordinate the procurement process including qualification/assessment, procurement of supplies/service and commercial analysis as well as negotiations.
- 10.16. Application of the M.E.A.T. principle requires criteria to be weighted to indicate the level of importance attached to each of the criteria. A scoring sheet rating each tender/quote against the different elements of the evaluation criteria must be completed for each tender process.
- 10.17. The M.E.A.T. principle enables due regard in the evaluation and award process to be had to factors such as:
- Full cost price over complete life cycle of goods, services or works
  - Match to specification issued with tender documents
  - Capacity (technical and financial) of suppliers to satisfy the full requirement
  - Demonstrated relevant experience and competence
  - Level of after sales service
  - Technical assistance available
  - Technical merit and general suitability of good, service or works
  - Acceptance of HSE Standard Contract Terms
- 10.18. Acceptance of Lowest Price Tender It is appropriate for a high evaluation weighting to be assigned to cost where goods, services or works are relatively standardised and closely comparable in terms of specification and any after sales support etc.

## 11. Reducing Expenditure on Casual Purchases

- 11.1. Purchasing patterns should be examined to minimise the cost of casual or “once off” purchases.
- 11.2. An appropriate contracting arrangement should be put in place for efficient and cost effective delivery of recurring supplies and services.

## 12. End of Purchasing Stage - Expenditure Approval and Issue of the authorisation for Purchase or Contract

- 12.1. Once an appropriate supplier has been sourced, the final stage in the tendering/Selection process is to obtain approval for the expenditure and then to formally request the supplier(s) to provide the required goods, services or works. This is normally done through the issue of an authorisation for the purchase on the Standard Requisition Form and the subsequent communication (via e-mail) or letter of offer to the supplier.
- 12.2. It is a fundamental requirement that expenditure approval is obtained prior to any request being issued to a supplier to provide goods or services and can only be issued once availability of funding has been confirmed.
- 12.3. It is essential that every manager who signs off on expenditure is fully aware of the meaning of that action as they will be held accountable for same. This applies to any form of expenditure approval including approval for:
- The purchase on the Standard Requisition Form
  - The issue of a contract
  - Expenditure by any other means
- 12.4. In effect the manager is confirming that he has taken all reasonable steps to assure him/herself that:
- The expenditure is appropriate to meet the need
  - Proper procurement has taken place
  - The expenditure is within the available budget
  - The Financial Regulations have been complied with
  - It is in order to request supplier to provide goods/services
- 12.5. It is a mandatory requirement that requests to suppliers are in writing in the form of any written communication or contracts.
- 12.6. Where there is a necessity to place orders verbally the appropriate purchase or other written request as approved, must be issued to the supplier on the next available working day and must be clearly marked “confirmation of verbal order dated xx/xx/xx”.

- 12.7. Information regarding the acceptance of any tender can only be given to unsuccessful tenderers after the Board of Management has approved the expenditure and the award of the contract.
- 12.8. There is a mandatory requirement to ensure that sufficient documentation is retained to facilitate any necessary future review of the rationale behind any expenditure approval:
- 12.8.1. For purchases below € 25,000 appropriately filed and accessible copy letters, requests, quotes etc will provide sufficient documentation to meet this requirement. The approval of the appropriate manager must be clearly noted and dated above their signature on a purchase order or other relevant documentation;
- 12.8.2. For expenditure above € 25,000 a formal written decision must be retained along with other written decisions of the relevant manager.

### 13. Receiving goods

- 13.1. For Initial Receipt of Goods/Services, all staff must:
- 13.1.1. Accept the goods/services provided that they have not been formally precluded from doing so;
- 13.1.2. Check the delivery docket against goods received;
- 13.1.3. Accept the goods or services on a "subject to inspection/confirmation basis only" if they are not in a position to carry out the necessary checking while the deliverer waits, and clearly mark this on any documentation they are signing for the deliverer;
- 13.1.4. Obtain and retain a copy of any delivery documentation including anything signed by them for the deliverer and pass it to the appropriate staff member.
- 13.2. The inspection of delivered goods and services should take place at the time of delivery or if not, then as soon as possible after actual delivery of goods or services. Delivery of goods or services must be inspected and checked in respect of:
- 13.2.1. Match to specification i.e. was it what was ordered in terms of quantity, type etc;
- 13.2.2. Fitness for purpose – i.e. are they fit for the purpose for which they were purchased or are there any obvious defects etc;
- 13.2.3. Match to price indicated on the purchase order or contract.
- 13.3. Delivery docket should be checked against goods received.
- 13.4. All material discrepancies against the original purchase order or contract must be identified, whether is about faulty or excess goods or goods that do not match, and recorded along with the action taken to resolve it.
- 13.4.1. Where some of the goods do match what was ordered then a decision must be taken and recorded as to whether these goods will be accepted or whether the entire delivery should be rejected.
- 13.4.2. If rejected, what was ordered should be returned immediately or as soon as possible to the supplier, at its expense.
- 13.5. Immediately, or as soon after as is practical, the Manager or staff member receiving must send the delivery docket to Finance Department to be checked against the Standard Requisition Form and the invoice.
- 13.6. The receiving process is concluded by an appropriately recorded decision. That process must be pragmatic and in most cases a note on the purchase order or delivery document signed by a manager will suffice.
- 13.7. Depending on the nature of the goods or services it may be necessary to obtain professional and/or technical advice internally or externally as to the receipt of goods or services.
- 13.8. The provisions above within Purchasing as regards obtaining professional/technical input to expenditure approval above €25,000 also apply to signing off on satisfactory receipt of goods or services above the threshold.
- 13.9. Managers who sign-off on the receipt of the goods or services are confirming the following:
- 13.9.1. That all steps in the receiving process up that point whether carried out by them or on their behalf or otherwise;
- 13.9.2. Are to the best of their knowledge, having taken all reasonable steps to assure themselves of same, fully compliant with this policy and the NFR-1 Regulations.
- 13.10. Payment procedures are detailed in the Financial Policy and Procedure.

## Appendix 1 – Standard Requisition Form

<b>STANDARD REQUISITION FORM (for purchases up to €20,000)/Nº XX/2018</b>		
<b>Purchaser Identification</b>		
<b>Specification of Goods/Services required (detailed information on the 'brief', as per 9.3)</b>		
<b>Purpose for which goods/services required</b> Summarise what and why is needed (check goods in storage and existing contracts):		
<b>Quotation and Evaluation</b>		
The following suppliers were asked to quote:		
Date	Company/Contact Name/Contact Number	Price Quoted – Final Cost (VAT incl)
<b>Supplier Selected (identification and address)</b>		
<b>Choice Reasoning</b> Established criteria:		
Signed: _____ Date: _____		
<b>Confirmation of Availability of Funds &amp; Approval to Spend</b> Financial Administrator:		
Signed: _____ Date: _____		
<b>Expenditure Approval and Authorisation for Purchase</b>		
<b>Project Manager Approval (Up to € 2,000 only)</b>		
Signed: _____ Date: _____		
<b>Finance &amp; Audit Sub-committee Approval (Over € 2,000 only)</b> <b>At least two members must approve:</b>		
Signed: _____ Date: _____		
Signed: _____ Date: _____		
<b>Receiver Identification</b>		

<b>Acceptance of goods</b> (subject to inspection) :	
Signed:	Date:
<b>Goods inspection</b> Make and record decision to sign off receipt (state the reasons):	
<b>Manager Approval:</b>	
Signed:	Date:
<b>Expenditure against budget recording</b> Financial Administrator:	
Signed:	Date: