

# **The Royal Hospital Donnybrook**

## **Policy on Procurement**

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## 1.0 Purpose

This procurement policy documents the processes and procedures surrounding all expenditure that occurs in the Royal Hospital Donnybrook (RHD). The policy is drafted in line with the RHD Financial Procedures. If any conflict arises between the documents the Financial Procedures are the overriding authority and should be followed at all times.

In devising this policy document reference has been made to the Health Service Executive guidelines issued in 2013, the Irish Governments National Public Procurement Policy Unit (NPPPU) guidelines, the Office for Government Procurement (OGP) and EU public procurement guidelines. The EU public procurement guidelines incorporate thresholds around which tenders should be sought depending on the area and level of expenditure, (Works, Supplies and Services and Utilities).

This policy sets out procedures for expenditure at all levels, general guidelines that should be followed, monetary thresholds and procedures around threshold levels, formal tendering guidelines and exceptional circumstances where a deviation from normal procurement may be acceptable.

The policy also set out who in RHD has approval to authorise purchases and their approval limits.

At all times the policy is in line with the basic principle of public & EU procurement that An open and competitive process should be used unless there are justifiably exceptional circumstances.

All purchases need to be referenced to the HBS Procurement Contract Information site in order to make best use of the purchasing power of the HSE by entering into contracts including national contracts, wherever appropriate.

## 2.0 Persons Affected

This policy is applicable to all staff of the RHD who are authorised to make a purchase on behalf of the hospital. The policy also applies to designated staff that do not have primary approval responsibility.

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### 3.0 Policy

The policy applies to both contracts and once off purchases.  
Detailed procedures on the operation of approval thresholds are set out in Section 6.0

#### Thresholds

- All thresholds listed below are inclusive of VAT
- Threshold amounts relate to the full (complete) term of the contract.

Thresholds (incl VAT)	Procedure
Less than €250	At least one quotation (verbal/written)
Less than €1,000	At least 3 quotations (written - to show value for money)
Between €1,000 & €5,000	At least 3 quotations
Between €5,000 & €25,000	At least 3 quotations (Higher level of approval required)
Between €25,000 & EU Threshold *	Formal Advertising Inviting Tenders using <a href="http://www.etenders.gov.ie">www.etenders.gov.ie</a> & other appropriate media
Above EU Thresholds	Formal Advertising Inviting Tenders advertised on OJEU <a href="http://www.etenders.gov.ie">www.etenders.gov.ie</a> (OJEU notice)

#### \* Current EU Thresholds

- Supplies & Services - €200,000, VAT exclusive
- Works - €5,000,000, VAT exclusive

Please note that RHD approval levels are VAT inclusive – this is not incompatible with EU Thresholds.

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## Policy guidelines to be followed

- A clear explanation of the purchase requirement should be outlined and the need should be validated
- Before commencing a sourcing protocol, outline expenditure approval and verification that funds are available should be obtained in writing.
- All contract award procedures should be transparent and include a verifiable audit trail.
- The maximum possible monetary value of a contract must be taken into account. Under no circumstances may a contract be artificially split to circumvent thresholds set out below.
- The underlying goal of all procurement should be to achieve efficiency, effectiveness and best value for money for RHD.
- Standard contracts should be for a maximum of 3 years with an option to extend for a further periods of one year each. Total contract lengths should not exceed 5 years.
- At a minimum unsuccessful candidates and tenderers should be informed of the outcome of their application or tender. For procurement with a contract value greater than €25,000 unsuccessful tenderers should be offered an opportunity of a debriefing meeting, as provided for under the tenders process.
- Taxation
  - o VAT – Tenderers should be invited to express tender prices exclusive of VAT
  - o PSWT (Professional Services Withholdings Tax) – Must be deducted at the standard rate, applicable at the payment date, from payments to professional service providers.
  - o RCT (Relevant Contract Tax). Revenue process must apply where applicable.
  - o Tax Clearance Certificates - Before a contract is awarded the successful tenderer must hold a valid tax clearance certificate from the Revenue Commissioners. This requirement is in respect of €10,000 or more in a 12 month period.
- Attached in Appendix 8.1 is a one page procedural document that must be completed by all persons making a purchase and approved by the relevant approver as per Appendix II

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## Exceptional Circumstances

The HSE Guidelines set out in Section A 2.1, of the 2013 Guidelines, the following:-

Deviation from normal procedure may only be used in exceptional circumstances, such as:

- Urgency – In cases of extreme urgency where an immediate purchase must be made in order to avoid significant risk to persons or property or significant financial loss to the RHD.
- Proprietary Materials – Where supplies or services being purchased are of a proprietary nature and are available only from a single source.
- Bargain Purchases – Purchases under particularly advantageous conditions eg liquidation sale.
- Confidential Contracts – Contracts that are of a particularly sensitive and of special strategic importance to the RHD and which require to be placed on a confidential basis.
- Statutory type purchases – Items of repeated expenditure that arise for essential services where only one possible service provider exists, eg Water charges, Rates etc.

All contracts deviating from the procurement policy and being categorised as an exceptional circumstance must be approved by the Financial Controller and if the contract exceeds €25,000 (incl. VAT) it also requires CEO approval.

The Board of Management is to be notified in advance where a contract, in excess of €25,000, is not put out to tender on e-tenders.

## 4.0 Definitions

OJEU – Official Journal of the European Union

OGP – Office for Government Procurement

HBS – Health Business Services

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## 5.0 Responsibilities

### 5.1 Chief Executive Office

The Chief Executive Officer (CEO) has ultimate responsibility to ensure RHD procurement is carried out in line with the procurement policy. The CEO is only required to formally approve procurement above the €25,000 (incl. VAT) threshold.

### 5.2 Financial Controller / Hospital Accountant

The financial controller and the hospital accountant:

- Have overall responsibility for maintaining awareness of procurement procedures and maintaining the audit trail ensuring compliance with the procedures set out in this document.
- They will act as the point of contact for helping RHD general services, wards and departments to be compliant with the policy.
- Ensure this policy is reviewed every 2 years or more frequently if appropriate to take into account changes to legislation as they may occur and/or guidance from the Department of Health or the HSE.

### 5.3 Ward/Department Managers

Ward and department managers are responsible for:

- ensuring their staff comply with all procurement procedures and liaise with the finance department as appropriate.

### 5.4 All Staff

All staff of the RHD must:

- familiarise themselves with this policy
- comply with this policy

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## 6.0 Procedures

For each Threshold of expenditure as outlined in Section 3.0 the following procedures must be followed

### 6.1 Expenditure less than €250 (incl. VAT)

- Purchases €250 threshold require at least 1 quotation (verbal/written) to be obtained and it must be evident that value for money was achieved.
- The procurement template attached in Appendix 8.1 must be completed. If verbal quotes are received, details of the quote must be outlined on this template. The template should be signed by the originator, who must be a manager, and the completed template should be passed to the Finance Department.

### 6.2 Expenditure greater than €250 less than €1,000 (incl. VAT)

- Purchases €1,000 threshold require at least 3 written quotations to be obtained and it must be evident that value for money was achieved.
- The procurement template attached in Appendix 8.1 must be completed. Details of the quote must be outlined on this template. The template should be signed by the originator, who must be a manager, and the completed template should be passed to the Finance Department.

### 6.3 Expenditure greater than €1,000 but less than €5,000 (incl. VAT)

- Purchases below the €5,000 threshold require at least 3 quotations to be obtained and it must be evident that value for money was achieved.
- Purchasers should endeavour to minimise casual or 'once off' purchases. If recurring supplies and/or services would be required in the medium to long term, appropriate contracting arrangements should be put in place.
- Purchasers should get an agreed price set for a minimum of 1 year in case the need to make this 'once off' purchase arises a subsequent time.

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- Where only a sole supplier or service provider exist, purchasers should negotiate the best value for money available and tie the provider to an annual price.
- The procurement template attached in Appendix 8.1 must be completed. If verbal quotes are received, details of the quote must be outlined on this template and emailed to the Hospital Accountant and Financial Controller in the Finance Department

#### **6.4 Expenditure greater than €5,000 but less than €25,000 (incl. VAT)**

- Purchases falling within this threshold are required to obtain a minimum of 3 quotations based on specifications returned to a prescribed date.
- The relevant budget holder must approve the expenditure along with additional approvers as set out in appendix II.
- Purchasers can fax or email at least 3 suppliers or service providers.
- Quotations should be evaluated against predefined award criteria (most economically advantageous) or on the basis of lowest cost.
- The procurement template attached in Appendix 8.1 must be completed and returned to the finance department to be held on file for audit purposes.

#### **6.5 Expenditure greater than €25,000 but less than EU Thresholds\***

- All purchases falling within this threshold should be part of a formal tendering process and advertised on [www.etenders.gov.ie](http://www.etenders.gov.ie) website.
- Expenditure approval of the budget holder is required in line with the criteria set out in appendix I.
- Included as part of the tender documentation the purchaser must set the basis for awarding the tender whether this is based on price or other pre-determined criteria.

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- There is a minimum of 2 weeks response time for suppliers with suppliers delivering sealed bids to a prescribed date.
  - The procurement template attached in Appendix 8.1 must be completed and returned to the finance department to be held on file for audit purposes
- \* EU Thresholds currently
- o Supplies and Services - €200,000 (ex VAT)
  - o Works - €5,000,000 (ex VAT)

## 6.6 Expenditure greater than EU Thresholds as set out above

Expenditure greater than EU thresholds as outlined above must comply with the following directives:

- Advertise their requirements in the Official Journal of the EU
- Use procurement procedures that provide open and transparent competition
- Apply clear and objective criteria, notified to all interested parties in selecting tenderers and awarding contracts
- Use broadly based non-discriminatory technical specifications
- Allow sufficient time for submission of expressions of interest and tenders.

## 7.0 Post Completion Audit

For capital expenditure greater than €100,000 a post project completion audit needs to be carried to ensure the RHD:

- identifies lessons to be learned for future capital expenditure projects
- identifies where things have not gone to plan and possibly abandon an investment project in order to cut future losses

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- insures there is discipline in the investment planning and control process. If budget holders are aware post completion audits are to be undertaken they may take more care when developing initial assumptions and estimates and when making investment decisions.

The Project lead is responsible for the completion of post project audit in line with Appendix 8.3. Once the audit is approved by The Financial Controller, it will be presented to the HMT before being submitted to the board of management.

## 8.0 References/Bibliography

- HBS Procure to Pay (Procurement) Ver. 4 2013 (Referred to as the HSE 2013 Guidelines)
- EU public procurement guidelines.

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# Appendices

## 8.1 The Procurement Template

**THE ROYAL  
HOSPITAL  
DONNYBROOK**

### Procurement Template

Product  
Description \_\_\_\_\_

Procurement  
Originator

Set out the need  
for the purchase

**Yes      No**

**a)** Is the item available on the HBS catalogue of Contents?

--	--

(If yes, state the  
Contract Reference)

**b)** Has this item being purchased in the previous 12 months  
(If yes why should a procurement contract not be put in place?)

--	--

**c)** Will this item be purchased in the preceding 12

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months

 

(If yes why should a procurement contract not be put in place?)

**d)** Is the value of this item, (tick only 1 as appropriate)

i)	<b>&lt; €250 (incl VAT)</b> (Originator/Mgr signature required)	<input type="checkbox"/>	<input type="checkbox"/>
	Has a written/verbal quotation being received?	<input type="checkbox"/>	<input type="checkbox"/>

ii)	<b>&gt; €250 but &lt; €1,000 (incl VAT)</b> (Originator/Mgr signature required)	<input type="checkbox"/>	<input type="checkbox"/>
	Have 3 quotes been received for item of procurement to ensure best value for money has been achieved?	<input type="checkbox"/>	<input type="checkbox"/>

iii)	<b>&gt; €1,000 but &lt; €5,000 (incl VAT)</b> (Originator/Mgr & Finance Controller Signature required)	<input type="checkbox"/>	<input type="checkbox"/>
	If yes, Have 3 quotes been received for subject of procurement	<input type="checkbox"/>	<input type="checkbox"/>
	What was the basis of evaluation of quotes (tick as appropriate)		
	- lowest cost	<input type="checkbox"/>	<input type="checkbox"/>
	- most economically advantageous	<input type="checkbox"/>	<input type="checkbox"/>

iv)	<b>&gt; €5,000 but &lt; €25,000 - (incl VAT)</b> (Originator/Mgr, CEO & Financial Controller signature required)	<input type="checkbox"/>	<input type="checkbox"/>
	If yes,		

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Have 3 quotes been received for subject of procurement

What was the basis of evaluation of quotes (tick as appropriate)

- lowest cost

- most economically advantageous

  

v) > €25,000 but < €100,000 - (incl VAT)

(Originator/Mgr, CEO &

Financial Controller signature required)

If yes,

Was contract advertised on,  
www.etenders.gov.ie

Have at least 3 quotes been received for  
subject of procurement

What was the basis of evaluation of quotes (tick as appropriate)

- lowest cost

- most economically advantageous

  

vi) > €100,000 (incl VAT)

(Originator, Financial Controller, CEO & the Board of Mgt

signatures required)

If yes,

Was contract advertised on,  
www.etenders.gov.ie

Have at least 3 quotes been received for  
subject of procurement

What was the basis of evaluation of quotes (tick as appropriate)

- lowest cost

- most economically advantageous

  

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Describe how value for money has been achieved. Please attach any correspondence to the procurement template

e)

e) Specify Supplier being awarded:

Signature of Originator/Mgr  
Date

---

Signature of Finance Department (if required)  
Date

---

Signature of CEO (if required)  
Date

---

Signature of Board of Management Member (if required)  
Date

---

All quotes obtained should be signed as evidence of review by the originator.  
All quotes and supporting supplier documentation should be attached to the Procurement Template.

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## 8.2 Relevant Approvers

Threshold	Approver
Less than €1,000 (Incl VAT)	Cost Centre Managers: <ul style="list-style-type: none"> <li>- Operations Manager</li> <li>- Medical Director</li> <li>- Director of Nursing</li> <li>- Assistant Director of Nursing</li> <li>- Clinical Nurse Managers</li> <li>- Physiotherapy Manager</li> <li>- Occupational Therapy Manager</li> <li>- Social Work Manager</li> <li>HR Manager</li> <li>Clinical &amp; Corporate Affairs Manager</li> <li>- Finance – Financial Controller</li> <li>- Activities Co-ordinator</li> </ul>
Between €1,000 & €5,000 (incl VAT)	Cost Centre Manager & Financial Controller
Between €5,000 & €25,000 (incl VAT)	Cost Centre Manager, CEO & Financial Controller
Between €25,000 & €100,000 (incl VAT)	Cost Centre Manager, CEO & Financial Controller
Above Limits set out above	Cost Centre Manager, Financial Controller, CEO and the Board of Management

## 8.3 Post Completion Audit Report



Microsoft Office  
Excel Worksheet

Ref: S:\Procurement\Policy\Post Completion Audit Template

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