

Central Bank of Ireland

Corporate Procurement Policy

13 February 2017

Change Log

Policy Owner and Review Process

This owner of the Procurement Policy is the Central Bank Commission. Responsibility for compliance with the Policy is organisation wide.

The Policy will be reviewed annually at a minimum to determine if changes are required. Proposed material changes to the Policy will be submitted to the Commission for advance approval. If a change relates to policy clarification only and/or a change in operational practice, the Commission has delegated such a change to the Head of Procurement. Any such non-material changes will be reported to the Operations Committee as they are made, and to the Commission as part of the annual review.

Change Date	By Whom	Change description
13 February 2017	Michael Power	Section 6.0 – Conflict of Interest – rewording required to align with CBI Evaluator Form

1.0 Policy Objectives

The objectives of the Central Bank of Ireland (“Bank”) are as follows:

- The Bank is a *contracting authority* under EU law and seeks to comply with all European and national law;
- The Bank seeks value for money in the procuring of all works, supplies and services;
- The Bank seeks to operate in a fair, open, transparent and non-discriminatory manner in the market place, offering equal opportunity to all suppliers, fully honouring the European Treaty principles; and
- The Bank conducts all transactions in a timely, accurate and controlled manner.

2.0 Policy Scope

This Policy covers the procurement of all works, supplies and services by the Bank. This Policy applies to all Bank employees (permanent and temporary), contractors and others who may be procuring goods, services or works on behalf of the Bank.

3.0 The Role of the Central Bank Commission

In accordance with the procurement aspects as set out in the ***“Code of Practice for the Governance of State Bodies”*** it is the responsibility of the Commission to:

- Satisfy itself that the requirements for public procurement are adhered to and that competitive tendering is the standard procedure in the procurement process.
- Set appropriate procurement thresholds for tenders less than National / EU Thresholds
- Ensure that there is an appropriate focus on good practice in the purchasing of goods, works or services and that there are procedures in place to support compliance with procurement policy.

The Governor should, in the annual report to the Minister for Finance, indicate adherence to the relevant procurement policy and procedures.

The Audit Committee, in respect of its role to review the Bank's internal control systems, must satisfy itself that any material changes to the Corporate Procurement Policy are reviewed and endorsed by them before subsequent submission to the Central Bank Commission.

4.0 Requirement for Competitive Tendering

Competitive tendering for supplies, services and works is a basic principle of this Policy and should be used, regardless of the value of the contract, unless exceptional circumstances exist as set out below. Through effective tendering the Bank seeks to attain value for money by awarding contracts based on the Most Economically Advantageous Tender ("MEAT"), while ensuring that all risks and controls are managed. Specifically;

Value (ex VAT)	Competition Method	Responsibility
Firstly : Check with the Procurement Team to establish if there is an existing contract		
Up to €5,000	Obtain one or more written quotations.	Requester can obtain the quotations.
€5,000 to €10,000	Supplies/Services: Obtain three or more written quotations. Works: Obtain five or more written quotations.	Requester can obtain the quotations.
€10,000 to €50,000	Supplies/Services: Obtain three or more written quotations/proposals. Works: Obtain five or more written quotations/proposals.	The Procurement Team to obtain the quotations/proposals.
€50,000 to EU Thresholds	National Competition	The Procurement Team to manage the competition.
Above EU Threshold	EU Competition	The Procurement Team to manage the competition.
<i>Subdividing a transaction to circumvent the above is a Policy violation.</i>		

The Bank operates a centralised procurement model operated by a designated Procurement Team. The Procurement Team is the only group authorised to run public procurement competitions on behalf of the Bank for amounts in excess of €10,000 and will determine the most applicable procedure for the requirement. The maximum estimated pecuniary value over the lifetime of the contract or a period of twelve months (whichever is the greater) must be taken into account in determining the applicability of the thresholds. In the case of a framework agreement it is the aggregate estimated value of all contracts likely to be awarded during the duration of the agreement.

5.0 Direct Awards

There are specific exclusions under the EU public procurement legal regime such as contracts involving special security measures and contracts which can only be fulfilled on the basis of exclusive rights or technical / artistic reasons. Approval for direct awards made under such exclusions and in any other circumstances where a direct award is made, is required in the manner set out in the Table below.

Contract Value	Approval Level Requirement
€50,000 or less	Division's own director. Where the division does not report directly to a director, then approval of the relevant Deputy Governor or Chief Operations Officer is required.
Greater than €50,000	Relevant Deputy Governor or Chief Operations Officer.
Prior to senior management approval, a Direct Award Report outlining the rationale and the opinion of Procurement must be completed.	
In cases where the direct award is instigated by a Director, agreement of the relevant Deputy Governor or COO is required.	

6.0 Conflict of Interest/ Separation of Duties

The Bank seeks at all times to be objective and impartial in the procurement of supplies, services and works.

Bank employees and contractors/agents acting on behalf of the Bank must assess whether a factual or potential / perceived conflict of interest exists or may exist and must in such circumstances inform Procurement.

Any factual conflict of interest will in all cases result in the removal of the employee or contractor / agent from the entire process.

Any potential / perceived conflict of interest will in all cases result in the removal of the employee or contractor / agent from the entire process pending Procurement assessment.

Through a system of internal controls in both processes and systems the Bank ensures appropriate separation of duties in both the tendering and the Purchase Order and payment processes.

7.0 Contracts and Risk Management

The prudent management of risk to the Bank (financial, legal, cyber or other) is of paramount importance. As part of the Bank's risk management process it uses a number of standard tendering and contract templates. These templates should be used at all times and varied only in particular circumstances following legal review and consideration. Where and as required, bespoke contracts will be created by the Legal Division and co-ordinated by the Procurement Team. Use of suppliers' contracts and/or terms & conditions should be avoided to the extent possible. Where unavoidable, the use of suppliers' contracts and/or terms & conditions require advance approval by the Procurement Team (in consultation with the Legal Division where required) Where appropriate, for smaller value (typically up to €50K) and lower risk purchases the Purchase Order terms and conditions can be considered. The Procurement team (in consultation with the Legal Division where required) will determine the most suitable contracting form.

The Bank requires all suppliers to hold the appropriate and proportionate insurance levels for all engagements for the duration of that engagement. Such insurance requirements are included in the competition documentation, are a condition of tendering, and will at all times be proportionate and relevant to the specific engagement.

All contracts will be indexed and stored in the Bank's Contract Management System. Under no circumstances should contracts be stored in any other location. The Procurement Team are the designated owners and managers of the Contract Management System.

8.0 Expenditure Approval Authority

Formal approval to commit funds is required in advance of any commitment to a supplier. Formal approval is required for all expenditure whether or not it is budgeted. It is a Policy violation to make a commitment to a supplier (verbal or otherwise) without the expenditure being approved in advance. Commitments to a supplier must only be made via appropriately authorised contracts and/or Purchase Orders.

Only those roles listed in Appendix 1 are authorised to sign contracts on behalf of the Bank. Such authority is only valid for contracts applicable to that Division/Directorate.

The amounts detailed in this schedule of signing authorities are pecuniary limits imposed specifically for the purposes of control of expenditure. There is an onus on officials involved in the procurement process to ensure that transactions involving expenditure are consistent with policy and procedures on expenditure generally and with approved expenditure authorisation thresholds in particular.

The table below outlines the Purchase Order Approval Authority;

	Position	Approval Limit
Level 3-4	Head of Procurement (or nominee)	Greater than €50,000
Level 2	Category Manager	Up to €50,000
Level 1	Buyer	Up to €10,000

9.0 Purchase Order (“PO”)

Unless specifically exempted all expenditures must be transacted on a Purchase Order. By being transacted in this manner it allows for an efficient and effective end-to-end process aiming to ensure that suppliers are paid on time, provide accuracy in the Bank’s financial records and certainty that all controls and approvals are adhered to. The Bank operates a ‘No PO No Pay’ policy whereby invoices received without valid PO numbers are deemed invalid and are returned to the suppliers unpaid.

Purchase Orders can only be officially issued to suppliers by the Procurement Team following receipt of an internally created and duly authorised SAP Requisition.

10.0 Suppliers' Responsibility

It is the Bank's preference to conduct business with suppliers who are able to transact business electronically. Payments are made using Electronic Fund Transfer ("EFT") into the suppliers' bank account or in exceptional cases by cheque.

The Bank is required to ensure that all suppliers have a valid Tax Clearance Certificate and to deduct, at source, the appropriate taxes.

The Bank is a principal contractor and as such is required to deduct Registered Contractors Tax ("RCT") from applicable payments.

11.0 Reporting & Compliance with Policy

In addition to formal audits (internally and externally conducted) assessment of compliance with this Policy is carried out by the Procurement Team and reported to divisional management, the Operations Committee and the Audit Committee annually at a minimum.

APPENDIX 1

Approval Limits for Requisition of Goods and Services and signing of Contracts for Supplies, Services and Works (including Contract Change Orders)

Role	Approval Limits for Individual Requisitions within SAP workflow	Requisition of Goods and Services	Signing of Procurement Contracts
<p><u>Level 6</u></p> <p>(Governor)</p> <p>The Governor may delegate his approver role as he deems appropriate</p>	>€1,000,001	The Governor has signing authority for all categories of expenditure.	His/her authority is limited to the aggregated budget limit approved by the Commission as appropriate and subject to the provisions of this Procurement Policy.
<p><u>Level 5</u></p> <p>Deputy Governor (Central Banking)</p> <p>and</p> <p>Deputy Governor (Financial Regulation)</p> <p>The allocation of the approver role at this level must be approved at Level 6</p>	€1,000,000 - €500,001	The Deputy Governor (Central Banking) and the Deputy Governor (Financial Regulation) have signing authority for all categories of expenditure.	Authority is limited to the aggregated budget limit approved by the Commission for his/her areas of responsibility and subject to the provisions of this Procurement Policy.
<p><u>Level 5</u></p> <p>Chief Operations Officer</p> <p>The allocation of the approver role at this level must be approved at Level 6</p>	€1,000,000 - €500,001	The Chief Operations Officer has signing authority for all categories of expenditure.	Authority is limited to the aggregated budget limit approved by the Commission for his/her areas of responsibility and subject to the provisions of this Procurement Policy.

<u>Level 4</u> Directors The allocation of the approver role at this level must be approved at Level 5 or above	€500,000 - €100,001	Directors have signing authority for all categories of expenditure.	Authority is limited to the aggregated budget limit approved by the Commission for their respective areas of responsibility subject to the provisions of this Procurement Policy.
<u>Level 3</u> Directors determine the allocation of the Approver role at this level	€100,000 - €50,001	Staff have signing authority for all categories of expenditure.	Staff at this level have signing authority subject to the provisions of this Procurement Policy.
<u>Level 2</u> Directors determine the allocation of the Approver role at this level	€50,000 - €25,001	Staff have signing authority for all categories of expenditure	Staff at this level have signing authority subject to the provisions of this Procurement Policy.
<u>Level 1</u> Directors determine the allocation of the Approver role at this level	€0 - €25,000	Staff have signing authority for all categories of expenditure	Staff at this level have signing authority subject to the provisions of this Procurement Policy

Notes:

1. Each member within an approval level has the authority to approve all requisitions up to their upper limit as outlined in the table above.
2. The amounts are exclusive of VAT.
3. **Nomination of roles by Directors (Levels 4 and 5)**

Officers responsible for delegation of authority (levels 4 and 5) are required to ensure the staff nominated at lower levels (levels 3 – 1) have appropriate level of responsibility and accountability in organisation in relation to their role. In addition, officers from Levels 4 to 5 may delegate their authority to approve at their respective levels within the SAP workflow to another staff member. This delegation must be approved at a level above their own. The Governor at Level 6 may delegate his approver role as he deems appropriate. Only employees of the Bank may be authorised with an approval role.