



SCIENCE FOUNDATION IRELAND

PROCUREMENT POLICY AND PROCEDURES

Title	PROCUREMENT
Type	POLICY
Reference	SFI VERSION 5
Last Updated	September 2016
Version.	5.1 / 2006

PROCUREMENT POLICIES AND PROCEDURES

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1. INTRODUCTION

This document summarises SFI's procurement policies and procedures which must be complied with prior to contracting for the purchase of goods or services.

The procedures are drawn up to ensure compliance with:

- The State guidelines on competitive tendering, which can be found on the Office of Government Procurement (OGP) website at www.procurement.ie. This site provides valuable information on Government Procurement procedures including e-tenders.
- EU Procurement directives

The procedures are set out to promote good corporate governance in relation to procurement, to safeguard against improper or unethical practices and ensure that tendering processes are open and transparent.

Public procurement rules permit departures from the normal process of competitive tendering. However, such departures should only occur on an exceptional basis.

Procurement procedures should state the general circumstances in which a departure from the normal standards would be appropriate (e.g. urgent needs, etc.). The reasons for the departure should be documented in advance and the departure from the norm should be approved at Tier 1 /Board level as appropriate. See Section 3.5 **Emergency Purchases**.

If any staff member has any query in relation to these procedures he/she should contact the SFI Finance Department.

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2 AUTHORISATION & TENDER THRESHOLD LEVELS

2.1 OVERVIEW

The purchase of supplies and services should be in accordance with the following Procurement guidelines;

Before entering into a commitment to purchase goods or services it is important to ensure that:

- The goods or services are necessary;
- The proposed cost represents good value;
- There are budget resources available against which the cost can be charged
- Competitive tendering procedures (State Guidelines and EU Regulations) are followed, where appropriate
- Thresholds for both the approval of expenditure and for Tender Procedures as set out in 2.2 and 2.3 are complied with.
- Appropriate audit trail supporting documentation is maintained for each procurement transaction.
- The transaction for the goods or services has not been split up into a number of transactions for the purposes of circumventing the tender threshold levels.

2.2 SFI COMMITMENT TO EXPENDITURE AUTHORISATION LEVELS

SFI Tiers	Authorisation Level
Tier 1	Executive Committee
Tier 2	Executive Directors
Tier 3	Departmental Managers

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Expenditure (Exclusive of VAT)	Authorisation Level
up to €10,000	Tier 3
From €10,001 to €50,000	Tier 2
from €50,001 to €250,000	Tier 1
Greater than €250,000*	Board
* An item that brings approvals, for a consultant or company, to an aggregate of €250,000 (exclusive of VAT) within the same calendar year requires Board approval.	

The relevant staff member seeking approval to commit the expenditure on Goods and Services should prepare a written request for approval as follows;

- For expenditure up to €5,000 – a written request to the Tier 3 Member for approval by the relevant Tier member.
- For expenditure above €5,000 – a Business Case should be prepared for approval by the relevant Tier 1 member setting out in detail the purpose of the expenditure, the scope, the deliverables, skills required and the estimated cost of the proposed goods or service.

2.3 SUPPLIES AND SERVICES – TENDER THRESHOLDS

The following expenditure thresholds apply for tendering for goods and services in line with EU and National Procurement guidelines.

EXPENDITURE (EXCLUSIVE OF VAT)	TENDER REQUIRED
Up to €5,000	Verbal quotations from one or more competitive suppliers
From €5,000 - €24,999	Written – 3 or more based on specifications. Tender Evaluation, Criteria & Weighting may be applicable
From €25,000 - €206,999	Written - eTenders (Any exceptions to using eTenders must be approved by Tier 1) or Gov. Framework Agreements if in place
€207,000 or greater	Written - Official Journal of the European Union. (OJEU)

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Details of all Tenders above €5,000 (exc. VAT) should be updated in the SFI Central Contracts Register. Responsibility for updating the register lies with the Tier 3 member. The link to the Central Contracts register is [S:\SFI\Finance & Operations\Central Register for SFI Tenders.](#)

2.4 EXEMPT PURCHASES

There are a number of items which form a significant part of SFI's costs that, due to their nature, are exempted from these Procurement Policies and Procedures.

2.4.1 Programme Management costs including the following:

- Honoraria rates set by SFI Executive;
- Subsistence - Department of Finance rates followed;
- Flight costs determined by Travel Services Office who source the most economically advantageous rates;
- Hotel costs with agreed rates for a range of hotels around the country.
- Restaurant Costs (in certain designated restaurants).

2.4.2 Accommodation Charges incorporating:

- Rent;
- Rates;
- Service Charge;
- Light & Heat;
- Catering;
- Equipment, stationery and other sundry charges.

These costs are borne by IDA as "landlord" for the agencies within Wilton Park House and recharged at cost to the agencies on a pre-agreed percentage based on use, floor space or head count as appropriate. SFI participates where appropriate in the Group Tendering Processes.

2.4.3 Insurances

Insurance costs are negotiated under the Combined Agencies Insurances Group (CAIG) which comprises representatives of SFI, IDA, EI and a number of other agencies.

A public tender is issued in respect of these charges every 3 – 5 years.

Insurance costs are billed direct to the agency concerned.

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3 GENERAL PROCUREMENT CONSIDERATIONS

3.1 RESPONSIBILITIES FOR STAFF PROCURING GOODS AND SERVICES:

- Ensure adherence to the procurement policies and procedures in place.
- Obtain the appropriate Tier level approval as per the Table set out in 2.2.
- If the estimated expenditure goes from below €50,000 to above €50,000 approval is required at Tier 1 level.

3.2 ADHERANCE TO PROMPT PAYMENTS ACT and the PROMPT PAYMENT CODE OF CONDUCT

PROMPT PAYMENT ACT

The Statutory period of payment of invoices is 30 days, however, following a Government Decision, SFI adheres to:

- payment of invoices within 15 days of receipt in so far as these are not disputed and no later than 30 days.
- disputed Invoices queried with suppliers within 5 days of receipt.
- payment of amended Invoices within 10 days of receipt.
- interest Rate - Latest Applicable Reference rate for main refinancing operations as set out by the EU plus statutory late payment interest of 8%. There are two periods annually, 1 January to 30 June and 1 July to 31 December.
- details of Late Payments being included in the Annual Report.

PROMPT PAYMENT CODE OF CONDUCT

As a Government Agency, SFI has signed up to the “Prompt Payment Code of Conduct” and as such agrees to:

- Pay suppliers on time:
 - within the terms agreed at the outset of the contract, or 15 days, in accordance with Code of Conduct
 - without attempting to change payment terms retrospectively
 - without changing practice on length of payment for smaller companies on unreasonable grounds

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- Give clear guidance to suppliers
 - providing suppliers with clear and easily accessible guidance on payment procedures, i.e. all invoices should be issued to invoices@sfi.ie.
 - ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers.
 - advising them promptly if there is any reason why an invoice will not be paid on the agreed terms.

3.3 TAX CLEARANCE PROCEDURES

- Suppliers are obliged to produce a valid Tax Clearance Certificate where goods/services supplied exceed or are likely to exceed €10,000 (inclusive of VAT) during **any 12 month period**. However, to ensure full compliance with this requirement, it is SFI policy to request a valid tax clearance certificate for all **new** suppliers, irrespective of the estimated value of the Goods / Services to be supplied.
- Suppliers should be advised that before a contract is awarded the successful tenderer must produce a valid Tax Clearance Certificate from the Revenue Commissioners.

3.4 VALUE ADDED TAX (VAT)

Tender prices should be expressed exclusive of VAT and the VAT rate applicable specified.

3.5 EMERGENCY PURCHASES

- These are purchases which due to the urgency of their acquisition are acquired without going through the normal Procurement procedures. Such Purchases are rare, must be unforeseen and not have arisen due to any action or inaction on the part of the contracting authority.
- In these cases full details of the purchase, its cost and the reasons why it is required to be purchased should be set out and approved at Tier 1 Level.

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4. PROCUREMENT PROCESS

4.1 REQUEST FOR TENDER (RFT) DOCUMENT

Once approval has been obtained by the relevant Tier level 1 member for the expenditure as per the authorisation levels at 2.2, a Request for Tender (RFT) document should be prepared for all purchases greater than €5,000 (threshold for written quotations from suppliers).

The RFT document, should set out, as appropriate, the scope of the purchases/service required, the evaluation criteria and weightings and details of SFI's terms and conditions.

The RFT should include a request for the total hours and a breakdown of the estimated total costs requested to deliver the contract, which should take into account the impact of the following:

- **Options** - Where a proposed contract provides for options, the basis for calculating the contract value shall be the **maximum total possible** assuming that all the options will be exercised.
- **Durations & Rollovers** - the value of the contract should be calculated over its full duration, including any extensions or possible "Rollovers". For example, if there is a possibility that a second contract may be awarded to an existing contractor because of prior subject knowledge then such extension **must** be added to calculate the overall final contract cost estimate.

Where the e-tenders website is required to be used (for tenders over €25,000) SFI is required to submit an estimate of the value of the contract on the website. The estimated value of the proposed contract should take into account a comparison to similar contracts undertaken, external benchmarking of comparable costs and the impact of Options, Duration & Rollovers as set out above.

The RFT should state clearly that SFI is under no obligation to award a contract to the highest ranked tenderer or to any tenderer.

A standard RFT Template has been developed for use and is located at [X:\Tender for Services.doc](#)

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4.3 OFFICE OF GOVERNMENT PROCUREMENT (OGP)

The Office of Government Procurement (OPG) commenced operations in 2014 and will, together with four key sectors (Health, Defence, Education and Local Government), take responsibility for sourcing all goods and services on behalf of the Public Service. In addition, the OGP will also take full responsibility for procurement policy and procedures.

The OGP are in the process of putting in place contracts for 16 categories of common goods and services for all public bodies. The categories of relevance to SFI include:

- Professional Services
- Marketing, Print and Stationery
- HR services
- ICT Expenditure and Office Equipment

Full details are provided in the 2015 Target schedule of Contract and Frameworks, which is intended to provide an indication, by quarter, of when the OGP expects to have particular contracts and frameworks in place for public sector bodies. All OGP procurement activity will be conducted through the etenders platform.

The current Contracts/Framework Agreements of relevance to SFI are available at:

<S:\SFI\Finance & Operations\Procurement\OGP Contracts & Framework Agreements>

As more information is provided by the OGP on the timescale for putting in place common contracts for the above areas, staff will be informed and the Procurement Policy will be updated to reflect the revised procedures to be followed. If any staff member who wishes to procure any of the above items should contact the Finance Department for guidance.

For the moment, the existing tender process should continue to be followed as set out below.

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5. TENDER PROCESS

5.1 TENDERING TECHNIQUES

- Contracts should either be awarded on the basis of “the lowest price” or the “most economically advantageous tender” (MEAT). When using the MEAT method, the criteria to be applied when evaluating the tenders must be listed in the RFT.
- The current list of Government Framework Agreements should be reviewed and should be used if possible, where applicable, to procure goods or services.
- Weightings for the criteria selected must be clearly stated in the RFT and a minimum weighting of 20% must be applied to Cost. If the criteria and predefined weightings for evaluating tenders are not clearly defined in the RFT, the contract must be awarded to the lowest price.
- For all tenders below €25,000, three written quotes should be obtained for the goods/ service required in accordance with Table 2.3 (a) and (b) for Non-IT and IT expenditure tender thresholds.
- For all tenders above €25,000, the RFT should be uploaded to the e-tenders website by the staff member managing the project. Any staff member who wishes to use e-tenders website for the first time should contact the Finance Department to become a valid user on e-tenders and to obtain a valid user ID.
- Where it is necessary to deal with a sole supplier, service provider or contractor, arrangements which provide best value for money should be negotiated once Tier 1 / Board approval has been obtained in advance of the tender process, as appropriate.

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6. TENDER EVALUATION

6.1 GENERAL GUIDELINES

- The tender delivery instructions must be clear to all prospective tenderers at the invitation to tender stage and the tender receipt arrangements should be made as fail-safe as possible.
- The process of receiving, opening and recording tenders must be conducted in a manner that ensures the integrity of the tendering process
- Evaluation of tenders must be carried out by a suitably competent team.
 - For all tenders for expenditure below €25,000 a three person Evaluation Committee, including one Finance member should be put in place to evaluate all tenders received.
 - For all tenders for expenditure above €25,000, a four person Evaluation Committee should be put in place to evaluate all tenders received. The committee should include one person from the Finance Department and one person who is independent of the department procuring the goods or service, and who may be external to SFI.
- All supplier queries pre-closing date must be submitted in writing and **all** potential tenders advised of any issues raised and responded to.

6.2 RECORDING THE TENDERS - UP TO THE CLOSING DATE

- The date and time of the tenders received by post should be marked on each tender envelope. Late tenders will not be accepted and this should be made clear to tenderers at invitation to tender stage.
- The unopened tender and accompanying materials, if any, should be stored securely.
- When using e-tenders, the e-tenders Post Box can be used. If this option is chosen it should be stated clearly in the RFT.

6.3 OPENING THE TENDERS - AFTER THE CLOSING DATE

- A formal opening of tenders received by post should take place with at least one member of the Evaluation Committee and another member of staff.
- Tenders should be opened, date stamped, recorded and signed as soon as possible after the closing date.
- Full details of any tenders received by e-mail, including time and date submitted should also be formally recorded

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- All tenders should be checked for any missing material and checked to ensure that all documents that were stated that were submitted were actually submitted.
- A note of the outcome of the tender opening should be signed by the officials carrying out the opening and sent to the members of the Evaluation Committee.

6.4 SCORING OF TENDERS

- All tenders should be scored against the criteria and weightings included in the RFT, to identify the most economically advantageous tender: The common criteria used in RFTs include
 - Quality of supplies or services
 - Total cost of proposal
 - Capacity and capability of service provider
 - Professional standing and conduct
 - Professional and technical expertise
 - Financial or economic standing
- It may be appropriate to invite tenderers to present to the Evaluation Committee, particularly where such a presentation may clarify information contained in the tender.
- A full record of the scoring system used should be maintained for audit trail purposes and held on file along with the documentation for the tender.

7. AWARDING THE CONTRACT

- Contracts should be awarded only to suppliers who can demonstrate the necessary qualifications, capabilities, and experience to provide the required supplies, works or services.
- Evidence of insurance cover, where relevant, should be provided, for employers' liability, public liability and professional indemnity insurance before a contract is awarded.
- Current Tax Clearance Certificates must be obtained in advance of awarding any contract.

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8. POST AWARD

8.1 DEBRIEFING UNSUCCESSFUL TENDERERS

- SFI should inform tenderers, in writing, of the decision taken on the award of the contract without delay.
- Where a tenderer requests the reasons for rejection of its tender, SFI should, within 15 days, provide sufficient reasons to enable the tenderer to understand why they were unsuccessful. The reply should address the supplier's offer against the evaluation criteria focusing on the relevant strengths and weaknesses of the tender without explicit comparison between the suppliers offer and any other offer.

8.2. AUDIT DOCUMENTATION

A fully documented audit trail must be maintained for each contract awarded above €5,000. This should include information relating to:-

- Evidence of approval to incur expenditure.
- Outline of tender process used
- RFT document
- Details of any pre-tender correspondence.
- Register of tenders received
- Copies of all tenders received
- Summary of final ranking after tender evaluation, where applicable including recommendation of successful tenderer.
- Regret notifications to unsuccessful tenderers
- Copy of signed contract or notification to successful tenderer.

8.3 FINANCE & OPERATIONS NOTIFICATION

The Central Contracts register should be updated for all contracts awarded greater than €5,000 exc. VAT. Responsibility for updating the register lies with the Tier 3 member responsible for the Tender.

All Tenders, Quotes and supporting documentation should be held by the person responsible for the Tender and readily accessible to Finance & Operations staff and any Internal or External Auditor.

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Such documentation should not be archived until at least 6 months after the end of the year in which the project is completed. e.g. project starts in 2013 & finishes in 2014. Documents should not be archived until the end June 2015 at earliest. This is to facilitate access to tender documentation for audit purposes.

8.4 FOI CONSIDERATIONS

Under the provisions of the FOI Acts (1997 and 2003) all documentation relating to the procurement process may be requested, including any notes taken by an interview panel. Members of the Interview panel should be aware of this at all times.