

Waterford City Council

Corporate Procurement Plan 2007- 2009



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Foreword by City Manager

Over the last number of years, the profile of Local Government procurement has been raised with a greater understanding of the role it can have in delivering quality services, whilst demonstrating value for money.

I am pleased to present the City Council's first Corporate Procurement Plan, which responds to these challenges and recognises the importance of using efficient procurement procedures. The aim of the plan is to ensure effective, professional and well-managed procurement.

To achieve these goals, the City Council is continuing to challenge existing procurement methods by striving to secure better services for the same cost or less. This plan sets out the future approach to managing procurement. It provides clear and challenging aims for procurement within this organisation.

In practical terms, it will require a stronger focus on procurement planning, information sharing and collaboration between the diverse purchasing areas within the organisation.

Conn Murray
City Manager

April 2007

Introduction

CORPORATE PROCUREMENT OBJECTIVE

“To ensure that the Organisation’s procurement function operates in accordance with best practice as outlined in the National Public Procurement Policy Framework and supports effective value for money purchasing while ensuring transparency and accountability.”

Background

Effective procurement involves the efficient and proper use of funds for the purposes of acquiring supplies, services or works. At present, procurement within the Organisation is heavily decentralised, with Directorates largely purchasing independently within a framework of EU/national laws and guidelines. Broadly speaking, these laws and guidelines promote open and transparent competition as a means of achieving value for money in public spending.

However, the increasing volume and complexity of purchasing decisions by this Organisation is leading to a need for a more strategic focus and improved management of the procurement process. There is potential for real savings from more effective procurement practices through the release of financial resources that can be redirected to the provision of services elsewhere within organisation. The extent to which potential savings will be achieved will depend upon how successful the Organisation is in implementing the plan.

The National Public Procurement Policy Unit (NPPPU) was established in the Department of Finance in 2002 to develop public sector procurement policy and practice through a process of Procurement Management Reform. The reform process comprises a series of integrated activities: capacity building, supplier consolidation and training/education measures supported by appropriate eprocurement initiatives. A Procurement Policy Framework has been developed by the NPPPU to assist the reform process, the main thrust of which is to facilitate a more professional approach to public procurement.

Specifically, it requires public bodies to include Procurement Management Reform as one of the key strategic priorities and objectives in Statements of Strategy, and to develop annual Corporate Procurement Plans from 2006 onwards.

Corporate Procurement Plan

In fulfilling the requirement under the National Public Procurement Policy Framework, this procurement plan has been agreed by Management Team and will be subject to bi annual review. It seeks not only to meet the obligations of the Policy Framework, but also to reinforce the Organisations commitment to effective and efficient procurement.

The main objectives of the Corporate Procurement Plan are:-

- To identify and review the Organisation's current spend profile and purchasing practices.
- To assess and determine future purchasing needs from a corporate-wide perspective.
- To link the procurement function to the Corporate Plan's strategic objectives.

The plan will also:-

- Set specific targets to achieve value for money objectives, including savings.
- Recommend strategies to implement appropriate procedure.
- Communicate to staff the direction of procurement change within the Organisation.

Procedures

Anyone involved with non-pay expenditure throughout the Organisation should be aware of the Corporate Procurement Plan. In particular, however, the personnel involved with procurement should be familiar with the provisions relevant to their areas of interest, and with their respective responsibilities in implementing certain aspects of the plan.

Procurement is a key value adding function in any Organisation and it is vital that all staff involved in the procurement process have a comprehensive understanding of public sector accountability, legislative requirements and best practices in the methods and techniques involved.

The following principles must underlie the Procurement Process:-

- Availability of allocated budgets or unspent budgetary allocations and appropriateness of expenditure to the allocated budget.
- That staff involved in the procurement process would strive to achieve value for money at all times.

It is a requirement of this procurement plan that all staff involved in the procurement process within the organisation be familiar with the contents of this document.

It is necessary when procuring on behalf of Waterford City Council that all statutory taxation requirements are identified and complied with, e.g. Sub-contractors tax applicable to Contractors carrying out work on behalf of Waterford City Council, and Withholding Tax for professional services provided to Waterford City Council as well as all documentation required to verify adequate insurance and compliance with any procedural agreements that are in place. Details regarding compliance with the Health and Safety Welfare at Work Act 2005 shall also be provided.

In line with statutory requirements, all staff should be aware that tax clearance certificates must be supplied where total payments to any supplier exceed €10,000 in any 12 month period. Where tax clearance certificates are not supplied, payments will be withheld once the €10,000 limit has been reached. The controls laid down in this document apply to all transactions including those of an emergency or urgent nature, save where an exception has been clearly stated and approved.

All staff should have regard to the published Code of Conduct for Employees in their dealings in the area of procurement and awareness of the regulations in place at the time of procurement.

The following regulations and directives and any amendments should be adhered to:-

- European Communities (Award of Public Authorities' Contracts) Regulations 2006.
- Public Procurement Guidelines – NPPPU 2004.
- Directive 2004/18/EC – Works, Supplies & Services.

- Directive 2004/17/EC - Utilities Directive - Water & Wastewater Capital.
- Guidelines for the Appraisal & Management of Capital Expenditure Proposals in the Public Sector – Dept. of Finance.
- Public Private Partnerships Guidance Notes – Dept. of the Environment Heritage & Local Government.

Purchasing Procedure for Goods and Services

Purchases may be made, only where provision has been made for the expenditure in the budget or Capital Works Programme for the year in which the purchase is required.

1. **Routine Goods and Services for which annual tenders have been accepted**, may be purchased from approved suppliers in accordance with tendered prices on approval of the Director of Service or Delegated Officer.
2. **Routine Goods or Services up to €2,600 not tendered for**, may be purchased without written quotation, on approval of the Director of Service or Delegated Officer.
3. **Routine Goods or Services between €2,600 and €26,000**, written quotations must be obtained from three suppliers. On receipt of Three written quotations, an assessment should be made on the quotations received, this assessment should conclude with a written report giving a recommendation regarding where to purchase, as it may not be beneficial to purchase from the cheapest quotation i.e. due to quality of product, availability or delivery time. Copies of quotations should be submitted along with report to Director of Services. Following approval by Director of Service all reports and quotations should be filed in order to assist with payment or for inspection at Audit.
4. **Goods and Services over €26,000**. Three written quotations to be obtained or tenders invited as appropriate, report and recommendation as 3 above. Acceptance shall be approved by Managers Order.

In the case of all above categories where approval is required, recommendations for acceptance should clearly specify expenditure code and/or funding source.

Purchase Orders must be raised **in advance** of an order being placed for goods or services.

Purchases must comply with EU Procurement Directives, where applicable.

It is the responsibility of the person raising the order to ensure compliance with the proper procedures and that the transaction has been completed correctly.

It is important that this process is completed as delays could result in interest been charged under prompt payments legislation (payment must be made within 30days of the receipt of a valid invoice).

Prior approval of the City Manager will be required for any departure from the procedures outlined above.

Agresso Order Approval Limits

The following limits PER PURCHASE ORDER, will apply, to the approval of orders on the Agresso Purchase Order Processing system. Approval of purchase orders is limited, to the Cost centres for which an officer/employee of the grades set out below, has a certifying role.

Senior Housing Maintenance Supervisor	€1,300
Assistant Staff Officer – Community & Enterprise Section only	€1,300
Staff Officer/Assistant Librarian/Assistant Engineer	€3,900
Senior Staff Officer/Executive Engineer/Cognate	€13,000
Administrative Officer/Snr. Executive Engineer/Cognate	€26,000
Administrative Officer- Estate Dept (Property Purchase only)	€250,000
Senior Executive Officers/Head of IT/Financial-Management Accountant/ City Librarian /Senior Engineer/Cognate	€130,000

Orders above this level must be approved by the appropriate Director of Services, or by his/her authorised appointee.

Official Journal Threshold

Thresholds (exclusive of VAT) above which advertising of contracts in the Official Journal of the EU is obligatory, applicable from 1 January 2006 to 31 December 2007 ¹:

Revised public procurement Directives simplify the threshold provisions by abolishing the two tier system that existed under the former Directives and the Government Procurement Agreement (GPA) of the World Trade Organisation and by rounding the threshold values. The main advertising thresholds with effect from 1 January 2006 to 31 December 2007 are as follows:

Works		
Contract Notice/ Prior Indicative Notice	€5,278,000	Threshold applies to Government Departments and Offices, Local and Regional Authorities and other public bodies.
Supplies and Services		
Contract Notice	€137,000	Threshold applies to Government Departments and Offices
Contract Notice	€211,000	Threshold applies to Local and Regional Authorities and public bodies outside the Utilities sector.
Prior Indicative Notice	€750,000	Threshold relates to all contracting authorities.
Utilities		
Works / Prior Indicative Notice	€5,278,000	For entities in Utilities sectors.
Supplies and Services	€422,000	For entities in Utilities sectors.
Prior Indicative Notice / Supplies and services	€750,000	

Publication of a Prior Indicative Notice (PIN) is no longer obligatory. Authorities with a significant procurement function are encouraged to publish a PIN as an aid to transparency and informing markets. Publication of a PIN (or Buyer Profile) with all of the relevant information, entitles authorities to avail of shortened times for submission of tenders. (See section 6.7 of Public Procurement Guidelines –Competitive Process).

¹ Thresholds are revised every two years. Full and up to date thresholds can be checked on the EU public procurement website <http://simap.eu.int>.

Consultants

The Council engages consultants for services in respect of architectural, engineering and valuations. A consultant is engaged, normally on a fee basis, for a limited period of time to carry out a specific self-contained task or project. The appointment of consultants is a function for the City Manager and consultants can only be retained once their employment has been approved by a Manager's order.

In deciding to engage consultants, value for money considerations must be paramount. The Organisation must therefore be satisfied before reaching a decision to engage consultants that the benefits will be seen to outweigh the likely cost. The main value for money indicators are:-

- A formal recommendation setting out the objectives, expected benefits and estimated cost of the consultancy. This would include the need for a consultant and the approximate analysis of the costs and benefits, having regard to the department's budget allocation or other funding provision.
- Formal system for monitoring and assessing the effectiveness and efficiency of consultants in the discharge of their contracts.
- Evidence of 'need' to engage consultants should be detailed on file.
- Develop a register of all consultants used by the Organisation.
- Establish key tests and requirements which must be fulfilled in order to hire consultants.
- Establish a regime for monitoring the outputs from consultants.

Safeguarding of Purchases

Goods – The responsibility for the physical control and safeguarding of the goods purchases rests with the Custodian. The Custodian is deemed to be the Budget Holder/Departmental Head who acquired the goods.

Assets - The responsibility for the physical control and safeguarding of the assets purchased rests with the Custodian. The Custodian is deemed to be the Budget Holder/Departmental Head who acquired the assets. The purchase, safeguarding and recording of Fixed Assets are subject to Organisational policies and procedures.

Freedom of Information

The Freedom of Information Acts 1997 and 2003 assert the right of members of the public to obtain access to official information to the greatest extent possible consistent with the public interest and the right to privacy of individuals. All records, including procurement records, created from the commencement of the Freedom of Information Act, 1997 (21st October, 1998 in the case of local authorities) come within the scope of the Acts.

The Council is not in a position to give guarantees of confidentiality. However, a series of exemptions in the Acts make provision for the protection of sensitive information. The full text of the FOI Acts and various guidance documents can be accessed on www.foi.gov.ie/

The EU Treaties set out the principles of fairness and openness in public procurement. These principles will always apply, irrespective of the value of a particular contract, and complement FOI.

Disability Act 2005

Part 3 of the Disability Act 2005 places significant responsibilities on public bodies to make their services accessible to people with disabilities. The overall objective is that each local authority will ensure that, as far as practicable, any new service or built facilities provided by it after the commencement of the Act is/are accessible to persons with disabilities.

Under section 27 of the Act each public body is required to ensure that the goods or services that are supplied to it are accessible to persons with disabilities, **unless** it would not be practicable or justifiable on cost grounds or would cause an unreasonable delay in making the goods or services available. See Appendix I. This will relate to a wide range of goods and services including equipment, materials, information technology, etc.

Section 27 of the Disability Act 2005 came into operation on 31 December 2005 and all procurement exercises on behalf of Waterford City Council must have regard to the Council's legal obligations under the terms of this legislation.

Analytical Framework

A comprehensive review has recently been carried out in respect of expenditure on procurement in 2006. This analysis shows that the Organisation overall procurement non payroll spend in 2006 was 132, 890,037 euro. This review has sought to identify opportunities for improving the procurement function in the Organisation in line with the procurement management reform programme being undertaken by the National Public Procurement Policy Unit of the Department of Finance.

Local Authority Housing Suspense	10,128,347.83	Repairs & Maint - Parks & Other Areas	1,976.67
Other Buildings Suspense	975,000.00	Capital Contracts Expenditure	69,405,381.93
Plant Long Life Suspense	51,950.00	Agency Services - Other Local Authorities	1,637,555.62
Computer Equipment Suspense	342,212.42	Other Vehicle Expenses	26,761.27
Other Equipment Suspense	70,619.23	Materials	1,550,897.82
Land Suspense	8,367,122.83	Insurance	2,451,380.48
Furniture Suspense	288,057.77	Arts Activities	14,773.79
Library Stock Suspense	104,840.20	Library Book Purchases	89,869.84
Heritage Asset Suspense	50.00	Housing Grants	752,432.01
Shared Ownership Rented Equity (Standard)	1,429,764.96	Higher Education Grants	28,993.61
Shared Ownership Rented Equity (Affordable)	643,572.01	Amenity Grants	56,695.00
Shared Ownership Rented Equity Post '02 (Standard)	245,483.16	Other Grants	2,619,169.02
Shared Ownership Rented Equity Post '02 (Affordable)	716,475.71	Members Conferences - abroad	4,383.64
Loans - Shared Ownership (Standard)	0.00	Members Entertainment & associated expenses	75,080.93
TRS Holding Account	0.00	Staff Travelling & Subsistence Expenses	230,294.03
Non Commercial Debtors	0.00	Other Travelling & Subsistence Expenses	22,855.10
Main Current Account	-224.85	RAS Landlord Payments	275,213.31
Petty Cash	710.00	Entertainment Expenses	27,491.28
Net Pay Control Account	0.00	Computer Software and Maintenance fees	18,889.99
Stock Accruals	495,556.77	LGCSB	244,536.58
Non Mortgage Loans - Voluntary Housing	660,939.92	Communication Expenses	307,083.78
Non Mortgage Loans - S.O. Rent Equity (Standard)	55,443.44	Postage	142,365.16
Non Mortgage Loans - S.O. Rent Equity (Affordable)	2,943.24	Courier	4,926.22
Non Mortgage Loans - Assets	272,943.19	Security - Property	154,023.35
Mortgage Loans - Income Related	82,353.37	Security - Cash Delivery	7,897.68
Mortgage Loans - SDA	57,551.75	Training	201,312.82
Mortgage Loans - Annuity (Standard)	73,333.63	Recruitment Expenses	13,466.60
Mortgage Loans - Annuity (Affordable)	172,600.23	Legal Fees and Expenses	884,243.72
Mortgage Loans - Shared Ownership (Standard)	363,632.70	Consultancy/Professional Fees and Expenses	4,678,123.70
Mortgage Loans - Convertible	27,355.35	Advertising	335,574.99
Loans Fixed Charges Income	0.00	Printing & Office Consumables	410,213.80
Miscellaneous Income	70,636.22	Voluntary Contributions to Other Bodies	222,896.12
Basic Pay	-467.04	Statutory Contributions to Other Bodies	176,900.77
Gratuities	1,279,924.00	Rent	295,758.04
Land Purchase/Compensation	2,991,773.88	Rates and Other LA Charges	48,216.63
Minor Contracts- Trade Services & other works	5,544,790.26	Cleaning	178,064.27
Non-Capital Equip Purchase - Civil Defence	7,647.39	Energy	1,704,364.83
Non-Capital Equip Purchase - Machinery Yard	98,266.97	Housing Loan Repayments to HFA/OPW	1,567,154.43
Non-Capital Equip Purchase - Computers	174,437.14	Overdraft interest & financial charges	14,309.25
Non-Capital Equip Purchase - Office Equip/Furn	74,743.16	Audit Fee	31,895.00
Non-Capital Equip Purchase - Other	22,260.15	Prompt Payment Interest	799.36
Hire (Ext) - Plant/Transport/Machinery & Equipment	2,575,761.16	Exchange gain/loss account	1.82
Repairs & Maint - Buildings (excl. LA Housing)	39,842.89	Difference Account/Payment Difference	-4.84
Repairs & Maint - Plant	158,059.16	Miscellaneous Expenses	2,510,974.33
Repairs & Maint - Computer Equip	140,238.69	Refunds	636,358.84
Repairs & Maint - Other Equip	21,886.67	Original Total	132,890,037.72

Having carried out an analyses of the above expenditure, taking into consideration the nature of business provided by the City Council and considering that in areas

there is no spend discretion (e.g. department transfers, statutory payments, sponsorship, etc.) and procurement requirements already in place the following has been scoped from the above expenditure.

YES REVIEW FOR SAVING	14,648,025.89	11.0%
NO NOT SUBJECT TO SAVING	108,412,503.43	81.6%
MAY HAVE SAVINGS FURTHER REVIEW	<u>9,829,508.40</u>	<u>7.4%</u>
	132,890,037.72	100.0%

<p>Quadrant 3: low relative spend – difficult to secure supply</p> <table border="1"> <tr> <td>Non-Capital Equip Purchase – Computers</td> <td>174,437</td> </tr> <tr> <td>Repairs & Maint - Computer Equip</td> <td>140,238</td> </tr> <tr> <td>Security - Cash Delivery</td> <td>7,897</td> </tr> </table>	Non-Capital Equip Purchase – Computers	174,437	Repairs & Maint - Computer Equip	140,238	Security - Cash Delivery	7,897	<p>Quadrant 4: high relative spend – difficult to secure supply</p> <table border="1"> <tr> <td>Insurance</td> <td>2,451,380</td> </tr> <tr> <td>Communication Expenses</td> <td>307,083</td> </tr> <tr> <td>Postage</td> <td>142,365</td> </tr> <tr> <td>Training</td> <td>201,312</td> </tr> <tr> <td>Legal Fees and Expenses</td> <td>884,243</td> </tr> <tr> <td>Consultancy/Professional Fees and Expenses</td> <td>4,678,123</td> </tr> <tr> <td>Energy</td> <td>1,704,364</td> </tr> </table>	Insurance	2,451,380	Communication Expenses	307,083	Postage	142,365	Training	201,312	Legal Fees and Expenses	884,243	Consultancy/Professional Fees and Expenses	4,678,123	Energy	1,704,364				
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<p>Quadrant 1: low relative spend – easy to secure supply</p> <table border="1"> <tr> <td>Furniture Suspense</td> <td>288,057</td> </tr> <tr> <td>Non-Capital Equip Purchase - Office Equip/Furn</td> <td>74,743</td> </tr> <tr> <td>Courier</td> <td>4,926</td> </tr> <tr> <td>Printing & Office Consumables</td> <td>410,213</td> </tr> <tr> <td>Cleaning</td> <td>178,064</td> </tr> </table>	Furniture Suspense	288,057	Non-Capital Equip Purchase - Office Equip/Furn	74,743	Courier	4,926	Printing & Office Consumables	410,213	Cleaning	178,064	<p>Quadrant 2: high relative spend – easy to secure supply</p> <table border="1"> <tr> <td>Security – Property</td> <td>154,023</td> </tr> <tr> <td>Advertising</td> <td>335,574</td> </tr> <tr> <td>Miscellaneous Expenses</td> <td>2,510,974</td> </tr> <tr> <td>Minor Contracts- Trade Services & other works</td> <td>5,544,790</td> </tr> <tr> <td>Hire (Ext) - Plant/ Transport/Machinery & Equip.</td> <td>2,575,761</td> </tr> <tr> <td>Repairs & Maint – Plant</td> <td>158,059</td> </tr> <tr> <td>Materials</td> <td>1,550,897</td> </tr> </table>	Security – Property	154,023	Advertising	335,574	Miscellaneous Expenses	2,510,974	Minor Contracts- Trade Services & other works	5,544,790	Hire (Ext) - Plant/ Transport/Machinery & Equip.	2,575,761	Repairs & Maint – Plant	158,059	Materials	1,550,897
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Explanation of Generic Spend Profiling

The spend profile is presented using a Supply Positioning Matrix, which segments the expenditure on procurement into four categories. The Matrix, shown, is designed to reflect the relationship between the two principal influences in the management of procurement:-

- The difficulty of securing supply, including the level of risk (represented on the vertical axis).
- The relative level of expenditure (represented on the horizontal axis).

In the context of procurement management, risk exposures arise from four main sources:-

- The purchaser organisation;
- The product or service;
- The supplier;
- And/or the market.

Risk should be understood as the difficulty of securing supply, which factors in elements including the level of market competition, the importance of the good or service to the organisation, and the likelihood of supply failure.

The organisation is vulnerable where a supply market is unreliable or uncompetitive. If the organisation requires a specialist product that is only available from one supplier, it is highly exposed to potential problems with the performance of that supplier. On the other hand, if a product is available as an 'off the shelf' item from a number of suppliers, the level of risk is lower.

The spend profile is a useful tool for ensuring that an organisation approaches procurement in particular markets for the different category types armed with appropriate strategies in terms of:-

- Organisation.
- Policies and procedures.
- Systems.
- Skills.

These are summarised in the quadrant as follows:-

The significance of an item or group of items is represented by its relative expenditure and risk. Therefore, by using the framework in conjunction with the spend profile, the priorities for procurement effort can be identified.

Quadrant 1 (bottom left quadrant: low relative spend – easy to secure supply). This quadrant typically includes ad hoc purchases such as courier services. In this quadrant Non capital equipment purchase - office equipment/furnisher 4no. suppliers account for 56% of expenditure. In total there are 26 suppliers generating 88 invoices. The purchasing strategy in this quadrant is to reduce transaction costs.

Quadrant 2 (bottom right quadrant: high relative spend – easy to secure supply)
Items in this quadrant typically include goods such as security.

In this quadrant minor contracts – Trade services and other works 5,544,790, 23no suppliers account for 66% of expenditure. There are 396 suppliers in total generating 1651 invoices in the year. However 1.6m euro of expenditure is outside of the tendering system due to the nature of spend as it is for land filling charges. The purchasing strategy is to reduce unit costs by leveraging volume demand into the market and reduce associated transaction costs.

Quadrant 3 (top left quadrant: low relative spend – difficult to secure supply). This quadrant includes goods that are specialised or technical. Goods and services include, for example, specialised information technology consultancy.

Non – capital equipment purchase – computers 174,437, 6 suppliers account for 64% of expenditure, in total there are 26 suppliers generating 106 invoices. The procurement strategy in this quadrant is to reduce risk through changing demand attributes e.g. seeking substitute products or services that can reduce the organisation’s dependence on one supplier or good/service.

Quadrant 4 (top right quadrant: high relative spend – difficult to secure supply). This quadrant includes goods and services that are critical to the core business of the organisation for example, insurance.

The procurement strategy is to achieve value for money through effective supplier selection.

Invoice Analysis Table

Range of Value	Euro	Number of Invoices	% of Total Invoices
1 - 100		4088	27.68
100 - 500		4887	33.09
500 - 1000		1539	10.42
1,000 – 5,000		2351	15.92
5,000 – 10,000		623	4.22
10,000 – 50,000		681	4.61
50,000 – 100,000		163	1.10
Over 100,000		302	2.04
		14,634	

Procurement Principles and High Level Goals

The Organisation is committed to meeting its obligations under the National Public Procurement Policy Framework, which is the national policy underpinning public procurement reform. This involves ensuring that the procurement function formally supports the Organisations key business activities and is focused on delivering value for money outcomes through analysis-based purchasing strategies that are consistent with EU and national procurement law. This will require an undertaking to improve procurement structures and expertise in the Organisation on an on-going basis, ensuring that purchasing practices are professional and staff has the necessary capabilities to operate in line with best practice. In order to achieve this, the corporate procurement plan is underpinned by two overriding principles:-

Common Principles:-

- Carry out procurement in a manner consistent with EU and national procurement law.
- Comply with procurement reform policy objectives set out in the National Public Procurement Policy Framework.

Goal One – Strategy Statement

“Link Corporate Procurement Plan to each Directorates Team Development Plan and to Corporate Plan”.

In line with NPPPU guidelines, the Corporate Procurement Plan shall be linked to the overall mission statement of the Organisation. In its Statement of core values the Corporate Plan sets out the following core value.

Carrying out all business to the highest standards and in accordance with best practice and best use of resources.

The achievement of this goal will depend on:-

- Delivery of a coherent and consistent approach to procurement across the Organisation and support the introduction of best procurement practice initiatives.
- Provide for sign off on corporate procurement plan at senior management level and seek to make implementation of plan the responsibility of all staff within the Organisation.

Goal Two - Pursuit of Value for Money

“The pursuit of value for money through efficient purchasing practices that are fully compliant with all national and international public procurement guidelines”.

The achievement of this goal will depend on:-

- Developing the capabilities necessary to how best group and coordinate internal resources to manage total purchasing expenditure on goods, services and capital works.
- Procurement decision for centrally purchased, locally purchased with regard by market.

Goal Three - Improve internal communication on procurement

The achievement of this goal will depend on:-

- Designation of staff member in each Directorate to have responsibility for procurement.
- Issue template draft request for tenders on an intranet site as a resource for those tendering.
- Maintain copies of all procurement policy and compliance guidance on internal intranet.
- Develop a list of suppliers from whom small items of goods or services are acquired.
- Publicise this list on an internal intranet in order to avoid duplication of suppliers and limit time spent searching for suppliers of certain small value goods or services.

Goal Four - To participate in procurement initiatives that are deemed appropriate to the Organisation.

The achievement of this goal will depend on:-

- Evaluate the introduction of a corporate procurement card for low value purchases.
- Reduction in transaction costs by consolidating invoicing to monthly or quarterly issuance as appropriate.
- Reduce transaction costs by reducing the size of the supplier base.

Conclusion

This Corporate procurement Plan has provided an opportunity to examine the current position in relation to how efficient the procurement function is operating in the organisation. From an initial non payroll spend of in excess of 132 million euro it was found that 11% (14,648,025m euro) could allow for potential savings.

In 2005 IBM carried out an analysis on the 2004 expenditure and recommendation from this analysis have been implemented which have lead to efficiencies in areas identified in that review for example advertising and cleaning services. Taking into consideration the nature of business provided by the City Council and considering that in many areas there is no spend discretion (e.g. department transfers, statutory payments, and the existing requirement to advertise tenders, it is apparent that the organisation has limited potential to achieve further efficiencies from its spending.

The purchasing strategy in the organisation should aim to reduce transaction costs, as 27.68 % of invoices were for values less than 100 euro, the introduction of low value purchase cards should address this issue.

This linking of procurement to team plans is seen as a way to embed the responsibility for purchasing with all staff in the organisation and the designation of an individual within each directorate will ensure a coordinated approach.

While it is acknowledged that the successful implementation of the goals outlined will require focussed effort from many, and an element of change, their realisation will help establish standards of best practice across the organisation.

Appendix 1

CHECK LIST

Contractor. _____

Contract value. _____

Contractor's Insurance:-

1 Employer's Liability (12.7million euro.) Expiry Date: _____

Public Liability (6.35million euro **minimum**.) Expiry Date: _____

All Risks (value of contract and works.) Expiry Date: _____

In certain circumstances City Council should look for Professional Indemnity Insurance from persons providing services to City Council.

Contractor's C2 Submitted: - Yes No

Health and Safety Statement Submitted: - Yes No

Confirmation that employees are covered under the CIF Pension Fund / Sick Pay Scheme (or similar and equivalent scheme).

2 Yes No

Confirmation of compliance with the current Registered Employment Agreement (Construction Industry Wages & Conditions of Employment)

Yes No

Unions Notified in accordance with above agreement:

Yes No

Was Planning Required: - Yes No

If yes file reference no. _____

Legal contract completed. Yes No

Checked by _____ Date _____

This check list is for guide purposes only as other information may be required depending on nature of contract

2.1 Low Value Purchase Card

The **Low Value Purchase Card** is a specific form of charge card for the purchase of low value but frequently purchased goods and services. The card while similar in operation to a credit card has inbuilt limits on individual transaction value, monthly combined transaction value and category of business in which it may be used.

2.2 Operating Procedures

Cards should be kept in a safe place at all times.

Cards are to be used by the individual cardholders only and shall not be shared.

Purchase cards shall be used for official business purchases only.

If a card is lost or stolen it must be reported immediately to Ulster Bank Card Loss Centre- (a 24-hour service is provided for this purpose). The number to ring is **1890924258**.

Low Value Purchase Cards are a means of paying for goods/services. They do not grant approval to purchase these values.

A transaction limit of **€500** applies to each individual purchase and a monthly limit of **€3000** has been assigned to your card.

Prices should be established before a commitment to buy is made.

In cases where the transaction limit or monthly credit limit are exceeded, the normal purchase order system must be used.

The supplier must provide a docket marked **paid** showing the amount of the purchase plus the visa docket showing the card number. When ordering goods by phone ask the supplier to deliver the goods for your attention. Included with the delivery should be a priced delivery docket marked paid plus visa docket.

The cardholder must keep all dockets in the envelope supplied and at the end of each calendar month the amount of all purchases for that month must be totalled and must correspond to total of dockets in envelope. The sealed envelope must then be handed over to the person who processes invoices in your section.

2.3 End of Month Procedures

A monthly excel spreadsheet will be sent by Anne Flynn, Card Administrator to each section.

Dockets returned by individual cardholders must be checked against the spreadsheet for details and reconciled, with expenditure codes entered against each transaction. Each section is responsible for the reconciliation of the monthly statement and to follow through on any disputes with suppliers. **Purchase Orders must not be raised in Agresso for these transactions.**

The spreadsheet, when reconciled, shall be printed and low value purchase card dockets attached to printout.

This should then be checked and certified by the appropriate Certifying Officer and returned to the Card Administrator, Finance within 5 working days of receipt of spreadsheet. The completed fully coded spreadsheet must also be returned to the Card Administrator by email.