



PURCHASING POLICY

KARE POLICY DOCUMENT

Policy Owner: Finance Manager

<i>Rev. No.</i>	<i>Approved by OMT</i>	<i>Approved by KARE Board</i>	<i>Launched Heads of Units</i>	<i>Operational Period</i>
Rev 1	24 th May 2011	Sept. 2012	Sept 2012	Sept 2012 – March 2016
Rev 2	January 2016	March 2016	April 2016	April 2016 – Oct 2018
Rev 3	October 2018	November 2018	November 2018	Nov 2018 -

Section 1: Policy

1. Background to this policy

KARE is primarily funded by the Department of Health and Children through the Health Service Executive (HSE) for day to day activities. In the main KARE is funded as a section 38 entity which means KARE are contracted by the HSE to deliver services on their behalf.

Under KARE's Service Level Arrangement (SLA) KARE are required to adhere to all HSE, Government and EU procurement requirements.

Kare operate a decentralised purchasing practice where all employees can buy goods or services up to their level of approval. This policy supports buyers spending KARE funds in a responsible manner.

This policy is underpinned by the relevant HSE, Office of Government Procurement ("OGP") and European Union legal requirements and obligations, including the following:

- HSE "Purchase to Pay" process.
- OGP "Public Procurement Guidelines for Goods and Services" process.
- EU Public Procurement Directives.
- "Ethics in Public Procurement" guidelines.

This policy is governed by best practice in both public and private arenas ensuring funds are utilised and expended in an efficient and prudent manner.

2. Aim of this policy

The aim of this policy is to outline the basis under which KARE will manage its purchasing practices and mitigate against financial risk and that this policy will satisfy all National and EU procurement rules.

3. Scope of this policy

This policy relates to the legal entity known as KARE, Promoting Inclusion for people with Intellectual Disabilities (KARE) a company limited by guarantee.

The terms procurement and purchasing refer to all types and methods of obtaining goods, services, consultants and assets of a capital and revenue nature that KARE requires in order to carry out its business of delivering services to people with an intellectual disability.

Third parties contracted to procure goods and services on behalf of KARE are required to follow and evidence compliance with this policy.

4. Policy statements

4.1 General Statements

- 4.1.1 Procurement practises are required to be accountable, non-discriminatory, provide for equality of treatment, and be fair and transparent. KARE are required to operate to the highest ethical standards with probity and integrity.

- 4.1.2 KARE will take appropriate measures to prevent, identify and remedy conflicts of interest in the conduct of purchasing arrangements to avoid any distortion of competition.
- 4.1.3 KARE staff must declare any form of personal interest that might reasonably be deemed by others to impinge on a person's impartiality when evaluating a purchase arrangement, to their line manager. Personal interest includes an interest of a relative or connected persons. Line managers must then decide if the purchase arrangement should be performed by another member of staff.
- 4.1.4 The budget holder is ultimately responsible and should ensure that they and their staff follow the purchasing procedure. All line managers must ensure the procedures are followed in an accurate and timely manner and that any staff, that responsibility is delegated to, are fully aware of the necessary procedures.
- 4.1.5 Stocks will be kept to an absolute minimum to avoid the costs of storage and depletion of perishable items which could render them un-usable.

4.2 Budget compliance

- 4.2.1 Spending must be within KARE's budget.
- 4.2.2 Budget holders can spend within the budget of their department.
- 4.2.3 Budget holders spending above their budget can do so only with the approval of their line manager, provided their line manager has the budget available.
- 4.2.4 The SPG will ensure that any proposed expenditure that exceeds KARE's authorised budget is approved by the Board.
- 4.2.5 Board approvals will be documented in the board meeting minutes.

4.3 Approval requirements

- 4.3.1 Authorisation in accordance with the table outlined in 4.4.2, before spending KARE funds is a requirement.
- 4.3.2 All purchases in KARE must be approved using the relevant procedure before they can take place. The one exception being household/petty cash transactions of allowable expenditure.
- 4.3.3 Buyers must seek initial "go ahead" to source a good or service from the approver. Once sourced following the relevant purchasing procedure the "Approver" will sign the purchase order (in the area marked "Authorised Signature").

4.4 Approval levels within KARE

4.4.1 Authorisation to approve purchasing within KARE depends on a person's role within the organisation.

4.4.2 The table below details who has what designated approval level and can approve purchase orders as the approver/authorised signature.

Approver / Authorised signature	Maximum Amount	What can be approved
Board	Unlimited	All major capital transactions (this generally relates to buses or buildings) plus revenue transactions over and above the organisational budget
SPG	Unlimited if within budget	Any purchase
OMT	€2,500	Any purchase
Head of Unit	€1,000	Any purchase
Grade VI & VII	€1,000	Any purchase

4.4.3 A budget holder can unilaterally approve a purchase (i.e. they can be the buyer and the approver on the purchase order) up to a maximum of €250.

4.4.4 The approval levels apply to purchases of groups of similar items with the same supplier or different suppliers. If at the time of purchasing it is known to the buyer that there will be ongoing purchases of the items, approval should be sought for the total known value of the items that will be purchased.

4.4.5 The signatures of Approver's / Authorised Staff are held on file in the accounts department. Only those whose signatures are on file can approve transactions.

4.4.6 If for any reason an approver is unavailable another approver / authorised signature can approve the purchase provided they are on the same designated approval level or higher.

4.5 Suppliers List (SL)

4.5.1 The accounts department maintain the Suppliers List (SL) which can be found on KARE connect. The SL is used to identify suppliers by categories of spend. The SL details the name of the supplier, contact details and the description of goods or services the supplier provides to KARE.

4.5.2 The SL will identify if a Specific Purchasing Procedure is applicable for the supplier and a link will be provided to the procedure on KARE connect.

4.5.3 If purchasing rates have already been established with a supplier, the SL will identify this. KARE staff should use suppliers who have agreed rates.

4.6 Purchasing methods

- 4.6.1 **Petty Cash** can be used to purchase one off items valued between €0 to €50. Households can cover the weekly shop by petty cash up to €250.
- 4.6.2 **Approved suppliers** should be used where possible. Approved suppliers appear on the Suppliers List (SL).
- 4.6.3 KARE staff should adhere to the principles of Data Protection, when purchasing, paying particular attention to Principle 6, '*Keeping personal information confidential, safe and secure*'.
- 4.6.4 Where no supplier exists, and Petty Cash is not appropriate a **supplier can be sourced**. KARE suppliers will be required at a minimum to;
 - be capable of receiving EFT payments electronically, with the exception of foreign payments.
 - provide an annual tax compliance to KARE if annual spend is likely to exceed €10,000.
 - provide KARE evidence of the company registered name /number.
 - provide KARE 30 days credit (in exceptional circumstances payments may have to be made within 30 days. The accounts department should be consulted in such instances).
 - be in compliance with Children First legislation and guidance

4.7 Agreeing rates with suppliers

- 4.7.1 Suppliers with agreed rates will be clearly identified on the SL. Before any purchase is made the agreed rate must be verified with the supplier.
- 4.7.2 If no agreed rates are in place with an approved supplier on the SL or a new supplier is being sourced, the method of sourcing will depend on the spend amount.
- 4.7.3 The following table highlights spend amounts and the method of sourcing required **when no agreed rates exist with a supplier.**

<u>Value of Purchasing arrangement (inclusive of VAT)</u>	<u>Number of quotes required</u>	<u>Quotation Format</u>	<u>Minimum time for receipt of quotes or tenders</u>
€0 to €5,000	Minimum of 1 quote	Written**	None
€5,001 to €24,999	Minimum of 3 quotes	Written Quotes plus completed KARE Procurement Assessment Form (see section 3)	None
€25,000 +	Contact procurement department ***	Request for Tender (RFT), Via e-tenders website	21 days

** If the cost is less than €250 annually a verbal quote from one supplier is sufficient.
 *** The procurement department must be consulted for any procurement arrangements that exceed €25,000.

- 4.7.4 The purchasing arrangement values in the table will apply to;

- any one-off purchase of single items.
- a group of related items purchased from the same supplier.
- a group of related purchases (such as putting an annual contract in place for stationery/maintenance/new building project).

- 4.7.5 Purchasing decisions must be transparent and supported in writing by the relevant Quotation Format as specified in the earlier table.
- 4.7.6 Reasonable estimates must be used when estimating the likely value of a purchase or tender to determine the method of sourcing.
- 4.7.7 Splitting of purchases (for what is in effect one purchase) into two or more purchases for the purpose of applying a lower than appropriate value threshold is not permitted.
- 4.7.8 One procedure should not be used to circumvent an existing procedure for purchasing the required goods or services.

4.8 Supplier invoices / petty cash

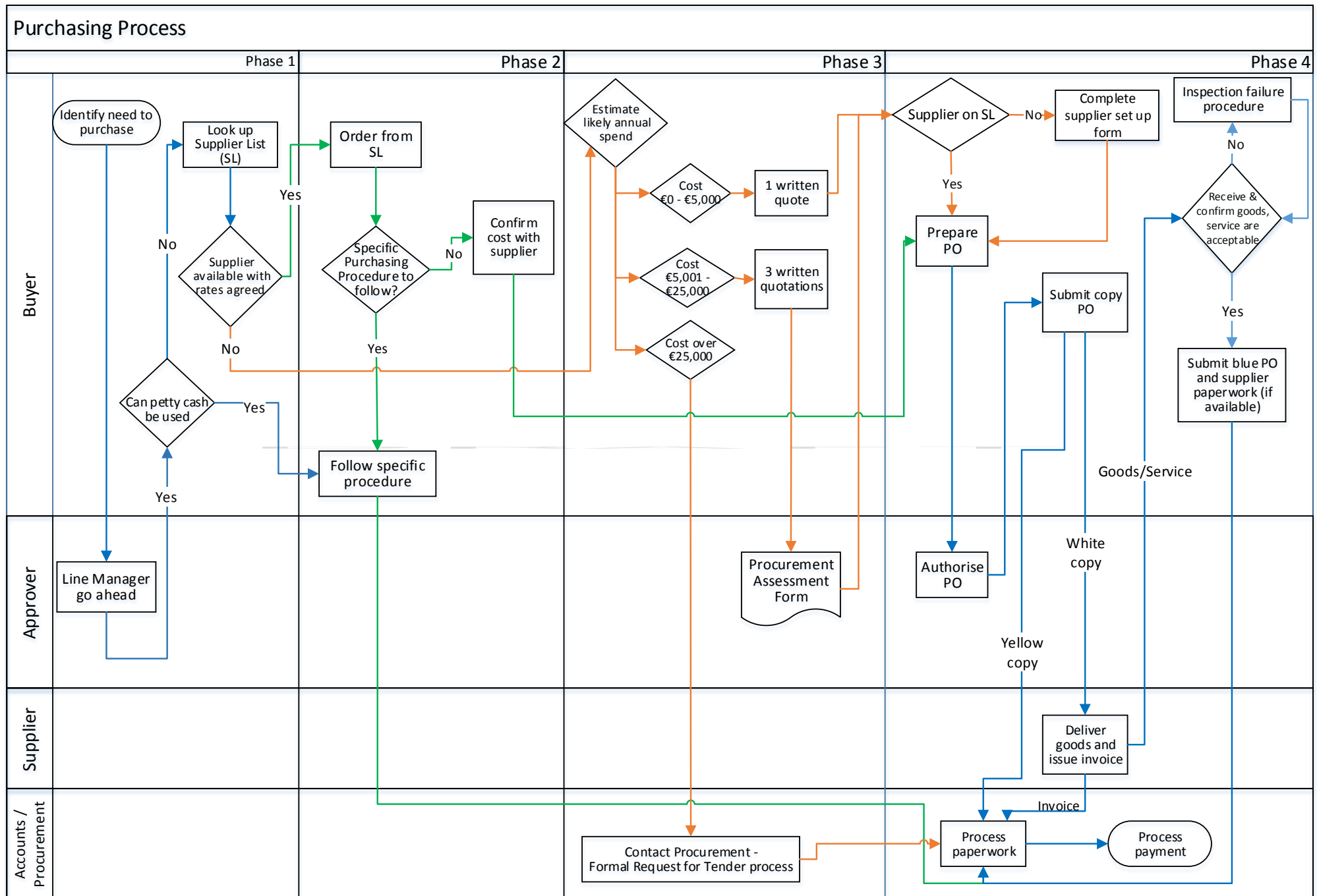
- 4.8.1 KARE require suppliers to issue a valid invoice for purchases, as follows:
- the invoice should be printed on headed paper.
 - products or services should be clearly identified.
 - the name of the person ordering and the PO number should be clearly stated.
 - amounts should be clearly visible.
 - VAT rates and amounts should be clearly visible
 - VAT number should be clearly visible.
 - the full company name, address should be on the invoice and the legal status of the company (LTD etc.).
 - the registered office and companies registered number should be shown.
 - Invoice format must be as agreed when issuing the contract, if a contract is applicable.
 - in the case of contracts liable to RCT the Contract Notification ID must be shown.
- 4.8.2 All invoices should be sent to the accounts department preferably by email (email address: accounts@kare.ie) or alternatively by post in a timely manner.
- 4.8.3 Line managers should ensure that household and petty cash accounts are fully reconciled, documented and submitted on a regular basis in line with purchasing procedures.

4.9 Supplier payments

- 4.9.1 The principal method of payment is by Electronic Funds Transfer (EFT).
- 4.9.2 KARE will pay suppliers within 30 days of receipt of invoice except for exceptional circumstances or in the case of Capital Projects which may require shorter payment terms.
- 4.9.3 Non-standard payments (e.g. foreign payments) are paid monthly as these take time to prepare.

- 4.9.4 KARE make payment runs weekly with the exception of month ends.
- 4.9.5 Two approved KARE signatures are required on each Cheque or EFT as per the KARE payment process.
- 4.9.6 Credit card transactions may be permitted in limited circumstances. The accounts department should be contacted for advice.
- 4.9.7 Invoices will be processed in the accounts system and electronically scanned for record keeping.

Section 2: Process



Section 3: Procedures and Additional Information

The following documents form an integral part of the Purchasing Policy and must be used in conjunction with the policy. Other Procedures and Forms may be developed during the life of this Policy and should this occur KARE staff will be notified accordingly by email. All Procedures and Forms are stored on KARE Connect (LINK).

3.1 KARE Suppliers List (SL)

In accordance with Section 5 of the Policy a detailed SL is available which sets out all of the approved suppliers within KARE. The approved SL is located on KARE Connect.

3.2. Supplier Set up Procedure

In accordance with Section 6.3 of the Policy, where a supplier is not available within KARE a new supplier can be sourced subject to certain conditions. Staff must follow the procedure for setting up a new supplier.

3.3. Supplier Set up Form

Once a suitable supplier has been sourced staff must complete the Supplier Set up Form and have it approved accordingly.

3.4. Petty Cash Procedure

In accordance with Section 6 of the Policy, certain purchases can be made using Petty Cash. Should Petty Cash be used staff must follow the Petty Cash Procedure.

3.5. Procurement Assessment Form

In accordance with Section 7.3 of the policy, any purchases with a value between €5,001 and €25,000 must be accompanied with a Procurement Assessment Form. This Form will ensure that sufficient evidence and an adequate paper trail exists to support the buyer's decision in selecting the preferred supplier quotation. The Form must be submitted to the Accounts Department with the relevant quotations as supporting documentation.

3.6. Purchase Order Procedure

Once the buyer has received the initial go ahead and has followed the applicable procurement steps a PO needs to be prepared. The Purchase Order Procedure assists staff in this process.

3.7. Inspection Failure Procedure

KARE acknowledges that not all goods and services received by KARE will meet the standards agreed with the supplier. The Inspection Failure Procedure assists staff in dealing with goods and services that do not meet the required standard.

3.8 Specific Purchasing Arrangements

In some cases a specific purchasing arrangement will be in place for purchases of certain goods and services from suppliers. If a Specific Purchase Procedure exists the SL will identify this and each Procedure will be available on KARE Connect. At the time of approval of this Policy the following Specific Procurement Procedures are in place:

- Agency Staff Procurement Procedure
- Animal Feed Procurement Procedure
- Capital Projects Procurement Procedure
- Electrical Goods Procurement Procedure
- Heating Oil Procurement Procedure
- ICT Consumables Procurement Procedure

- Legal Services Procurement Procedure
- Motor Tax Renewals Procurement Procedure
- PC's and Laptops Procurement Procedure
- Refurbishment Procurement Procedures
- Stationery and Office Supplies Procurement Procedure
- TV licence Renewals Procurement Procedure
- Vehicle Fuel Procurement Procedure