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# Procurement and Capital Expenditure Policy

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Turas Training

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## 1. Policy Statement

- 1.1. Turas values the economical and efficient use of resources and aims to ensure that all expenditure on capital items utilises effective planning and decision making and ensures that the most economical options have been sourced.

## 2. Purpose

- 2.1. This policy aims to clarify decision making processes and safeguards in regards to capital expenditure.

## 3. Scope

- 3.1. This policy covers all expenditure over €1000. For amounts less than €1000 the Financial Policy and Procedure will be contain relevant details on processes and procedures.

## 4. Glossary of Terms and Definitions

- 4.1. Procurement: the acquisition of goods and/or services at the best possible total cost and in the right quantity and quality.
- 4.2. Capital expenditure: expenditure where the benefits last more than 12 months. For the most part, this means expenditure on assets such as equipment, which can be used over a long period.

## 5. Principles

- 5.1. All goods and services will be purchased at the most competitive price available.
- 5.2. Prior to the initiation of a tender process, a risk assessment should be carried out to pre-empt any difficulties and ensure that sufficient safeguards and checks are in place.
- 5.3. Individuals will declare any conflict of interest in relation to any purchases to ensure that processes are fair and transparent.
- 5.4. Decision making processes will be transparent.
- 5.5. Staff members will undertake adequate research in relation to purchasing and procurement and will be encouraged to exercise initiative in suggesting ways to reduce expenditure or obtain value for money.
- 5.6. Where a company or service is selected that is not the most economical, there should be a clear rationale provided and recorded.

## 6. Roles and Responsibilities

- 6.1. It is the role of the chairperson / treasurer to ensure that the procurement and capital expenditure policy is followed, that decision making is recorded and transparent, that a satisfactory risk assessment and planning process has been undertaken, and that any required advice has been sought before the commitment of any funds.
- 6.2. It is the responsibility of any staff member involved in obtaining quotes to actively seek out value for money in the purchase of goods and services.
- 6.3. All staff and members of the (board/ Management committee) must operate in line with the provisions of this policy and must declare any conflicts of interest in relation to procurement.

## 7. Procurement and Capital Expenditure Procedures

- 7.1. In general, a competitive process carried out in an open, objective and transparent manner can achieve best value for money in public procurement.
- 7.2. For the purchase of any goods or services, approval is required at the following organisational level according to the amount of expenditure, as indicated:
  - 7.2.1. Up to €100 - Project Administrator
  - 7.2.2. Up to €3000 - Manager
  - 7.2.3. Up to €5000 - Treasurer / Chair
  - 7.2.4. Over €5000 - Management Committee / Board
- 7.3. The following processes are required for purchase of any goods or services (with expenditure equalling this amount over a twelve month period) according to the amount of expenditure as indicated:

- 7.3.1. Over €1,000 - Three quotes are required, except where there is an existing supplier who has already been through a quote process and won the organisations custom.
- 7.3.2. Over €20,000 - Five quotes where possible, or have an open tender process (through E-tenders or another tender process).
- 7.3.3. In the cases where there is expenditure is over €50,000 and where 50% of more of the funds come from public sources), the procurement process must adhere to national procurement guidelines, (up to date versions obtained from: <http://www.etenders.gov.ie/default.aspx>). In short these guidelines advise that a tender must be undertaken through E-tenders.

## 8. Quotation Based Purchasing Process

- 8.1. For costs under €20,000.00 where three quotes are required, a 'brief' will be prepared and sent to any potential suppliers. This is to ensure that quotes are for the same level and quality of goods and services. The brief will include the following:
  - 8.1.1. Clear description of what is required (non-negotiable aspects)
  - 8.1.2. Preferred elements (may be negotiable)
  - 8.1.3. Any relevant time-frames
  - 8.1.4. Information on preferred warranty / servicing information
  - 8.1.5. Request to include the cost of VAT and shipping
- 8.2. Once quotes are received they should be reviewed to ensure that there is sufficient information to enable comparison and review. Information not provided should be requested:
  - 8.2.1. Tax and VAT should be included in all final figures
  - 8.2.2. Warrantees information should be provided
  - 8.2.3. Services arrangements should be clarified if relevant
  - 8.2.4. Whether there are any additional hidden costs
  - 8.2.5. Postage / transport costs
  - 8.2.6. Installation and assembly costs
  - 8.2.7. Availability of parts / related products (i.e. paper, ink)
- 8.3. Where products differ, the staff member managing this process will attempt to obtain comprehensive relevant information to assist in decision making.
- 8.4. The briefs and quotes should be collated by the staff member managing the quotation process and should be delivered to the individual / committee responsible for the final decision. If there is a preferred option, the staff member may include a note on this with a clear rationale.
- 8.5. Decision making will be undertaken by the person/ committee identified above. If there are a number of competitive quotes, it may be recommended by the decision maker that service / business providers are given an opportunity to match a competitor's price or provide a more attractive deal.
- 8.6. The staff member ordering the goods will confirm the quote before placing the order.
- 8.7. When goods are received these should be checked against the invoice, any issues with the goods should be followed up immediately.

## 9. Tender Based Purchasing Process

- 9.1. Prior to a tender or quotation request document being prepared or for any expenditure over €20,000.00, the following will be implemented:
  - 9.1.1. A specific subgroup or steering group with specific expertise will be established to approve the project plan and supervise the quotation or tender process. The group should number a minimum of three people and will always include the senior executive and treasurer, as well as another member of the management committee This subgroup will ensure that there is sufficient expertise in relation to the following areas (if these skills are not held within the project staff team, individuals with these skills should be co-opted into the process):
    - 9.1.1.1. financial management / procurement
    - 9.1.1.2. project management
    - 9.1.1.3. organisational and record keeping skills
  - 9.1.2. This group should undertake the following:
    - 9.1.2.1. the development of a thorough project plan with timeline

- 9.1.2.2. a brief risk assessment into any possible issues arising
- 9.1.2.3. ensuring that all legal issues have been considered prior to the tender or request for quotes
- 9.1.2.4. constructing a brief will with details as described in point 8
- 9.2. There should be clear roles and areas of responsibility for the undertaking of all tasks within the process and clear guidelines on how decisions will be made.
- 9.3. Principles to be observed in conducting the procurement function include: non-discrimination, equal treatment, transparency, mutual recognition, proportionality, freedom to provide service and freedom of establishment.
- 9.4. The sub-group or steering group or a panel agreed by the steering group will review quotes. No member of the group should have any conflicts of interest in relation to the tendering company. A conflict of interest is defined in this instance as:
  - 9.4.1. Any familial or other close connections with any person within the tendering company.
  - 9.4.2. Any business interests with the tendering company, either as customer, shareholder.
  - 9.4.3. Any other way in which an individual could foreseeably gain personally from a business relationship with the tendering company.
- 9.5. In all cases quotes should be kept on file, as should any marking schedules to determine the winning quote.
- 9.6. A payment schedule should be agreed, with the service provider only being paid for work completed.
- 9.7. An individual will be nominated to ensure that goods or services are provided in the way described in the quotation. Payments will only be made once this individual has signed off that work or goods are delivered as described and in line with the payment schedule.

## 10. Reducing Expenditure on Casual Purchases

- 10.1. Purchasing patterns should be examined to minimise the cost of casual or "once off" purchases.
- 10.2. An appropriate contracting arrangement should be put in place for efficient and cost effective delivery of recurring supplies and services.