



AN RIALTÓIR CÓGAISÍOCHTA
THE PHARMACY REGULATOR

Procurement Policy

A. General Introduction

The Pharmaceutical Society of Ireland (PSI) as a statutory body is governed by Public Procurement Guidelines, Regulations and Directives. Public procurement can be defined as the acquisition, whether under formal contract or not, of works, supplies and services. It ranges from the purchase of routine supplies to formal tendering and placing of contracts for large infrastructural or ICT projects.

Procurement Principles

Public procurement must be discharged with probity, transparency and accountability and in a manner that secures best value for money for the PSI. Procurement by the PSI will be governed by the following principles:

- Achieving efficiency, effectiveness and best value for money in terms of life-cycle cost
- Dealing with quality suppliers, contractors and service providers
- Operating in a fair, open, transparent and non-discriminatory manner in the marketplace
- Properly managing risk and potential conflicts of interest
- Complying with all relevant European, National legislation and Government regulations
- Operating the highest ethical standards

Procurement objectives

The primary objectives of PSI procurement policy are to ensure that all transactions:

- Meet the specified requirements
- Give PSI best value for money
- Are totally transparent
- Ensure equality of access to qualified suppliers
- Are formally contracted
- Fully comply with government guidelines and EU directives

B. Financial Authority for Procurement and Reporting

The annual budget, Service Plan and Corporate Procurement Plan (incorporating the annual plan), approved by the Administration and Finance Committee and Council sets out the authority and plans for the procurement of goods and services.

Council

- Updates on implementation of activities against the Service Plan are provided to Council on a quarterly basis.
- Council should be provided with an update of ongoing and upcoming tenders at every Council meeting.
- For purchases with estimated values exceeding EU thresholds they must be provided for in the Budget and Service Plan approved by Council. If outside Service Plan, separate approval is required by Council in advance of issue of request for tender.

Administration & Finance Committee

- At each Administration and Finance Committee meeting, members are informed of status of ongoing and upcoming high value tenders (generally >€25k services contracts).
- The recommendation of the Registrar for the award of a contract exceeding EU thresholds will be brought before the Administration and Finance Committee for approval.
- Recommendations from the Executive on possible contract extensions will be brought to the Administration & Finance Committee 6 months in advance of any contract expiring for its approval.

Audit Committee

- In order to ensure adequate oversight of procurement procedures, the Audit Committee should have increased responsibility in this regard and an Internal Audit performed by the PSI's Internal Auditors on procurement of all high-level purchases above €100,000 on an annual basis.

C. Purchasing Procedures

- It is a basic principle of public procurement that a **competitive process** should be used unless there are justifiably exceptional circumstances. The type of competitive process can vary depending on the size and characteristics of the contract to be awarded and the nature of the contracting authority.
- When a procurement requirement is identified it is incumbent before proceeding to purchase to establish whether an existing contract or framework is already in place and if so to utilise that contract or drawdown from that framework.
- Attention is drawn to **Circular 16/13**: Revision of arrangements concerning the use of Central Contracts put in place by the Office of Government Procurement (formerly NPS) informing public bodies of the importance of maximising the **value for money** achievable when procuring any commonly acquired goods or service. In this regard, public bodies are expected to use central procurement frameworks for all purchases including those under €25,000. See link <http://circulars.gov.ie/pdf/circular/per/2013/16.pdf>.
- Also in line with Public Service Stability Agreement 2013-2018's policy on implementing shared approaches within and across sectors including public procurement, the PSI through its membership of the Health and Social Care Regulators' Forum (HSCRF) and other relationships will utilise shared procurement facilities to the maximum extent possible. This will be done by working with other agencies on information sharing and the establishment and use of multi-agency framework agreements.

The following outlines the PSI's purchasing procedures in place, the use of which depends on the value of the goods/services/works to be purchased. All thresholds refer to the value exclusive of VAT.

1. Low Value Purchases (<€5,000)

The following procedure must be used for purchases with an estimated value less than €5,000:

- Email quotes obtained from one or more competitive suppliers
- Periodic market testing to apply in order to ensure value-for-money achieved
- PSI accountability and control procedures to apply

The following personnel have authority to sign orders under this procedure:

- Registrar
- Members of the Senior Management Team and Unit Managers

2. Intermediate Value Purchases (generally >€5k- <€25k services)

The following procedure must be used for contracts for supplies and general services with an estimated value greater than €5,000 and less than:

- **€25,000** for good and services
- €10,000 for ICT
- €50,000 for works.
- Expenditure approval of Department head required.
- Formal purchase approval required by Registrar if not provided for and approved in the Department's/Unit's annual budget.
- Minimum of three written competitive quotations from suppliers or service providers (5 quotations for works contracts).
- Based on written specification and returned by a prescribed date.
- Relevant backing documentation filed in procurement file and provided to the Administration and Finance Unit.

3. High Value Purchases (but less than EU threshold) (generally >€25k -<€209k services)

All requests for tender for high value purchases must have:

- Budget approval of the Registrar
- Detailed specification and tender documentation prepared by the Administration and Finance Unit in conjunction with the relevant Department head or Unit manager.
- Advertised and managed via the government procurement portal www.etenders.gov.ie. Minimum response time for requests for tenders in line with best practice of 3-4 weeks
- Publicly tendered using the open procedure if estimated value less than €135,000.

- Tender appraisal must be carried out by evaluation team and consensus scores and reasons documented in a '*tender evaluation form*' against the stated selection criteria (pass/fail) and the stated award criteria and weightings.
- Contract award recommendation is subject to approval by the Registrar.
- Issue of notification letters to successful and unsuccessful tenderers with reasons for rejection.
- Publication on eTenders of award notice.
- Backing documentation held in procurement file in the Administration and Finance Unit.

The following are the different **procedures** that must be used for high value purchases depending on the value of the purchase:

3.1 Supplies and general services with an estimated value greater than €25,000 (€10,000 ICT) and less than €135,000

- Must use formal tendering via national advertising on www.etenders.gov.ie.
- **Open** procedure must be used

3.2 Supplies and general services with an estimated value greater than €135,000 and less EU threshold (2016/2017 limit – €209,000)

- Formal tendering must be used and advertised on www.etenders.gov.ie
- Choice of procedures (generally open or restricted)

3.3 Works with an estimated value greater than €50,000 and less than €250,000

- Must use formal tendering via national advertising on www.etenders.gov.ie
- **Open** procedure must be used

3.4 Works with an estimated value greater than €250,000 and less EU threshold (2016/2017 limit €5.225m)

- Formal tendering must be used and advertised on www.etenders.gov.ie
- See Capital Works Management Framework GN 2.3 Section 1.2

4. EU Directive Procurement (>€209,000 services)

This procedure must be used for purchases with estimated values exceeding EU thresholds Services and Supplies contracts > **€209,000** and Works contracts > €5.225m. These thresholds are applicable from 1st January 2016 and are valid for two years.

4.1 Supplies and services with an estimated value greater than €209,000

- Formal tendering must be used and advertised on www.etenders.gov.ie and the Official Journal of the European Union (OJEU) (this is done via etenders).
- Choice of procedures (generally open or restricted and adherence to the minimum timescales mandated by the EU Directive).

4.2 Works with an estimated value greater than €5.225m

- Formal tendering must be used and advertised on www.etenders.gov.ie and the Official Journal of the European Union (OJEU) (this is done via etenders).
- Choice of procedures (generally open or restricted and adherence to the minimum timescales mandated by the EU Directive).

All requests for tender:

- Must be provided for in Budget and Service Plan approved by Council. If outside Service Plan, separate approval required by Council in advance of issue of request for tender.
- Budget approval of Registrar required.
- Formal tendering procedures undertaken as directed by the Administration and Finance Unit.
- Detailed specification and tender documentation prepared by the Administration and Finance Unit in conjunction with the relevant Department head and/or Unit Manager.
- Call for competition in eTenders and the OJEU.
- Tender appraisal must be carried out by an evaluation team and documented in a '*tender evaluation form*' against the stated selection criteria (pass/fail if open procedure) and the stated award criteria and weightings.
- Issue of compliant notification letters to successful and unsuccessful tenderers including a minimum 14 day standstill period for notifications issued by email (16 days if letters issued by post).
- Contract award must be supported by '*Detailed evaluation report*' and '*tender report form*'.
- The recommendation of the Registrar for the award of a contract under this procedure will be brought before the Administration and Finance Committee for approval.
- Contract award notice published in OJEU/TED (Tenders Electronic Daily) within 30 days of formal conclusion of contract arrangements.
- Backing documentation held in procurement file in the Administration & Finance Unit.

Summary of Procedures		
Amount	Type of Contract	Procedure
Low Value Purchases		
€0 - €4,999	Supplies or Services Contracts and Work or work related Services	Email quotes from one or more competitive suppliers
Intermediate Value Purchases		
€5,000 - €24,999*	Supplies or Services Contracts	Three written competitive quotations
*€9,999 ICT		
€5,000 - €49,999	Works & Works Related Services	Five written competitive quotations See www.constructionprocurement.gov.ie See D/PER CWMF GN 2.3 Section 3.2
High Value Purchases		
€25,000* - €135,000	Supplies or Services Contracts	Open Procedure Non-OJEU (As per Circular 10/14)
*€10,000 ICT		
€135,001 – EU Threshold	Supplies or Services Contracts	Any Non-OJEU Procedure but usually Open or Restricted
€50,000 - €250,000	Works & Works Related Services	Open Procedure Non-OJEU (As per Circular 10/10). See also D/PER CWMF GN 2.3 Section 1.2
€250,000 – EU Threshold	Works & Works Related Services	Any Non-OJEU Procedure. See D/PER CWMF GN 2.3 Section 1.2
EU Directive Procurement		
Above EU Thresholds (€209,000)	Supplies or Services Contracts	Any OJEU Procedure but usually Open or Restricted
Above EU Thresholds (€5,225,000)	Works & Works Related Services	Any OJEU Procedure but usually Open or Restricted

5. Framework agreements

Where the PSI envisages that it will have an ongoing requirement for a particular type or types of services or goods from economic operators, but where it does not know at the outset the exact delivery times or the detailed requirements for the assignments to be performed, it should consider holding an open or restricted call (advertised in the OJEU if the envisaged maximum value of the contract equals or exceeds the EU threshold) to establish a framework agreement, the duration of which cannot exceed four years, with one or multiple (i.e. at least two) contract holders, up to a maximum value and, subsequently, to 'draw down' individual contracts, based on the terms of the framework agreement (which can be on foot of original tenders (single or multi-party) or in case of multi-party option of mini-tendering among the framework members. Framework agreements must comply with the conditions of Article 32 of Directive 2004/18/EC.

Further guidance on Framework agreements can be found in the following publication <http://etenders.gov.ie/Media/Default/SiteContent/LegislationGuides/4.%20Guidance%20on%20Framework%20Agreements.pdf>

Award notices are required listing the firms admitted to the framework and quarterly award notices are required for contracts under the frameworks.

Where PSI uses centrally established frameworks, the award of contracts must follow the rules laid down in the original tender documentation – details available on www.procurement.ie. PSI must track use of such frameworks to provide information for the quarterly award notices.

6. Exceptional Circumstances

In exceptional circumstance, the requirement to secure a minimum of three quotes/tender process need not apply. The circumstance under which these derogations from normal procedure may be availed of, and which must be approved as such by the Registrar include such issues as:

- Urgency – due to unforeseen circumstances and where major risks arise to organisation / health and safety of staff, etc. due to non-award
- Proprietary material – justification / proof that only one supplier or service provider exists e.g. where IT code resides with original supplier (this is exceptional and a report must be prepared confirming that no other supplier in the world could deliver the requirement).
- Additional deliveries – based on an existing contract, where a change of supplier would cause major inconvenience or technical incompatibility.

The use of exceptional circumstances does not permit a departure from EU Procurement Directives.

7. Procurement and Risk Management

One of the primary objectives of any contract entered into should be the minimisation of risk. To ensure this, the following practices should be applied.

7.1 Quality and Reliability

Supplies and services which are critical for safety should be sourced only from suppliers who have appropriate quality systems in place (either in-house or 3rd party certified). Safety or operationally critical material should be subjected to testing prior to any award of contract.

7.2 Conditions of Contract

All suppliers should be made aware of and agree to comply with PSI's standard terms and conditions of the contract and Framework agreement if applicable. All contracts/framework agreements awarded must be accompanied by written signed agreement between both/all parties.

7.3 Insurance

Where we require that candidates or tenderers have certain insurance cover for particular risks (e.g. professional indemnity, public liability) and in accordance Circular 10/14 & Guidance on measures to facilitate participation of SMEs in public procurement, any capacity levels that are set by the PSI must be both relevant and proportionate to the circumstances of the contract.

7.4 Government Regulations

Contractors and suppliers must comply with all relevant governmental regulations including Tax Clearance Requirements, Construction Payments Procedures, Health and Safety and Employment legislation and regulations.

7.5 Long-Term Contracts

Where a contract is of long term duration, insurances and relevant certificates must be kept current. In particular no payment may be made on foot of a contract unless the payee's Tax Clearance Certificate is current.

7.6 Value-for-money review

All contracts that have annual value greater than €50,000 will be subject to a value for money review which will critically assess the effectiveness of the procedure used and the value obtained under the contract.

7.7 Contract extension

For all contracts that have an option to extend beyond the initial award period, the recommendation and rationale for extension from the Executive should be brought to the Administration & Finance Committee at least 6 months in advance of the possible extension for approval.

7.8 General procurement guidance

This policy document should be read in conjunction with general procurement guidance found on both www.etenders.gov.ie and www.procurement.ie websites including the following public procurement publications.

- Circular 10/14 Initiatives to assist SMEs in public procurement
[http://etenders.gov.ie/Media/Default/SiteContent/LegislationGuides/Circular_10 - 14_0.pdf](http://etenders.gov.ie/Media/Default/SiteContent/LegislationGuides/Circular_10_-_14_0.pdf)
- Circulars 02/09 and 02/11 relating to procurement of ICT
[Circular 02-11 Department of Finance](#)
- Circular 16/13: Revision of arrangements concerning the use of Central Contracts put in place by the National Procurement Service/OGP
https://www.procurement.ie/sites/default/files/migr/circular_16_2013_-_revision_of_arrangements_concerning_the_use_of_central_contracts_put_in_place_by_the_national_procurement_service.pdf
- EU Thresholds 2016/2017
[http://etenders.gov.ie/Media/Default/SiteContent/LegislationGuides/Thresholds_2016 - 2017.pdf](http://etenders.gov.ie/Media/Default/SiteContent/LegislationGuides/Thresholds_2016_-_2017.pdf)
- EU Legal rules and Directives
 - Directive 2014/24/EU – covering supplies, works and services
 - Directive 2014/23/EU – covering service and works concessions).
 - Remedies directive for public sector - Directive 89/665/EEC as amended by Directive 2007/66/EC.
- Information on European public procurement policies drawn-up by the European Commission
http://ec.europa.eu/internal_market/publicprocurement/index_en.htm
- Revised Code of Practice for the Governance of State Bodies 2016,
<http://www.per.gov.ie/en/revised-code-of-practice-for-the-governance-of-state-bodies/>
- Public Spending Code
<http://publicspendingcode.per.gov.ie>