



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Corporate Procurement Policy

October 2023

Policy Owner and Review Process

The owner of the Procurement Policy is the Central Bank Commission. Responsibility for compliance with the Policy is organisation wide.

The Policy will be reviewed annually at a minimum to determine if changes are required. Proposed material changes to the Policy will be submitted to the Commission for advance approval. If a change relates to policy clarification only and/or a change in operational practice, the Commission has delegated such a change to the Head of Procurement. Any such non-material changes will be reported to the Performance and Resourcing Committee as they are made, and to the Commission as part of the annual review.

The Procurement Function is responsible for developing processes, procedures and guidelines to support implementation of the Policy. The Head of Procurement shall ensure that any such processes, procedures and guidelines are approved at the appropriate level prior to implementation and will report on same to the Performance and Resourcing Committee as they are made and to the Commission as part of the annual review.

Version Control

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1.0 Policy Objectives

The objectives of the Central Bank of Ireland (“**Central Bank**”) are as follows:

- The Central Bank is a *contracting authority* under EU law and seeks to comply with all European and national law;
- The Central Bank seeks value for money in the procuring of all works, supplies and services and is committed to the principles of Sustainable Public Procurement;
- The Central Bank seeks to operate in a fair, open, transparent and non-discriminatory manner in the market place, offering equal opportunity to all suppliers, fully honouring the European Treaty principles; and
- The Central Bank conducts all transactions in a timely, accurate and controlled manner.

2.0 Policy Scope

This Policy covers the procurement of all works, supplies and services (referred to in this document under the general term “**Services**”) by the Central Bank.

This Policy applies to all Central Bank employees, contractors and agents.

3.0 The Role of the Central Bank Commission

In accordance with the procurement aspects as set out in the “**Code of Practice for the Governance of State Bodies**”, it is the responsibility of the Commission to:

- Satisfy itself that the requirements for public procurement are adhered to and that competitive tendering is the standard procedure in the procurement process.
- Set appropriate procurement thresholds for tenders less than EU thresholds.
- Ensure that there is an appropriate focus on good practice in the purchasing of Services and that there are procedures in place to support compliance with procurement policy.

The Governor should, in the annual report to the Minister for Finance, indicate adherence to the relevant procurement policy and procedures.

The Audit Committee, in respect of its role to review the Central Bank’s internal control systems, must satisfy itself that any material changes to the Corporate Procurement Policy

are reviewed and endorsed by them before subsequent submission to the Central Bank Commission.

4.0 Requirement for Competitive Tendering

Competitive tendering for Services is a basic principle of this Policy and should be used unless exceptional circumstances exist as set out in Section 5.0 (Contracts awarded without competition). Through effective tendering the Central Bank seeks to attain value for money, while ensuring that all risks and controls are managed.

The Central Bank operates a centralised procurement model operated by a designated Procurement Function. The Procurement Sourcing Team (“**Sourcing**”) is the only group authorised to run public procurement competitions on behalf of the Central Bank for contracts with an Estimated Contract Value (“**ECV**”) of €10,000 or more and will determine the most appropriate applicable procedure for the requirement. The procurement of legal services is governed by a separate policy.

Central Bank employees, contractors and agents are required to contact Procurement in all cases **irrespective of the value of the contract and in advance of engaging with a potential supplier** to confirm the appropriate process.

- Contracts with an ECV of up to €10,000: contact Procurement Operations at procurementoperations@centralbank.ie, unless the business unit considers the contract may have cross-border interest (see note to Table A below), in which case log a Procurement Engagement Form (“PEF”) with Sourcing
- Contracts with an ECV of €10,000 or more: log a PEF with Sourcing

ECV should be determined by reference to guidance on valuation available from Procurement. The business owner is responsible in each case for estimating contract value. Procurement will assist with this process as required.

Procurement will confirm firstly whether the Central Bank has an existing contract or framework agreement in place. If it does, the business owner may choose to use the existing contract/framework agreement or to run a new competition.

Where there is no existing contract/framework agreement, Procurement will advise on the appropriate procurement process by reference to Table A below. Table A sets out the procurement process to be followed in each case based on ECV. Guidance is available from Procurement on how to calculate the ECV.

TABLE A – PROCUREMENT PROCESS (BASED ON ECV)¹

Reminder: Procurement must be contacted in all cases irrespective of the value of the contract and in advance of engaging with a potential supplier to confirm the appropriate process – see previous page

ECV (ex VAT)	Procurement Process	Responsibility
Up to €5,000 (Low Value Contract)	One or more written quotations.	Requester can obtain the quotations unless there is cross-border interest, in which case Procurement (Sourcing) to obtain quotations.
€5,000 to €10,000	<p>Supplies/Non-Works Services: Three or more written quotations.</p> <p>Works/Works-Related Services: Five or more written quotations.</p>	Requester can obtain the quotations unless there is cross-border interest, in which case Procurement (Sourcing) to obtain quotations.

¹ Note that EU law may require an advertised process (even for relatively low value contracts) where the Central Bank considers that suppliers outside Ireland may be interested in competing for the work in response to an advertisement (“**cross-border interest**”). If there is cross-border interest, the process identified in the middle column of Table A may change.

		Quotations must be in response to written specifications.
€10,000 to €50,000	<p>Supplies/Non-Works Services: Three or more written quotations/proposals.</p> <p>Works/Works-Related Services: Five or more written quotations/proposals.</p>	<p>Procurement (Sourcing) to obtain the quotations/proposals.</p> <p>Quotations must be in response to written specifications.</p>
€50,000 to EU Thresholds²	<p>Supplies/All Services: National Competition</p> <p>Works:</p> <ul style="list-style-type: none"> • €50,000 - €200,000: Five or more written quotations/proposals • >€200,000: National Competition 	Procurement (Sourcing) to manage the competition.

² These thresholds are €5,382,000 for works contracts and €215,000 for services/supplies. In some limited cases the threshold for service contracts is €750,000. PROC can advise on when this applies.

Above EU Threshold	EU Competition	Procurement (Sourcing) to manage the competition.
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Subdividing a transaction to circumvent the thresholds in Table A is a policy violation and is a breach of procurement rules for transactions above the EU threshold value.

5.0 Direct Awards

Competitive tendering is a basic principle of this Policy and, unless a specific exemption/exclusion applies, is also a legal requirement for contracts above the EU threshold, or where there is cross-border interest. Accordingly, competitive tendering should be used except in the circumstances set forth in this Section 5.0.³

The Central Bank may make a direct award of a contract without a competitive tendering process in the following limited circumstances:

1. **Low Value Contracts:** Contracts with an ECV of up to €5,000 may be awarded on foot of one written quote, provided there is no cross-border interest.
2. **Exclusions:** If the contract benefits from a specific exclusion under applicable procurement rules (for example, above threshold contracts declared to be secret or which must be accompanied by special security measures (Regulation 15), or contracts concluded with other public bodies (Regulation 12)).
3. **Exemptions:** Contracts that may be awarded using the negotiated procedure without prior publication in line with the provisions of the EU public procurement legal regime, such as contracts for the creation or acquisition of a unique work of art or that can only be fulfilled on the basis of exclusive rights, including intellectual property rights (Regulation 32).
4. **Exceptional Circumstances:** Contracts that do not fall under 1 to 3 above where there is no legal obligation to tender (e.g. as the contract value is below the EU threshold and there is no cross-border interest) **and** exceptional circumstances exist

³ The Policy permits the direct award of a contract without competitive tendering in the circumstances set out in Section 5.0. The Central Bank may nonetheless elect to run a competitive process where possible (e.g. there is more than one supplier of the Services and there is sufficient time) and appropriate.

which objectively justify departing from the Bank’s usual competitive tender approach.

Contracts which fall under 1 – 4 above will be regarded as “**Compliant Direct Awards**”.

In the case of contracts falling under 2, 3 or 4 above, prior approval is required in line with the governance process set out in Table B below.

Contracts which do not fall under any of 1 – 4 will be regarded as “**Non-Compliant Contracts**” on the basis that they are awarded without a competitive tendering process, in breach of this policy. These contracts are subject to external and internal reporting.

TABLE B

Contract Value	Approval Level Requirement
€50,000 or less	Head of Division in the relevant Division
€50,000 – EU Threshold	Division’s own director. Where the Division does not report directly to a director, Deputy Governor/Director General or Chief Operations Officer.
Above EU Threshold	Deputy Governor/Director General or Chief Operations Officer.
A Direct Award Report outlining the rationale for the direct award and the opinion of Procurement must be completed and submitted to senior management when seeking approval.	

Conditions and periodic reviews

To ensure compliance with the European Treaty principles, and value for money, Compliant Direct Awards should be concluded for the minimum period of time practicable having regard to the business requirement, and the grounds for same should be reviewed on a periodic basis.

Therefore:

- a) Where the requirement is for a fixed term, the contract term should not exceed the minimum number of years practicable having regard to the business requirement.
- b) Where the requirement is for a specified purpose, it should conclude once the purpose has been fulfilled.
- c) In the case of rolling contracts, following discussion with the business unit, Procurement will specify the period after which the direct award grounds should be reviewed. At a maximum, this will be every four years.

If the requirement is on-going beyond the original contract expiry date then the grounds for the direct award (e.g. the exclusion or exemption relied on) should be retested prior to contract expiry. Where, upon review, valid grounds for the Compliant Direct Award are found to remain, a further report should be completed prior to conclusion of a new contract.

6.0 Conflict of Interest/Separation of Duties

The Central Bank seeks at all times to be objective and impartial in the procurement of Services.

Central Bank employees, contractors and agents must assess, as soon as they become involved in or initiate a procurement, whether an actual or potential / perceived conflict of interest exists or may exist (such that their impartiality in the process might be in question). If the answer is “yes”, then the person concerned must inform Procurement and Procurement will carry out an assessment to determine:

- (a) whether there is a conflict of interest;
- (b) if so, whether it is actual, potential or perceived; and
- (c) in the case of potential or perceived, what, if any action, is required. .

Any actual conflict of interest will in all cases result in the removal of the employee or contractor / agent from the entire process.

Any potential / perceived conflict of interest will, in all cases, result in the removal of the employee or contractor / agent from the entire process pending procurement assessment.

The obligation to assess whether a conflict of interest exists, and notify Procurement if so, is an ongoing obligation which must be considered by the employee/contractor/agent at all stages of the procurement process in which they are involved, as the process continues.

Through a system of internal controls in both processes and systems, the Central Bank ensures appropriate separation of duties in the tendering and the Purchase Order and payment processes.

7.0 Above Threshold Tenders

Where the Central Bank receives tenders that propose costs in excess of the threshold applicable to the procurement process in question, such submissions will be treated as valid tenders provided:

- a) the call for competition does not cap the value of the contract at or below the applicable threshold;
- b) the correct methodology was used to calculate ECV; and
- c) the correct procurement process was used having regard to the ECV.

Additional Conditions

In all cases where an above threshold tender is received in response to a call for competition, the robustness of the contract value estimation process must be examined prior to proceeding with the award process. If a significant proportion of tenders received exceed the estimated contract value (and threshold) or, where only one tender is received and this exceeds the estimated contract value (and threshold) then this may be indicative of the fact that the contract value estimation process was flawed. If the estimation process is found to be flawed then the tender process will be cancelled and a new contract estimation process will be carried out prior to re-tendering.

8.0 Contracts and Risk Management

The prudent management of risk to the Central Bank (financial, legal, cyber or other) is of paramount importance. As part of the Central Bank's risk management process it uses a number of standard tendering and contract templates. These templates should be used at all times and varied only in particular circumstances following legal review and consideration. Where, and as required, bespoke contracts will be created by the Legal Division and coordinated by the Procurement sourcing team. Use of suppliers' contracts and/or terms & conditions should be avoided to the extent possible. Where unavoidable, the use of suppliers' contracts and/or terms & conditions require advance approval by the Procurement sourcing team (in consultation with the Legal Division where required). Where appropriate, for smaller value (typically up to €50K) and lower risk purchases the Purchase Order terms and conditions can be considered. The Procurement sourcing team (in consultation with the Legal Division where required) will determine the most suitable contracting form.

The Central Bank requires all suppliers to hold the appropriate and proportionate insurance levels for all engagements for the duration of that engagement. Such insurance requirements are included in the competition documentation, are a condition of tendering, and will at all times be proportionate and relevant to the specific engagement.

All signed contracts (including any appendices etc.) must be furnished to Procurement (Sourcing). Details of all contracts will be indexed and stored by Procurement in the Central Bank's Contracts Register. Procurement is the designated owner and manager of the Contracts Register. Hardcopy signed contracts are to be held by Procurement only. Under no circumstances should hardcopy contracts be stored in any other location. The business owner will be provided with access to a soft copy of the contract for day-to-day vendor management purposes.

9.0 Expenditure Approval Authority

Formal approval to commit funds by the business unit is required in advance of any commitment to a supplier. Formal approval is required for all expenditure whether or not it is budgeted. It is a policy violation to make a commitment to a supplier (verbal or otherwise) without the expenditure being approved in advance. Commitments to a supplier must only be made via appropriately authorised contracts and/or Purchase Orders. Engaging with a supplier outside of this process or outside of the authorised costs is a significant breach of financial controls and potentially a disciplinary matter.

Only those roles listed in **Appendix 1** are authorised to sign contracts on behalf of the Central Bank. Such authority is only valid for contracts applicable to the signatory's Division/Directorate.

The amounts detailed in this schedule of signing authorities are pecuniary limits imposed specifically for the purposes of control of expenditure. There is an onus on officials involved in the procurement process to ensure that transactions involving expenditure are consistent with policy and procedures on expenditure generally and with approved expenditure authorisation thresholds in particular.

The table below outlines the Purchase Order Release Authority:⁴

Level	Position	Approval Limit
Level 3-4	Head of Procurement (or Head/Deputy Head of Function FCD)	Greater than €100,000

⁴ Note that this table relates to approval to release of purchase orders only, based on business unit approval to incur the expenditure. The approval to incur the expenditure remains with the business unit and must be obtained, and provided to Procurement, prior to release of the purchase order.

Level 2	Procurement Operations Manager	Up to €100,000
Level 1	Procurement Operations Analyst	Up to €10,000

10.0 Purchase Order (“PO”)

Unless specifically exempted, all expenditures must be transacted on a Purchase Order. By being transacted in this manner, it allows for an efficient and effective end-to-end process aiming to ensure that suppliers are paid on time, provide accuracy in the Central Bank’s financial records and certainty that all controls and approvals are adhered to. The Central Bank operates a ‘No PO No Pay’ policy whereby invoices received without valid PO numbers are deemed invalid and are returned to the suppliers unpaid.

Purchase Orders can only be officially issued to suppliers by the Procurement Operations Team following receipt of an internally created and duly authorised SAP Requisition (see Appendix 1).

11.0 Suppliers’ Responsibility

It is the Central Bank’s preference to conduct business using electronic payments where possible. Payments are made using Electronic Fund Transfer (“EFT”) into the suppliers’ bank account, credit card or in exceptional cases by cheque.

The Central Bank is required to ensure that all suppliers have a valid Tax Clearance Certificate where aggregated expenditure exceeds €10,000 (including VAT) in a 12-month period and to deduct, at source, the appropriate taxes.

The Central Bank is required to make all applicable deductions from payments to suppliers, such as Registered Contractors Tax (“RCT”) and Professional Services Withholding Tax.

12.0 Provision of References to Current or Past Suppliers

As a general rule, suppliers engaged by the Central Bank are contractually prohibited from issuing any announcements with regard to their appointment by the Central Bank and are prohibited from using the Central Bank’s logo or name on any promotional material

(including client lists published on their website) without the Central Bank's prior permission.

In the event that a supplier requests a reference from the Central Bank with respect to a current or past engagement for the purposes of participating in a public procurement competition or securing a contract with a specified entity, the Central Bank may agree to provide a reference subject to the following conditions:

1. The supplier must have completed all, or a substantial portion, of the services that have been contracted for by the Central Bank. Where delivery is not complete then this should be stated in the reference.
2. The reference should give a factual qualitative assessment of the product/services provided ranging from satisfactory to excellent. The Central Bank will decline to provide a reference where the product/service was unsatisfactory.
3. Each reference should be stated as being for the purpose of the competition/contract that it has been requested for only i.e. it cannot be relied upon for future competitions/contracts.
4. Suppliers should be informed that the reference may be shared with the entity that is conducting the competition in question only and may not be published in any public forum e.g. the supplier's website.
5. The reference should also state that it does not confer any other rights such as the right to use the Bank's name or logo for commercial purposes without prior consent.

All requests for references should be submitted to the Sourcing Team in the Procurement Function in the first instance. Where the request complies with this Policy, Procurement will issue the relevant business owner with a template reference for completion. This template must be used for all references unless Procurement approves use of an alternative format. All references must be approved and signed by the Head of Division of the Division that was the primary recipient of the services. The Head of Division who is signing the reference should consult with users of the services in other Divisions where appropriate prior to completing the reference.

13.0 Modifications

Where the contract in question is subject to EU public procurement law (either above the EU threshold value in Table A, or of cross-border interest) any changes to the contract after it has been signed are controlled by law and must be made in compliance with the applicable procurement rules. Unless an alternative approach has been specifically pre-agreed with Procurement, business units seeking to make changes to such contracts must contact Sourcing for advice before making any commitment to a supplier in respect of a change. A

change report will be required recording the procurement law basis for the change and this must be approved at an appropriate level as advised by Sourcing (having regard to the value and risk profile of the change). This is an **additional requirement** to any budgetary or project team approvals for the change. Changes which are made without this additional approval will be in breach of policy.

Where the contract in question is not subject to EU public procurement law, as a general rule changes should only be made if they are related to the original subject of the contract and do not substantially alter the contract from what was originally awarded. The business unit must consult the relevant Sourcing procedures document in this regard. If a change is required outside of these parameters then the business unit must consult Sourcing, who will advise on whether an exception is justified in the circumstances.

14.0 Reporting & Compliance with Policy

In addition to formal audits, (internally and externally conducted) assessment of compliance with this Policy is carried out by the Procurement Team and reported to the Performance and Resourcing Committee and the Audit Committee annually at a minimum.

15.0 Related Documentation and Contacts

- Procurement Engagement Guideline
- Green & Social Procurement BU Guidance
- Cross-border interest BU Guidance
- Reg. 72 Guidance and template report
- ECV valuation guidance

Further information is available from Procurement.

Appendix 1: Approval Limits for Requisition of Goods, Services, approving expenditure, and signing of Contracts for Supplies, Services and Works (including Contract Change Orders)

TABLE A: Approval Limits for approving expenditure on SAP

Role	Approval Limits for Individual Requisitions within SAP workflow
<p><u>Level 6</u></p> <p>Governor</p> <p>The Governor may assign the approver role as he/she deems appropriate</p>	<p>Unrestricted</p>
<p><u>Level 5</u></p> <p>Deputy Governor (Central Banking)</p> <p>Deputy Governor (Prudential Regulation)</p> <p>Director General (Financial Conduct)</p> <p>The allocation of the approver role at this level must be approved at Level 6</p>	<p><€1,000,001</p>
<p><u>Level 5</u></p> <p>Chief Operations Officer</p> <p>The allocation of the approver role at this level must be approved at Level 6</p>	<p><€1,000,001</p>
<p><u>Level 4</u></p> <p>Directors</p> <p>The allocation of the approver role at this level must be approved at Level 5 or above</p>	<p><€500,001</p>

<p><u>Level 3</u></p> <p>Level 4 and 5 approvers determine the allocation of the Approver role at this level.</p>	<p><€100,001</p>
<p><u>Level 2</u></p> <p>Level 4 and 5 approvers determine the allocation of the Approver role at this level.</p>	<p><€50,001</p>
<p><u>Level 1</u></p> <p>Level 4 and 5 approvers determine the allocation of the Approver role at this level.</p>	<p>< €25,000</p>

Notes:

1. Each person granted a SAP Approver licence within an approval level has the authority to approve all requisitions for all categories of expenditure up to their upper limit as outlined in **Table A above**.
2. A SAP Approver licence does not confer the authority to sign a contract – only the defined roles as set out in **Table B below** have the authority to sign contracts.
3. All amounts are **exclusive** of VAT.

4. Nomination of roles

Officers responsible for delegation of authority are required to ensure the staff nominated at lower levels (levels 1 - 3) have appropriate levels of responsibility and accountability in the organisation in relation to their role.

In addition, officers from Levels 4 to 5 may delegate their authority to approve at their respective levels within the SAP workflow to another staff member. This delegation must be approved at a level above their own.

The Governor at Level 6 may assign his approver role, as he deems appropriate. Only employees of the Central Bank may be authorised with an approval role.

TABLE B: Approval Limits for signing Contracts for Supplies, Services and Works (including Contract Change Orders)

Role	Approval Limits for Signing of Contracts
<p><u>Level 6</u></p> <p>Governor</p> <p>The Governor may assign the approver role as he/she deems appropriate</p>	<p>Unrestricted</p>
<p><u>Level 5</u></p> <p>Deputy Governor (Central Banking)</p> <p>Deputy Governor (Prudential Regulation)</p> <p>Director General (Financial Conduct)</p> <p>Chief Operations Officer</p>	<p><€1,000,001</p>
<p><u>Level 4</u></p> <p>Directors</p>	<p><€500,001</p>
<p><u>Level 3</u></p> <p>Head of Division</p>	<p><€100,001</p>
<p><u>Level 2</u></p> <p>Deputy Head of Division and BP1</p>	<p><€50,001</p>
<p><u>Level 1</u></p> <p>Directors may authorise individuals at a grade below BP1 to sign contracts at Level 1 on an exceptional basis. Written evidence of authorisation is required in all such cases (whether that person is a SAP approver or not).</p>	<p>< €25,000</p>

Notes:

1. Contract signing authority is separate to SAP Approval Licence authority – therefore, a person does not require a SAP Licence to have authority to sign a contract.
2. A SAP Approver licence does not confer the authority to sign a contract – only the defined roles as set out in **Table B above** have the authority to sign contracts.
3. All amounts are **exclusive** of VAT.
4. Signing authority is subject always to:
 - a. Commission budget for respective areas of responsibility; and
 - b. the contract/contract change having been concluded in accordance with this Policy (as evidenced by the appropriate approval where necessary, e.g. in the case of a direct award or a modification a separate approval is required prior to contract/change order signature as outlined in sections 5.0 and 13.0 respectively).

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T: +353 (0)1 224 6000

E: xxx@centralbank.ie

www.centralbank.ie



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