



User Guide

Framework Agreement for the Provision of Purchasing Card Programmes to the Irish Public Sector



Purchasing Card Framework for the Provision of Purchasing Card Programmes to the Irish Public Sector

What is a framework agreement?

Framework Benefits

- *Easy access to a preselected specialist Service Provider*
- *Free services*
- *Clients fully supported by an Account Manager*
- *Generous credit terms*
- *Payment flexibility*
- *Best practice procurement*
- *Agreed terms and conditions*
- *Increased efficiencies*
- *Quality of service provision*

A framework is an agreement put in place with a supplier or range of suppliers that enables purchasers to place orders with service providers without running a full tender process.

Frameworks are widely used across the Public Sector and increasingly in the Office of Government Procurement (OGP). They are an excellent procurement tool for services that can be easily defined and they have demonstrated that considerable time and cost savings can be made from their use.

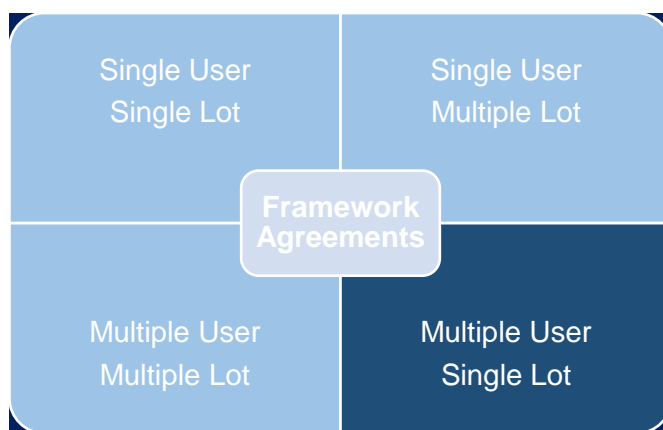
The establishment of a Framework Agreement for Purchasing Cards eliminates the need for costly and time-consuming procurement exercises.

The Purchasing Card Framework reduces the time and cost associated with procurement by offering a facility that has already been competitively tendered for.

Different types of frameworks

There are several different types of framework arrangements.

The Public Sector Framework for Purchasing Card Programmes is a **multiple user, single lot framework** – i.e. all bodies within the Public Sector can use the framework to procure services.



What is a Purchasing Card Programme?

A Purchasing Card Programme is an alternative to traditional payment methods that produce multiple purchase orders and invoices that incur administration costs.

Purchase Cards can be used with any card-enabled supplier and function similar to a credit card but are different in the sense that balances are normally settled in full on a designated monthly statement date.

The Card Issuing bank sends a single electronic statement to the Client organisation each month, covering all transactions, via an interface from the Purchase Card on-line system. Data can then be supplemented and coded by Cardholders/Administrators in order for it to be automatically uploaded and fed into the appropriate costs centres within the Framework Client's financial accounting system.

Purchase Cards can be controlled by placing restrictions on spend and use within designated categories of spend. The Framework Client (including nominated Administrators) or the Card Issuing bank (upon request by the Framework Client) can apply appropriate controls in line with each organisation's requirements.

As a method of payment, purchase cards allow individual Cardholders to conduct transactions in all major currencies.

The services available through this Framework range from the provision of cards to full implementation and management of Purchasing Card programmes for

Framework Clients. This includes the use of software that allows access to transactional data that can be reconciled and integrated with each Framework Clients' accounting system.

Framework Clients will be fully supported by an Account Manager and a help-desk will be available to support the day-to-day requirements of programmes.

Purchasing Card programmes delivered through this Framework will be provided **free of charge** (other than Government imposed duties) to all Framework Clients.

Why should I use this Framework?

Accessing competitive Purchasing Card Programmes can be difficult for Public Sector bodies, particularly those who may be unfamiliar with the marketplace. Procurement can also be costly and time consuming, for both the awarding authority and for the Service Provider.

The Purchasing Card Framework is fully compliant with procurement regulations. It reduces the time and costs associated with running procurement processes by offering a facility that has already been competitively tendered for.

It aims to deliver easy access to high-quality, efficient and effective services for all Public Sector bodies (Framework Clients), at the best possible value.

The Framework Agreement facilitates:

- Transaction cost reductions
- Spend controls
- Spend Transparency
- Prompt payments
- Support for Government policy (e.g. Green, SMEs)

The main benefits to you include:

Reduction in Transaction Costs:

The use of Purchasing Cards eliminates the number of invoices to be processed and consequently delivers significant savings.

Some research suggests that savings of up to €32 per transaction can be achieved by using Purchasing Cards.

Corporate Liability Waiver Insurance

The Framework Client will be entitled to the benefit of the Service Provider's Corporate Liability Waiver Insurance (providing cover for Cardholder theft or misuse) as if the Framework Client were insured under the policy, on the terms of the policy, in force at a given time.

Software

Framework Clients will have access to a web-based service that:

- Allows Clients to download management information on-line, for the management, reporting and control of expenditure.
- Is flexible and can be tailored to address each Framework Client's requirements to ensure that transactional information can be integrated and reconciled with their individual accounting systems.
- Allows Framework Clients to manage the system in line with internal policies and procedures including the management of user roles and permissions to facilitate an approvals process.
- Provides a secure, confidential and easy to navigate system.

Fraud

Fraud detection systems are in place to protect Framework Clients from fraudulent use of Purchasing Cards. Appropriate controls and security features will support fraud prevention and misuse.

Support

Framework Clients will be fully supported throughout

the Purchasing Card programme through the assignment of a dedicated Account Manager. Where Framework Clients can reasonably be regarded as too small to justify the provision of a dedicated Account Manager (as agreed with the OGP), Clients will be assigned a non-dedicated Account Manager.

In addition, the Service Provider will provide a fully-managed help-desk to support the day to day management of Card programmes.

Value

The entire range of services available will be provided free of charge to Public Sector Clients. The only fees payable relate to Government imposed duties.

In addition, some OGP Frameworks require suppliers to provide a discount where purchase cards are used to pay for goods/services. (Framework Clients should check OGP Frameworks on www.ogp.gov.ie to identify where this applies).

Easy access to pre-selected, specialist service providers

The framework provides an easy access route to a pre-selected specialist provider who is best placed to deliver Purchasing Card Programmes.

Flexibility

This Framework enables Cardholders to use Purchasing Cards to efficiently purchase goods and services and to make on-line purchases.

Best practice procurement

The Service Provider has been subject to a rigorous procurement process, ensuring they offer the scope and quality of services required. The pre-agreed terms and conditions offer Clients contractual safeguards.

Agreed terms and conditions

Terms and conditions are already established and agreed for Clients and the service provider. This removes the need to re-draft and/or renegotiate terms. You have the right to refine, but not fundamentally alter, the terms and conditions to take into account any special conditions.

Framework Clients have 28 days credit, after issue of a monthly statement, to settle accounts.


Efficiency

The framework removes the need to conduct full tender exercises or lengthy service provider evaluations, saving the time and costs associated with procurement exercises.

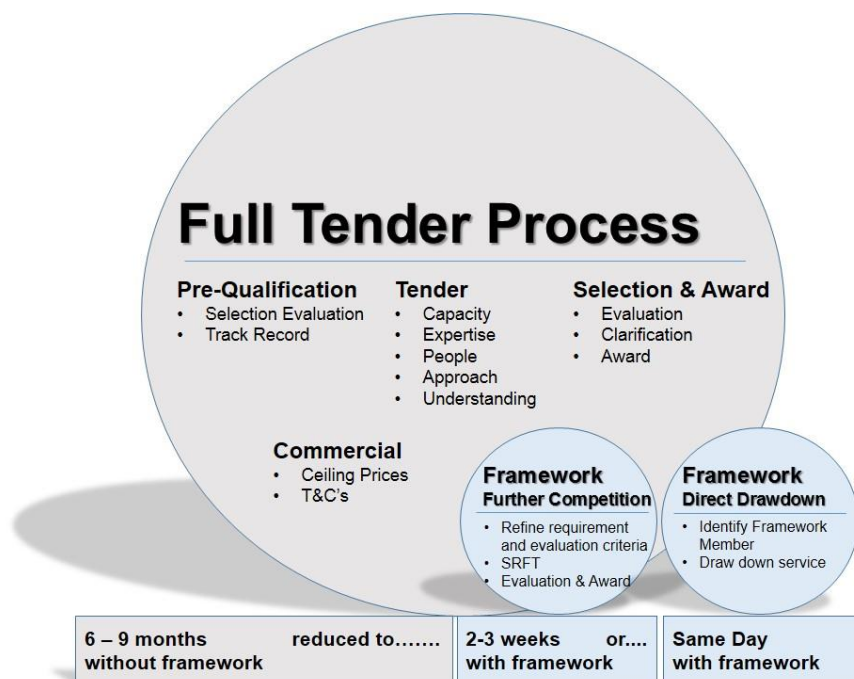
Quality of service provision

The experience, expertise and commitment to quality of a service provider have been assessed at the time of the initial competition.

Framework route vs full procurement



*The Purchasing Card Framework significantly reduces the **time and cost** associated with procurement by offering a solution that has **already been competitively tendered for***



Who can use the Sectoral Framework?

The Purchasing Card Framework is a single-supplier framework agreement and is available for use by all Irish Public Sector bodies.

The Framework can be used by:

The following entities may engage with the Framework to avail of Purchasing Card programme the purchase of Services by way of a “Client Contract” in accordance with the rules set out in clause 23 of the Framework Contract set out at Appendix 6. The Contracting Authority is also a Framework Client.

1. Ministers of the Government of Ireland, Central Government Departments, Offices and non-commercial Agencies and Organisations which have a formal reporting and legal relationship to Central Government Departments, including all local authorities in Ireland (themselves including regional assemblies, local enterprise boards

and library bodies).

2. Contracting authorities in the Irish health sector including but not limited to the Health Service Executive (HSE); the Health Information and Quality Authority (HIQA) and HSE funded Agencies delivering health & personal social services funded by more than 50% from Exchequer funds.
3. Contracting authorities which are Third Level Educational Institutions (including universities, institutes of technology and members of the Education Procurement Service).
4. Contracting authorities which are Education and Training Boards (ETBs) and ETB schools, and primary, post-primary, special and secondary schools as well as ETBs acting on behalf of schools.
5. An Garda Síochána (Police).
6. The Irish Prison Service.
7. The Defence Forces.

For the purpose of the Framework and this guidance document, all contracting authorities described above will be considered as Framework Clients.

What is the duration of the framework?

The initial Term of the Framework is two 2 years (from commencement **26th April 2016**. The Contracting Authority (OGP) reserves the right to extend the Term for a period or periods of up to 12 months with a maximum of three (3) such extensions (no longer than 5 years in total).

What services are covered by this framework?

The general scope of the services required ranges from card design to full implementation and management of purchasing card programmes for Framework Clients. This includes the provision of software that allows access to transactional data that can be reconciled and integrated with Framework Clients' accounting systems. The software can be customised to each Framework Client's needs and facilitates reporting at organisational level.

The Service Provider was selected based on the quality of their response to the following key headings (which were further broken down in the tendering process):

1. Programme Establishment
2. Service Delivery
3. Reporting
4. Software Requirements
5. Security
6. Programme Control

Who can provide services under this Framework?

There is a single service provider on the Framework.

In order to be appointed to the Framework, service providers have demonstrated they have the right expertise and capacity to provide these services.

The Service Provider for this Framework is Ulster Bank Ireland DAC.

How do I access services?

The Department of Public Expenditure and Reform Circular 15/2011 places certain obligations on Framework Clients with regard to external service delivery. It is the responsibility of any Framework Client, intending to award a Services Contract under this Framework Agreement, to ensure that all relevant obligations in this regard are fully complied with.

Accessing services in an easy and simple manner is a core design principle of the Framework. The nature of the requirement will determine the most appropriate route to select.

Draw Down

The draw down mechanism for this Framework provides quick and easy access to services. Any Public Sector body who has a requirement for a Purchasing Card programme can engage with the Framework as follows:

Straightforward draw-down by completing a Notification to Activate Services Form.

1. Complete the 'Notification to Activate Services' form (NASF) at Appendix A and provide additional, organisation specific, details (suggested additional information is attached at Appendix B). The NASF must be signed, scanned and emailed to the service provider contact – Valerie Lang at: Valerie.lang@ulsterbank.com
2. The Service Provider will sign the form and return it to the Client. This will activate the contractual relationship between the Client and the Service Provider.
3. The Service Provider will then liaise with the Framework Client to finalise arrangements and to establish the Purchasing Card programme.

What is the cost to Framework Clients?



There is no charge to Clients for using Purchasing Cards and all related services. Services will be delivered in such a manner as to ensure that cards will be provided free of all charges, other than Government imposed fees and duties.

The Service Provider will issue a monthly statement to the Framework Client and the Client will have 28 days credit, following issue of the statement.

Interest will not be chargeable to the Client, other than where statement balances that are undisputed, are not paid in full by the agreed monthly settlement date.

In addition to the Service Provider accepting payments by direct debit, the Service Provider now has the capability of accepting payments from Framework Clients by Electronic Funds Transfer (EFT).

Framework Clients whom wish to avail of EFT payments will also need to complete a Supplemental Agreement Form. Framework Clients who choose this option must ensure that necessary processes are in place to ensure that balances are paid in full by the agreed monthly settlement date.

The Service Provider recommends that the payment is transferred 5 working days before the Monthly Payment Due Date to ensure it is applied by the Monthly Payment Due Date.

Revenue Sharing

Purchase card payments are subject to a merchant fee for processing transactions which is typically between 1% and 2% per transaction. This fee is shared between the card issuing bank, the merchant bank and the payment network (e.g. Visa, Mastercard).

Under this Framework, the Service Provider is required to engage in Revenue Sharing. Revenue Sharing is a concept whereby the Card Issuing bank is required to share a portion of the fees with the Contracting Authority. The rebate paid is based on a percentage (offered by the Service Provider) of the annual throughput in terms of the monetary value of all transactions carried out by all Framework Clients.

Payment will be made centrally, to the OGP, on an annual basis and subsequently lodged into a suspense account for payment to the Exchequer.

How was the Service Provider chosen?

As part of the procurement and tendering process, the successful service provider demonstrated proof of the following:

- Experience and expertise in delivering services specific to Purchasing Card Programmes.
- An ability to develop card programmes and to drive continuous improvement for the benefit of all Framework Clients.
- Implementation and delivery of programmes that are fully supported by Account Managers and a dedicated help-desk facility.
- Provision of a secure software solution that is flexible and can be tailored to address each Framework Clients' requirements and management information reporting.
- Proposed methodology for dealing with Purchasing Card misuse, fraud detection and prevention.
- Methodology for enabling Framework Clients to appropriately manage card controls, roles and permissions.

Frequently Asked Questions

Question 1

What is the duration of the framework?

A. The initial Term of the Framework is 2 years with an option to extend by 12 months, with a maximum of three (3) such extensions (a maximum of 5 years in total).

Question 2

How long should Client contracts last?

A. The OGP suggests that Clients should establish contracts for an initial 2 year period, providing options to extend for further period(s) depending on Client preferences. This information can be documented in Appendix A (attached) and submitted to the Service Provider together with the NASF.

Question 3

How can Clients extend their contracts once the provision has been made at the outset?

A. A written communication should issue from the Client to the Service Provider outlining the intention to extend, under the same terms and conditions originally established. The communication should issue before the current period is due to lapse and include the duration of the extension(s). In order for the extension to take effect, the Service Provider must provide written agreement to the Client.

Question 4

How does the Service Provider guard against fraud and card misuse?

A. The Service Provider is required to have fraud detection and support systems in place to protect Framework Client from fraudulent use of Purchasing Cards.

In addition, the Service Provider is required to have Corporate Liability Waiver Insurance and ensure that Framework Clients are entitled to the benefit of this insurance (providing cover for Cardholder theft or misuse) as if the Framework Client were insured under the policy on the terms of such insurance in force.

They Service Provider is also required to develop, implement and maintain a Security Plan, which will be approved by the Framework Client, to cover the Term of their contract.

Question 5

Is there a threshold for card expenditure?

A. Purchase Cards have traditionally been used to pay for low-value goods and services. However, Framework Clients will have discretion to decide on what is appropriate, at Cardholder level, and will be able to control upper, daily, monthly limits etc.

Question 6

Are there any associated costs with Purchasing Card Programmes?

A. There will be no costs associated with

Purchasing Card programmes under this Framework. The only cost to Framework Clients relate to Government imposed fees to all Framework Clients.

Interest will not be chargeable to the Client, other than where statement balances that are undisputed, are not paid in full by the agreed monthly settlement date.

Question 7

What internal resources are required to support a Purchasing Card programme?

A. In order to successfully implement Purchasing Card programmes, our research has shown that top-level support is critical.

Most organisations who use Purchasing Cards have appointed an Administrator to support Cardholders and the card programme in general. Organisations who engaged in our research confirmed that minimum resources are required, depending on the size and set up of the programme.

Question 8

Does the Purchasing Card programme have the capacity to identify suppliers who are approaching the €10,000 threshold for Public Sector business, for Tax Clearance purposes?

A. Supplier spend reports can be generated from the software system to identify supplier spend through the Card programme. Each Framework Client will need to monitor these reports closely in conjunction with spend associated with other payment methods to ensure compliance.

Question 9

How are VAT deductions managed when purchases are made in other EU jurisdictions?

A. Purchasing Cards provide the flexibility to make purchases in any currency. Where purchases are made in other jurisdictions within the EU, the onus is on the Cardholder / Framework Client to monitor VAT deductions and to reclaim VAT, where appropriate.

Question 10

How do Purchasing Cards support Framework Clients' internal policies / controls?

A. Each Framework Client is free to design their own specific policies for using Purchasing Cards. This can include protocols around appropriate usage, record-keeping and the approvals process. The Service Provider will support this aspect of the programme under Programme Implementation and they will be responsible for developing good practice user guides.

Question 11

What is out of scope?

A: The scope of services included in the Framework are detailed in Appendix 1 to the RFT. Any additional products or services, that incur a cost to Framework Clients, are not within the scope of this Framework.

Contact Us

If you have any questions about the Purchasing Card Framework Agreement or would like to know more, please contact us at the following:



support@ogp.gov.ie



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