

**Audit Report**

**Procurement**



**January 2013**

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# Executive Summary

## Introduction

Public procurement is defined as the acquisition, whether under formal contract or not, of works, supplies and services by public bodies. It ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects by a wide and diverse range of contracting authorities. Procurement policy and practice must conform to certain core principles and should therefore be accountable, competitive, non-discriminatory, provide for equality of treatment, be fair and transparent and be conducted with probity and integrity.

## Audit Opinion

It is the opinion of the Garda Internal Audit Section that the internal management and controls systems in place to manage procurement are continually being improved and while not in full compliance with the requirements are moving towards full compliance.

In relation to the specific audit objectives GIAS can provide;

1. **Limited assurance** to management in relation to compliance with Regulations made by the Minister for Finance under SI 329 of 2006 implementing EU public procurement Directive 2004/18/EC and other minor provisions. This represents **medium risk**.
2. **Limited assurance** that all Divisions and Specialist Units maximise competition in securing goods and services and that this leads to value for money spent. This represents **medium risk**.
3. **Reasonable assurance** that Garda procurement procedures are open, fair and transparent and are properly documented. This represents **low risk**.
4. **Limited assurance** that there is adequate resources, communication and training throughout the Organisation in relation to procurement practices. This represents **medium risk**.

## Main Findings

1. From a sample of recently awarded contracts, reviewed by GIAS there was evidence that Procurement Section understood the requirement for appropriate conduct of a tendering process and were applying that knowledge. GIAS was satisfied that in these cases correct procedures were followed.
2. Throughout 2012 GIAS noted that the Divisional Procurement Committees (DPCs) varied in quality and level of activity. Procurement Section liaises with and assists the DPCs but the individual DPC is the driver and the application of Procurement Guidelines depends on the quality of the individual DPC.

## Garda Internal Audit Section

3. Since January 2012, the District Imprest Accounts have become less significant with invoices for towing, cleaning and waste disposal being paid for centrally through Oracle. This is seen by GIAS as a significant development as it provides more information to the Finance Directorate/Procurement Section.
4. A review of payments made through Oracle indicates that business is being done with a number of Vendors without recourse to proper contracts being in place.
5. From discussions with management in Procurement Section, GIAS formed the view that they are diligent and proficient in their field. However, GIAS are also concerned that they are overwhelmed by the sheer volume and complexity of the requirements.
6. Significant delays were evidenced in getting sanction from both the Department of Justice and Equality and the Department of Public Expenditure and Reform both for going to tender and for placing contracts.
7. Forward planning in the resourcing of Procurement within An Garda Síochána (AGS) is not straightforward at present due to reforms in this area within the wider Public Service, specifically the establishment of a new National Procurement Office.
8. There is no single database of contracts in An Garda Síochána; separate records are maintained by Procurement Section and IT Procurement:
9. The definition of the threshold amounts in relation to procurement requirements has not been made clear to local managers (*i.e all payments to one supplier in one year across the whole Organisation*).

## Main Recommendations

### Priority 2

1. It is recommended that increased resources should be provided to Procurement Section. These resources should be staff of HEO and EO grade who are trained in the area of procurement.
2. Procurement that is conducted within An Garda Síochána should be centralised, in order to concentrate expertise, streamline procurement and administration.
3. There is a need for one central database of contracts, which should be accessible to all managers throughout the Organisation.
4. The DPC model is not working, varying in quality and is a drain on the resources in Procurement Section. The DPCs should be drawn back and replaced by Regional Procurement Committees.

# Audit Report

## Background

Public procurement procedures are set out in regulations made by the Minister for Finance under SI 329 of 2006 implementing EU Public Procurement Directive 2004/18/EC and other requirements. It is underpinned by Department of Finance Guidelines and “An Garda Síochána H.Q. and Divisional Procurement and Tendering Guidelines” 2010.

Non-compliance with procurement procedures and the need to adopt good practice in this area has been highlighted in previous Internal Audit Reports and in the External Audits conducted by the Office of the Comptroller and Auditor General. It should be noted that the Statement of Internal Financial Control, required to be signed by the Commissioner in relation to the 2012 Appropriation Account, requires that a certification of compliance with procurement procedures be included.

The tendering process is conducted by two sections within AGS:

- a. Procurement Section (for general goods and services).
- b. The ICT Directorate for IT Procurement

Purchases are also made under global contracts awarded by the National Procurement Service.

The Audit examined the level of control that exists and offers an overall opinion on the effectiveness of the control systems, so as to provide the necessary assurance to management. This Report recommends corrective actions in order to improve the control systems and to mitigate the risks found. The opinions of management on the findings are incorporated into the report

## Ongoing Developments

On December 2<sup>nd</sup> 2012 the Minister for Public Expenditure and Reform announced the appointment of Mr Paul Quinn as Chief Procurement Officer for the Public Service. It is intended that the Chief Procurement Officer will lead a new programme of work to integrate procurement policy, strategy and operations in a new National Procurement Office<sup>1</sup>. This Office will be set up in the Department of Public Expenditure and Reform.

While the announcement doesn't specifically refer to the Report, this initiative has been promoted by an Accenture Report “Capacity and Capability Review of Central Procurement Function<sup>2</sup>”. The main recommendations of this Report are:

- The appointment of a new Chief Procurement Officer (CPO).

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<sup>1</sup> [Press Statement by DPER 2 December 2012](#)

<sup>2</sup> [Report issued 14 August 2012](#)

- The establishment of a National Procurement Office (NPO), which would be accountable for national procurement strategy, policy, implementation and effective compliance framework.
- The transition of the current NPS, NPPPU and CMOD procurement processes to the NPO.
- The transition of some experienced personnel from individual procurement teams within each sector to the new NPO in Dublin.
- The establishment of a fulltime Procurement Officer within each sector to be responsible for procurement across relevant Departments and Agencies.

### Audit Methodology and Scope

The Methodology and Scope for the audit was to;

- Review previous GIAS Audit Reports on Procurement, including the relevant sections from some Divisional Audits conducted during 2012; the Report of the Audit on Procurement (issued in 2009) and the Report on the Audit of the Procurement Database (issued February 2012).
- Review Department of Finance Guidelines and Garda Procurement Policies.
- Conduct semi-structured interviews with the managers in Procurement Section.
- Analyse payments made in 2011 (the last full year available at the time of testing) and payments made in 2012; specifically in relation to:
  - Station Services (A8)
  - Communications and Other Equipment (E)
  - Post & Communications (A4)
- Review the operation of Divisional Procurement Committees. (Achieved through a review of the findings from a number of Divisional Audits conducted in 2012).
- Review the procurement records in respect of the tendering procedures followed for a sample of recent contracts.

A sample of service contracts tendered at Divisional level was also examined in the course of the Divisional Audits conducted during 2012.

The audit methodology is in accordance with the Standards for the Professional Practice of Internal Audit as set out by the Chartered Institute of Internal Auditors.

### General Audit Objective

To provide assurance to management concerning the adequacy, application and effectiveness of the procurement process in relation to Regulations made by the Minister for Finance under SI 329 of 2006 implementing EU public procurement Directive 2004/18/EC and other minor provisions.

Compliance with Irish and EU Legislation, Department of Finance Guidelines and EU Directives.

Assurance that all Divisions and Specialist Units maximise competition in securing goods and services and that this leads to value for money spent.

That Garda procurement procedures are open, fair and transparent and are properly documented.

That there is adequate communication and training throughout the Organisation in relation to procurement practices.

### Main Findings

A review of payments made through Oracle indicates that business is being done with a number of Vendors without recourse to proper contracts being in place. (See Appendix 2).

From discussions with management in Procurement Section, GIAS formed the view that they are diligent and proficient in their field. However, GIAS are also concerned that they are overwhelmed by the sheer volume and complexity of the requirements. For much of 2012 Procurement Section was engaged in the tendering process for towing services. This area was chosen for special attention because it offered the greatest opportunities for cost savings. Cleaning Services is the priority area for 2013. In addition there was the need for “hand holding” the individual Divisional Procurement Committees (DPCs). While this is no reflection on the quality of the members of staff in Procurement Section, from discussions with management it was apparent that there is a need for additional trained staff at the appropriate grades (HEO and EO). Such staff would allow for greater delegation and free management for strategic planning.

Significant delays were evidenced in getting sanction from both the Department of Justice and Equality and the Department of Public Expenditure and Reform both for going to tender and for placing contacts.

Forward planning in the resourcing of Procurement within An Garda Síochána (AGS) is not straightforward at present due to reforms in this area within the wider Public Service. The key reform will be the establishment of a National Procurement Office (NPO) (headed by a Chief Procurement Officer (CPO)) for the public service. The CPO will be an Accounting Officer, accountable for national procurement strategy, policy, implementation and effective compliance framework. The NPO will include the current NPS and CMOD procurement. There will also be the transition of some experienced personnel from individual procurement teams within each sector to the new NPO. It is recognised that the establishment of the National Procurement Office may have significant implications for procurement by Public Service Organisations. It is also recognised that the conducting of a tendering process is complex and each tender competition is a drain on resources of Procurement Section.

There is no single database of contracts in the Organisation; separate records are maintained by Procurement Section and IT Procurement:

## Garda Internal Audit Section

- Procurement Section has records of contracts for goods and services. The Sections records are held on two media:
  - i. The Supply Agreement Database (SAD), which was obtained free of charge from the Department of Justice and Equality. However, it is on a standalone laptop, is not supported by the Garda ICT Directorate and is limited to contracts that have been signed and entered into. Its main advantage is that it has a reminder routine which alerts Procurement Section to contracts which are due to expire.
  - ii. The Section also maintains a database on an Excel spreadsheet. This is more comprehensive than the SAD but does not have a reminder routine.
- Procurement Sections records are not accessible throughout the Organisation; this imposes a limitation which prevents managers from determining if there are contracted suppliers for goods/services that their areas of responsibility may need.
- IT Procurement maintains their own record of contracts. This record was furnished to GIAS during the audit (and at that time copied to Procurement Section for the updating of that Sections database).

From a sample of recently awarded contracts, GIAS reviewed the evidence for the procedures followed by Procurement Section leading to the award of the contracts. GIAS were satisfied that in these cases correct procedures were followed. A similar test was not conducted in respect of IT Procurement; as the record of contracts provided listed 5 contracts, only one of which had a start date of 2012. GIAS did not consider that there was sufficient recent activity to warrant a review of the tendering process.

Throughout 2012 GIAS noted that the Divisional Procurement Committees (DPCs) varied in quality and level of activity. Procurement Section liaises with and assists the DPCs but the individual DPC is the driver and the application of Procurement Guidelines depends on the quality of the individual DPC.

Since January 2012, the District Imprest Accounts have become less significant with invoices for towing, cleaning and waste disposal being paid for centrally through Oracle. This is seen by GIAS as a significant development as it provides more information to the Finance Directorate/Procurement Section. Previously payments from the Imprest Accounts were posted on a monthly basis to Oracle; detailing the District and total amount charged to the subhead during the months. The current arrangement provides much greater detail, including enabling the total payments organisationally to any supplier to be easily quantifiable.

The definition of the threshold amounts has not been made clear to local managers (i.e. *all payments to one supplier in one year across the whole Organisation*). The revised Garda Procurement and Tendering Guidelines, issued in February 2010, failed to inform managers of this. Form FMS1 (authorisation for making payments through Oracle) lists the various procurement thresholds but does not remind managers of the definition for threshold amounts.



GIAS found that the detail on Oracle for goods/services paid for was inadequate. Purchases could be identified by “subhead item description”; for example [REDACTED] – non assets/consumable” but there was no detail to identify what the exact item was.

### Main Recommendations

#### Priority 2 (see appendix 1)

It is recommended that increased resources should be provided to Procurement Section. These resources should be staff of HEO and EO grade who are trained in the area of procurement.

Procurement that is conducted within An Garda Síochána should be centralised, in order to concentrate expertise, streamline procurement and administration.

There is a need for one central database of contracts, which should be accessible to all managers throughout the Organisation.

The DPC model is not working, varying in quality and is a drain on the resources in Procurement Section. The DPCs should be drawn back and replaced by Regional Procurement Committees. From audit experience, GIAS are satisfied that the Regional Offices have an overview of the Region as a whole. A nominee, of appropriate grade, from each of the Regional Offices would liaise with Procurement Section and thereby assist in providing an Organisational view.

#### Management Response to Main Findings

*In relation to the overall issue of Garda procurement procedures, An Garda Síochána has developed a Procurement Strategy 2013-2015 with the principal focus of*

- *addressing remaining non contracted spending,*
- *maximising the opportunities presented by the development of the new National Procurement Office to utilise central contracts put in place by central Government,*
- *increasing the usage of eTenders to cover all tenders including the utilisation of the request for quotes functionality (when operational),*
- *more cooperative tendering with other agencies including the Justice Group and*
- *developing procurement staff by providing further opportunities for training and developmentf.*

*With regard to the requirement for additional personnel for the Procurement Section, the 2013-2015 Procurement Strategy includes the goal of obtaining additional resources for the tendering office including staff at HEO and EO grades. HEO and EO grades are the mainstay of the National Procurement Service and the planned National Procurement Office. The ongoing public sector*

## **Garda Internal Audit Section**

*recruitment moratorium and the establishment of the National Procurement Office will influence recruitment for the Garda Procurement Section.*

*To facilitate the satisfactory progress and quality of tenders, Procurement has sought the assistance of key experienced personnel both Garda and Civilian from Divisional Procurement Committees to assist with the evaluation of tenders.*

*Also a Justice Group which includes experienced personnel from Courts and the Prison Service, as well as the Garda representatives will be establishing in 2013 to advance tenders that are common to the Group. This builds on the success of previous multi agency tenders undertaken.*

*A significant move to centralised procurement and contracts has been achieved in recent years which have resulted in significant costs savings and efficiencies. A number of key spend areas are targeted for centralised tenders in 2013 including cleaning, medical services and towing in addition to a number of tenders been undertaken by the NPS.*

*The Supply Agreement Database is continually being updated to take account of new supply agreements/contracts coming on stream. The new Public Sector e-Tenders database which is due to be introduced later this year will include a contract management suite and Justice IT plan to migrate the SAD information over to the new contract management suits which will be on the e –Tenders website. This database will have increased accessibility and functionality for management. However, both e-Tenders and the Supply Agreement Database are only visible to the Tendering Office staff.*

*As highlighted in the findings of GIAS above, the lack of knowledge by managers of the contracts in place is a challenge and Procurement will liaise with the Portal team with a view to the possibility of publishing details of all Garda contracts on the Garda Portal. Meanwhile, it should be noted that when contracts are put in place Divisional Chief Superintendents are informed of the publication and subsequent contract details. However, a more widespread advertising of Garda contracts through the Portal is worth considering.*

*A review of the Divisional Procurement Committee system is currently being undertaken by the Procurement Section. The Divisional Procurement Committee system will continue to be necessary especially for monitoring and reporting on contracts already placed. For example towing and cleaning contracts are being rolled out and there is a heavy reliance on DPC members to ensure they are operating effectively. Contracts have moved from station/District to increasingly Divisional, and national basis. Thus it is important that DPC members report on the effectiveness of Division wide contracts and report on any issues arising to the Chief Superintendent/Tender Office.*

*However, as a support to DPC, a Regional structure which would liaise with the Procurement/Tendering office is been explored given the move to more centralised contracts in key spend areas. Procurement will continue to seek the input and assistance of key experienced personnel from the individual in the compilation of tenders.*

*Within the DMR there is now a regional group under the Assistant Commissioner DMR with representatives from Divisional Procurement Committees from each DMR Division. A meeting of this group is planned for 13 February 2013 and the agenda includes the Procurement Section providing an overview of its 2013 Plans including the planned facilities tender covering all the Divisions within the Region. Updates on towing management, medical services and interpretation services will also be provided by the Tendering Office to this group.*

*Procurement would welcome the extension of the DMR Regional procurement group to other Regions and is making a submission in this regard to the Executive Director of Finance and Services for consideration.*

### **Up to date position as of 31<sup>st</sup> December 2015**

The Framework for developing Garda Procurement Capacity and Capacity over 2013-2015 is the Corporate Procurement Plan 2013 -2015. The following goals sets out the high level commitments to develop and implement specific, measureable and achievable targets for Garda procurement over 2013-2015.

#### **Strategic Objective – 1**

That there is a procurement planning framework in place

#### **Strategic Objective – 2**

That formal contracting arrangements are in place for all spend categories

#### **Strategic Objective – 3**

Participate in wider public sector procurement initiatives

#### **Strategic Objective - 4**

Maximise the opportunity to develop and advance e-procurement initiatives

#### **Strategic Objective - 5**

Developing procurement staff capacity and skills

The follow on actions are reflected in the Procurement Business Plans for 2013, 2014 and 2015.

A follow on plan for 2016-2018 in development will build on the 2013-2015 Plan and take account of the changing procurement environment in particular the continued growth and development of the Office of Government Procurement, the new EU Procurement Directives which come into effect in 2016, the current financial position and also to take account of the aims and objectives of the Minister and new Policing Authority.

Garda Procurement, Garda HQ has responsibility for developing practices and procedures for the procurement process for An Garda Síochána and for disseminating same to Garda Management. The Office 's main functions include:

- Drafting Garda Procurement Plans, with a new plan 2016-2018 being developed for inclusion in the Finance Directorate Strategic Plan 2016-2018

## Garda Internal Audit Section

- Assisting Divisions / Specialist Units / Other offices in procuring goods & services and providing advices in relation to the rules and regulations for the tendering for same
- Maintaining a contract database of all successful tender processes and monitoring the management of the Contracts agreed by An Garda Síochána and / or the Office of Government Procurement (OGP), on behalf of An Garda Síochána
- Managing the e-tenders website
- Liaising with the OGP in relation to all procurement projects being conducted on behalf of Government / Civil Service and providing personnel to provide advices, insofar as the requirements of An Garda Síochána are concerned, in respect of OGP sourcing teams, which prepare Tender competitions on behalf of OGP.

The key goals of the 2013-2015 Corporate Procurement Plan recognise the following developments:

In recent years Garda Procurement has been centralised and has moved away from a part decentralised model.

Tenders were prior to 2011 conducted by Divisional Procurement Committees and were often District or individual Station/Office tenders which are now being consolidated to larger contracts and put out to the market by Garda Procurement. In recent years tenders especially those concerning towing management, facilities related tenders e.g. cleaning, window cleaning are now tendered on a Divisional basis and the OGP in 2016 will take more control for sourcing and tendering for services that are common across various State agencies, including An Garda Síochána.

Tenders are managed from Garda HQ and Divisional inputs are sought at tender specification stage, tender evaluation and contract management. The Divisional Procurement Committees now provide assistance at the various stages of the procurement process.

With the establishment of the Office of Government Procurement (OGP) in 2014, it commenced sourcing operations in earnest from January 2015 following on boarding of additional staff.

- The OGP replaced the National Procurement Service from the 1 January, 2014 and is actively recruiting staff over the first 6 months of the year.
- The OGP has targeted savings of €500m over the next three years through more collaborative tendering especially for common goods and services such as facilities and transport for example.
- The establishment of the first wave of specific category councils, covering ICT, facilities, utilities, transport, travel, office supplies.
- An Garda Síochána has been asked by OGP to provide representatives to the Councils and we are represented on Facilities, Professional Services, ICT, Transport, Utilities, Defence and Security for example

As the lead procurement agency for the State it is responsible for sourcing and tendering for the categories of spend that comes under its remit, see table below.

The various sectors lead according to their position as a main player in the market e.g. HSE for medical /diagnostic related contracts.

The requirements of other agencies including An Garda Síochána will feature in any tenders that they develop in the coming years. Hence, more collaborative tendering will be a feature of public sector contracting from 2015 onwards. Currently, agencies including An Garda Síochána are tendering for their own goods and services pending the completion of the full commissioning and operation of OGP. Hence, An Garda Síochána is continuing to tender for services which will eventually be sourced by OGP e.g. cleaning. The Garda has included other agencies requirements in its tenders e.g. in transport related areas the servicing, body repairs, and tyre tenders allow for other public bodies to purchase from the Garda contracts.

## Summary of Findings from Previous Audits

### 1. Audit of Procurement Database February 2012

The Audit Report on Procurement dated November 2009 raised the need for a centralised database. An offer by the Department of Justice to provide their system, Supply Agreement Database (SAD), to An Garda Síochána (AGS) free of charge was accepted. The operation of this database was included in the GIAS “Audit of Procurement Database” which was reported on in February 2012. The main findings arising from the audit were:

**Functionality and Software** – The SAD provided to AGS by the Department of Justice, operates on a standalone laptop using Lotus Notes software which is not supported by Garda ICT Directorate. It does provide a comprehensive facility for recording relevant contract/supplier information and allows for notification of imminent expiry of contracts. As currently configured it does not allow for multiple data entry from across the Garda Organisation. This database is limited to contracts that have been signed and entered into.

**Completeness of Information Stored** – The SAD does not contain details of all relevant procurements.

**Separate In-house database** – A separate database contains information on procurement processes at various stages of the process. The database is contained on an Excel Spreadsheet and is more complete than the information on the SAD. The database should be further developed to allow for recording of below threshold supplies (i.e. below €25,000).

### **Management Response – Update Current Position**

*The Supply Agreement Database (SAD) is updated as contracts are entered into following a procurement exercise. The initial focus has been to record contracts with a value over €25,000 which assists in the preparation of the Circular 40/02 return. The next phase of the development of the database is to record contracts below the €25,000 threshold.*

*The new e-Tenders website when fully operational will have a facility for RFQ through it's "Quick Quotes" facility. This system mirrors a similar type initiative being run by local authorities with their LA Quotes system which is used for smaller quotes. The e-tenders database will therefore have the functionality to record contracts below the €25,000 threshold.*

*The new Public Sector e-Tenders database which is due to be introduced later this year will include a contract management suite. The migration of the information on SAD to the new e- tenders website will be advanced by the Department of Justice and Equality. Meanwhile, the Tender Office will continue to populate SAD with contracts/supply agreements throughout 2013. As the move to National, Regional and Divisional tenders accelerates there will be a greater correlation between the information held in Procurement and the SAD database.*

#### **Up to date position as of 31<sup>st</sup> December 2015**

Where a contract has been awarded following a Garda or OGP procurement exercise details of the contract including name of supplier, start finish dates are published on the e-Tenders and included in the Database. An Garda Síochána moved over to this system from 1 January 2015 and the system has built in reminder systems warning with regarding to contract status. A full hard copy of soft copy file is maintained and the file is checked for completeness and once in order the e-Tenders system is updated with the contract details.

During a 2015 audit, randomly checked 2014 files were found to be in order containing all the relevant procurement details.

## **2. Update on Procurement issues from Audit Reports - February 2011**

This document is an update on the Review audit which was conducted in March 2010. Below are the issues raised, recommendations for corrective action and an update on progress made:

### **Compliance with Public Procurement Guidelines**

#### **Finding**

The revised Garda Procurement and Tendering Guidelines issued in February 2010 failed to inform managers that the definition of threshold amounts, is *all payments to one supplier in one year across the whole Organisation*. This document emphasised cleaning and towing services but did not clearly state that the same requirements apply for all purchases of goods and services.



Recommendations

The weaknesses in the Guidelines should be addressed in the HQ Directive which is currently being written.

Procedures should be put in place by the Finance Directorate to flag payments to suppliers which exceed the various thresholds over the course of a year.

***Management Response – Update Current Position***

*The Procurement Guidelines make reference to all types of contracts including ‘supply of goods and services’. The Guidelines will be updated during this year to take account of planned changes in procurement with the appointment of the Chief Procurement Officer, the replacement of the NPS with the National Procurement Office, the proposed establishment of a Justice Group Procurement entity to coordinate common Justice procurement exercises, and a new EU Procurement Directive planned for later this year.*

**Up to date position as of 31<sup>st</sup> December 2015**

Garda Procurement has been centralised substantially in Garda HQ and the Garda Portal site provides details of how to access Procurement materials, and the Guidelines have been updated to take account of procurement developments, including the establishment and the commencement of OGP operations especially from 1 January 2015.

The Garda Procurement Guidelines need to be further updated to take account of the new EU Public Procurement Directives due to be transposed into Irish law from April 2015. The OGP Procurement Policy Section will be providing updated Guidelines to all agencies in 2016 and accordingly the Garda Procurement will be further updated to take account of changes. It is planned to publish these revised Guidelines on the Garda website.

**Operation of Divisional Procurement Committees**

Finding

Divisional Procurement Committees are not operating effectively.

Recommendations

Emphasis should be placed on the monitoring of committees. Their meetings should be held on a regular basis and minuted. A Divisional Procurement Officer should be nominated and trained.

Situation as at November 2012

Divisional Procurement Committees are not operating effectively. GIAS have seen sufficient evidence to be satisfied that Procurement Section are

engaging on a “hand holding” basis with Divisional Procurement Committees. However, despite the efforts of Procurement Section, GIAS found that the effectiveness of the individual Divisional Procurement Committees varied.

### **Management Response – Update Current Position**

*The management response to the next issue below would assist in ensuring a more effective DPC structure.*

## **Procurement Issues from Divisional Audits 2012**

### **1. Divisional Procurement Committees**

Garda Code F2.3 requires that there be a Divisional Procurement Committee (DPC) made up of the Divisional Officer (or nominee) and one person from each District within the Division. From the audit of Divisions during 2012 GIAS concluded that compliance with Public Procurement Procedures and the activity of the individual DPCs was inconsistent across the Organisation. We also concluded that the multiplicity of DPCs, the inconsistency of their activity levels and the need for “hand holding” all contribute to a drain on the resources of Procurement Section.

The DPCs may have a reduced role in the future due to the:

- Establishment of the NPO in 2013, which plans greater centralisation of procurement across the Public Service; and
- The diminishing importance of the District Imprest Accounts, as payments for an increasing number of goods/services are made centrally by the Finance Directorate.

### **Recommendation**

#### **Priority 2**

Rather than discarding the model entirely GIAS are recommending that consideration be given to the establishment of Regional Procurement Committees.

### **Management Response**

*With regard to the Divisional Procurement Committee (DPC) system, Procurement Section would be of the view that the existing structure be retained as it is necessary to maintain contact with each Division as each Division has its own particular issues. Contract monitoring is a vital part of the procurement process and DPC members are best positioned to manage and report on the operation of Divisional contracts. The DPC pull together representatives from different Districts which is essential in the*



*larger rural Divisions. DPC are useful for the compilation of statistical information on a Divisional basis to aid the tender process.*

*Procurement supports the idea of Regional Procurement structures and the Regional HEO would be ideally based to coordinate the activity of the Divisional Procurement Committees within the particular Region. The Regional Office would provide a useful link to the Tendering Office. The maintenance of the DPC system plus the additional of a Regional Group would be of benefit in enhancing the procurement structures to aid compliance and highlight issues that need to be addressed. Procurement would envisage DPC having one Regional rep who would sit on the Regional Group and the Tender Office would be in a position to meet with the Regional structure to highlight any procurement issues within the Region.*

*A review of the Divisional Procurement Committee system is currently being undertaken by the Procurement Section.*

**Up to date position as of 31<sup>st</sup> December 2015**

Following a review of how procurement operates in 2011, the role of Procurement Committees has changed, and further impacted by the establishment of the OGP in 2014. This issue has been substantially addressed on Page 12 and 13 above.

**Payments made through the Oracle Financial System**

Payments made through Oracle must be authorised by a Form “FMS1”. A mandatory section on this Form concerns procurement. This section states that “all purchases are subject to tendering procedures” and requires the authoriser to confirm the method used for the payment in question; i.e.:

**Procurement thresholds per FMS1**

Threshold	Procurement Procedure
€137,000 <sup>3</sup> or greater	Advertise in the Official Journal of the EU
€50,000 to €136,999	Written tender
€5,000 to €49,999	3 or more quotes by e-mail/fax
Less than €5,000	Verbal quote from competitive supplier(s)
Tender process not applied	Give reason

Source – Form FMS1 on Garda portal

The Form FMS1, however, fails to inform managers that the definition of threshold amounts is “*all payments to one supplier in one year across the whole Organisation*”.

<sup>3</sup> From 1st January 2012, the threshold, applicable to Governments Departments and offices, for the supply of goods and services was €130,000. However, the threshold as set down in SI 329/2006 (European Communities (Award of Public Authorities’ Contracts) Regulations 2006) and Garda Code F2.9 is €137,000.

Reviewing a small number of FMS1 documents held by GIAS following an audit of the Payments Process, it was observed that this requirement may not be consistently complied with:

**Management Response**

Threshold	Procurement Procedure
€130,000 <sup>4</sup> or greater	Advertise in the Official Journal of the EU
€6,000 to €130,000	Advertise on e-Tenders
Under €6,000	Seek at least three quotes from competent suppliers
Tender process not applied	Give reason

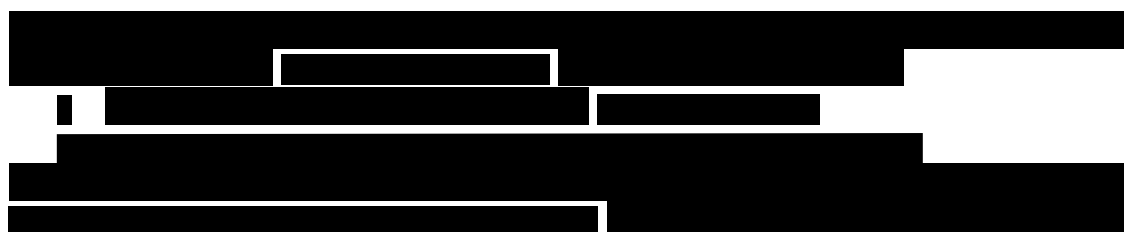
The current FMSI note should be altered to take account of the above thresholds taking into account the revised 2012 EU thresholds. All tenders over €6,000 are advertised on e-Tenders and quotes for those under €6000 should be sought from competent suppliers. The new E –Tenders facility which came into existence from 12 November last has a facility (not yet activated by the NPS) entitled “Quick Quotes” to allow for an electronic request for quotes, thus ensuring a full audit trail is available. When the facility is operational the new Revised Procurement Guidelines 2012 will include details on how to run electronic quotes. It is likely that the quotes will be routed through the Tender Office as they have the access to e-Tenders for all of An Garda Síochána.

**Up to date position as of 31<sup>st</sup> December 2015**

Over 2014/2015 An Garda Síochána have recorded Requests For Quotes for small services e.g. pest control, stenography services on our Tender Reference Files and in 2015 in particular we are increasingly channelling purchases through the e-Tenders website .i.e. conducting a procurement exercise or engaging with OGP. Details of the results of these competitions are published on the e-Tenders website once the contract is signed.

**General Procurement – Tendering Process**

From an examination of files and discussions with staff in Procurement Section, GIAS are satisfied with the expertise in Procurement Section on the conducting of a procurement process.



<sup>4</sup> From 1st January 2012, the threshold, applicable to Governments Departments and offices, for the supply of goods and services was €130,000. However, the threshold as set down in SI 329/2006 (European Communities (Award of Public Authorities’ Contracts) Regulations 2006) and Garda Code F2.9 is €137,000.



## ICT Procurement – Tendering Process

ICT Procurement provided a schedule of 5 contracts, only one of which had a start date of 2012. GIAS did not consider that there was sufficient activity to warrant a review of the tendering process.

### Contracts

Using the Oracle Financial System (Oracle), GIAS extracted payments made in 2011 and classified under the subheads:

- E3 – Other Operational Equipment.
- A4 – Postal and Telecommunications and
- A8.2 – Cleaning etc.

The resulting information was analysed to identify vendors who were paid more than €6,000, under each of the above subheads, through the Oracle financial system in 2011 and in 2012.

### Contracts recorded by Procurement Section

From this, the Vendors names were tracked to the schedule of contracts (in-house database) provided by Procurement Section. Using the descriptions on Oracle, GIAS sought to link the goods/services those Vendors were paid for to the descriptions on the database.

### Objective

The objective of these tests was to establish whether payments were for goods/services contracted for.

### Constraints

Constraints on this test included:

- The lack of detail in information available on Oracle. Goods and services purchased could only be identified by “subhead item description”; for example ██████████ – non assets/consumable” but nothing to identify what the exact item was.
- The limited details/descriptions available on the in-house database provided by Procurement Section.
- The test includes only Vendors paid under subhead E3, A4 and A8.2.
- While a supplier may appear on the list of contractors, from the information provided there is no guarantee that the contract is in respect of goods/services provided under the subheads subject to this review.

### Results

#### E3 – Other Operational Equipment

Using the records of payments made through Oracle and classified as subhead E3 (other Operational Equipment), GIAS identified 21 Vendors who were paid more than €6,000 in the years 2011 and 2012. The names of these Vendors were then compared to the database of contractors supplied by Procurement Section. Of the 21 Vendors paid under subhead E3, 8 (38%) could be identified on the database.

Using the descriptions on Oracle for the supply/service paid for and the summary contract details on the procurement database, GIAS sought to establish if these 8 Vendors were paid in compliance with contracts. The results of this test were:

- **GIAS are satisfied** that payments made in 2011 to 5 of the 8 Vendors, who could be identified on the database, were in compliance with contracts.
- Within the constraints of the test, **GIAS could not be fully satisfied** that contracts were in place for a further 1 Vendor.

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- There were a further 2 Vendors with whom **GIAS could not be satisfied** that the goods/services paid for were in compliance with the contracts in place at the time.

Details are at Appendix 2a.

### **Management Response**

*With regard to the E3 Subhead, The GIAS highlight the following large spends for which there was no formal contract in place in 2011 and there is no details on the Procurement Database. In relation to the spend which cover Peats Wholesalers, Fuji Film and Tetra Scenes of Crime tender exercises were conducted over 2012 and contracts are now in place.*

<b>Vendor</b>	<b>Total Paid in 2011</b>	<b>Total Paid in 2012</b>	<b>Procurement Action</b>
<b>Peats Wholesale Ltd</b>	<b>168,878.58</b>	<b>155,709.53</b>	<b>T017/2011 SIVRE tender completed in 2012 and SAD Updated in 2013 – Mongey Communications is new supplier</b>
<b>Fuji Film UK Ltd</b>	<b>57,426.89</b>	<b>141.293.65</b>	<b>T032/2012 Photographic Supplies tender Technical Bureau 3 year contract Supply Agreement Database updated in 2013</b>

*Procurement section is working with stakeholders to put contracts in place. Procurement initiatives undertaken in 2012 included tender exercises for consumable items, including photographic supplies e.g. Fuji for the Technical Bureau, [REDACTED]*

*With regard to the spend on Tetra Scene of Crime spend i.e. €19,294 in 2011 and €46,253 in 2012, the Technical Bureau engaged with the Tendering Office in 2012 and a request for quotes (T033/2012) was published covering 19 different spend categories for consumables , the results of this competition are being entered up on the Supply Agreement Database. The Technical*

*Bureau are planning tender exercise in 2013 covering the major spend categories.*



*Where there is any requirements for spend under E 3 in 2013 stakeholders will be challenged by Procurement Section concerning the need to run procurement exercises , if there is a business requirement for that product or service this year.*

#### **A4 – Postal & telecommunications**

Using the records of payments made through Oracle and classified as subhead A4 (Postal & Telecommunications), GIAS identified 12 Vendors who were paid more than €6,000 in the years 2011 and 2012. The names of these Vendors were then compared to the database of contractors supplied by Procurement Section. Of the 12 Vendors paid under subhead A4, 3 (25%) could be identified on the database.

Using the descriptions on Oracle for the supply/service paid for and the summary contract details on the procurement database, GIAS sought to establish if these 3 Vendors were paid in compliance with contracts. The results of this test were:

- **GIAS are satisfied** that payments made in 2011 to 2 of the 3 Vendors were in compliance with contracts.

GIAS also identified a need for forward planning; if there is a continuing need for the service a new contract should be in place before the existing expires.

- GIAS were **not satisfied** that there was a contract with the third Vendor for the supplies/services provided under subhead A4.

Details are at Appendix 2b.

### **Management Response**

*With regard to the spend with An Post, tender T046/2010 the Collection of the Fixed Charge Penalty Notice was completed in 2012 and details entered up on SAD under [REDACTED] in 2012. This is a five year contract.*

*With regard to Neopost spend of €87,599 in 2011 and €78,336 in 2012 this company is the principal supplier of franking machines which are used by Divisional/District HQ's for franking large volumes of post. In 2012, the requirement for this service is being reduced by using much more cost effective, only one Franking Machine (Pitney Bowes) model was purchased in 2012. Franking Machines cost between [REDACTED] and over the last year Procurement has switched to buying the much cheaper An post Mail Prints [REDACTED]. The €78,000 is the annual maintenance charge for all machines. As Franking machines are being phased out this spend will continue to decline.*

### **Up to date position as of 31<sup>st</sup> December 2015**

Over 2014/2015 we have recorded Requests For Quotes for small services e.g. pest control, stenography services on our Tender Reference Files and in 2015 in particular we are increasingly channelling purchases through the e-Tenders website .i.e. conducting a procurement exercise or engaging with OGP. Details of the results of these competitions are published on the e-Tenders website once the contract is signed. The list of tenders for 2015 (56 tenders in progress/completed as of 18 December 2015 ) highlights the increasing activity in ensuring formal contract arrangements are continuing to be put in place and recorded.

### **A8.2 – Cleaning etc**

Using the records of payments made through Oracle and classified as subhead A8.2 (Cleaning etc), GIAS identified 12 Vendors who were paid more than €6,000 in the years 2011. The names of these Vendors were then compared to the database of contractors supplied by Procurement Section. Using the descriptions on Oracle for the supply/service paid for and the summary contract details on the procurement database, GIAS sought to establish if these 12 Vendors were paid in compliance with contracts. The results of this test were:

- GIAS are satisfied that payments made in 2011 to the 5 of the 12 Vendors were paid in compliance with contracts.
- With regard to the remaining 7 Vendors GIAS could not be satisfied that the goods/services were paid for in compliance with the contracts in place at the time.

Details are at Appendix 2c.

### **Management Response**

*Cleaning contracts for various Divisions/District were placed in 2012 following procurement exercises conducted through-Tenders. For example, cleaning/window cleaning contracts were placed in Kildare District, Longford District, Bray District, [REDACTED], a national contract for collection and sanitising service for sanitary bins, the Cavan Monaghan Divisional tender is being finalised.*

*Overall, progress in relation to facilities management tenders needed to be reviewed in order to ensure that contracts were place in all areas at a much more rapid rate. In 2012, sanction was obtained from DPER to run tenders for cleaning and a project plan for rolling out tenders for facilities management to include general cleaning has now been developed, Garden Maintenance window cleaning, pest control and it is planned to run the various tenders as Regional tenders in 6 Lots over the coming year.*

*The contracts will take account of station closures, redeployment of cleaning staff, so as to ensure that there is no overlap between contract cleaners and Department of Justice and Equality employed cleaners. Only when the station closure picture has become clearer that the Tendering can now move with rolling out the facilities management type tenders. All AC's and Chief Superintendents were circularised earlier in January seeking assistance from key Procurement Committee staff to assist with the tender evaluation. The Divisional tender specifications will include the large campuses such as Harcourt Sq which will be included in the DMR Regional tender, see Table X below P24 setting out a draft Project Plan.*

*With regard to the spend by PHS Woods Hygiene this concerned sanitary bin removal and replacement and in 2012 a nationwide tender competition T076/2011 was conducted and details of the contract with the new supplier (Rentokill) are on SAD under reference number [REDACTED]*



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Table X

2013 PROJECT PLAN FOR PUTTING FACILITY CONTRACTS IN PLACE				
<p>Because of the volume of procurement exercises that has to be carried in the next year it has been decided to bundle a number of procurements into one procurement exercise for each Garda Division for all facility related tenders with the exception of the DMR Divisions, these will be advertised in one competition . This should ease the administrative burden and streamline the procurement exercises and reduce the volume of contracts that have to be managed. The procurement exercises that are being advertised together are Cleaning and Garden Maintenance (Lot 1) Window Cleaning, (Lot 2) and Pest control (Lot3). Tender competitions will be advertised on a Regional basis. CONTRACTS THAT ARE STILL IN PLACE STILL STAND THIS IS ONLY WHERE THE GARDA SITE IS OUT OF CONTRACT. IT SHOULD BE NOTED WHERE THERE IS AN ADMINISTRATIVE OFFICE EG (FIXED PENALTY OFFICE) LOCTED IN A DIVISION IT WILL BE INCLUDED IN THE DIVISIONS PROCUREMENT EXERCISE.</p>				
Region	Division	Proposed date of Advertising	Proposed date of Closing	Proposed date to commence Contracts
<b>DMR</b>	DMR North	1st February 2013	21st March 2013	2nd September 2013
	DMR North Central			
	DMR South Central			
	DMR South			
	DMR West			
	DMR East			
<b>Southern</b>	Cork City	16th February 2013	11th April 2013	30th September 2013
	Cork North			
	Cork West			
	Kerry			
	Limerick			
<b>Western</b>	Galway	8th March 2013	2nd May 2013	14th October 2013
	Mayo			
	Clare			
	Roscommon/Longford			
<b>Northern</b>	Donegal	7th May 2013	25th June 2013	11th November 2013
	Sligo/ Leitrim			
	Cavan /Monaghan			
	Louth			
<b>South Eastern</b>	Kilkenny/Carlow	20th June 2013	20th August 2013	6th January 2014
	Wexford			
	Tipperary			
	Waterford			

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<b>Eastern</b>	Meath	4th July 2013	27th August 2013	10th February 2014
	Kildare			
	Wicklow			
	Westmeath			
	Laois -Offaly			

*In the longer term, procurement for facilities will move to the National Procurement Office as recommended in the Accenture report (Sept 2012) on procurement reform. Our contracts are for one year with break clauses for each year in case responsibility for the procurement of these services moves over to the new procurement agency within the next two years. Garda Procurement will be closely monitoring developments in relation to the new NPO's action plans regarding tenders that they will be taking responsibility for. A key issue is that the NPO will need to take account of An Garda Síochána special requirements as a 24/7 service with a large diverse estate.*

### Up to date position as of 31<sup>st</sup> December 2015

The current position with regard to cleaning as of 18 December 2015 is set out below

The OGP Category Council for Facilities includes Garda representatives as well as OGP reps and reps from other agencies. Frameworks for waste management were put in place by OGP and two competitions i.e. Lot 1 Dublin City, Fingal, Louth and Meath , Lot 2 South Dublin, Dun L; aoghaire Rathdown , Wicklow and Kildare were completed in 2015 with contracts covering Garda stations in these areas due to commence from 1 February 2016 with the specific aim to maximise recycling levels thus reducing exposure to landfill charges..

The Pest Control Framework has been established and mini competitions for agencies will be run by the OGP including An Garda Síochána will be run in the first half of 2016.

With regard to commercial cleaning , including Window Cleaning the OGP plan to establish a framework in 2016, see Work Plan as of Q4-2015 on the OGP website at [www.procurement.ie](http://www.procurement.ie) which is updated quarterly by the OGP. Once the framework is established all Garda sites which require commercial cleaning (other than sites with Garda employed cleaners) will be tendered for. An Garda Síochána is in the process of finalising a spreadsheet covering the detailed requirements for all sites by Division, District and Station,/offices

As it is likely that there will be no resulting OGP contracts in place covering 2015 An Garda Síochána as an interim measure is tendering through e-Tenders for Divisional contracts to ensure that we can achieve value for money as well as a quality service from the market. The purpose of the exercise is also to develop a detailed specification for all Divisions /Offices that require this service and will be submitted to OGP in advance of the planned mini competitions under the Framework.

The table below highlights the current progress being made since the present project plan consolidating the various District cleaning contracts into Divisional contracts commenced in July, 2013.

**Garda Internal Audit Section**

<b>Temporary Cleaning Contracts Project Plan July 2013 as at 18 December 2015</b>				
<b>Draft RFT sent to Divisional Procurement Committee (DPC)</b>	<b>Requirements regarding hours and stations Returned and RFT Finalised</b>	<b>RFT published 2013-2015</b>	<b>Evaluation Completed and Notices to Bidders Issued</b>	<b>Contract Awarded Projected Start date</b>
<b>Cork City</b>	T.004/2013			<b>In Contract</b>
<b>Mayo</b>	T.005/2013			<b>In Contract</b>
<b>Monaghan &amp; Carrickmacross Districts</b>	T.027/2013			<b>In Contract</b>
<b>Donegal</b>	T.024/2013			<b>In Contract</b>
<b>Waterford</b>	T.031/2013			<b>In Contract</b>
<b>DMR North</b>	T.030/2013			<b>In Contract</b>
<b>DMR South</b>	T.032/2013			<b>In Contract</b>
<b>DMR West</b>	T.033/2013			<b>In Contract</b>
<b>DMR East</b>	T.040/2013			<b>In Contract</b>
<b>Meath@Athlumney House.</b>	T.034/2013			<b>In Contract</b>
<b>GISC</b>	T.036/2013			<b>In Contract</b>
<b>Clare</b>	T.025/2013			<b>In Contract</b>
<b>Harcourt Sq &amp; Airton Rd</b>	T.043/2013			<b>In Contract</b>
<b>Sligo –Leitrim</b>	T.039/2013			<b>Re Advertise</b>
<b>Cavan Districts</b>	T.025/2014			
<b>Cork North</b>	T.024/2014			<b>In Contract</b>
<b>Galway</b>	T.020/2014			Re Advertise
<b>Cork West</b>	T.061/2011			<b>In Contract</b>
<b>Kerry</b>	T.014/2014			<b>In Contract</b>
<b>Kildare</b>	T.002/2015			<b>In Contract</b>
<b>Laois Offaly</b>	T.003/2014			<b>In Contract</b>
<b>Kilkenny Carlow</b>	T.015/2014			<b>In Contract</b>
<b>Limerick</b>	T.019/2014			
<b>Louth</b>	T.017/2014			<b>In Contract</b>
<b>Roscommon Longford</b>	T.001/2015			<b>In Contract</b>
<b>Tipperary inc GCVU/FCPO</b>	T.018/2014			
<b>Westmeath</b>	T.016/2014			<b>In Contract</b>
<b>Garda College-Firing Ranges</b>	T.021/2014			<b>In Contract</b>
<b>Wicklow</b>	T.029/2014			<b>In Contract</b>
<b>Wexford</b>	T.012/2014			<b>In Contract</b>
<b>DMR Window Cleaning</b>	T.027/2014			OGP (Q1-2016)

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<b>Capel Street /GNIB/GASU</b>	T.023/2014			
<b>DMR Cell Fumigation</b>	T.043/2010			<b>In Contract</b>

### Up to date position as of 31<sup>st</sup> December 2015

*“In Contract” means new contract signed 2013/14/15 or that the Division’s contract signed in 2011/12s expires in 2015 i.e. Wicklow, Kildare, Westmeath. These will be retendered by OGP as part of their facilities management tenders.*

Note that Divisional contracts **excludes** areas where there are Department of Justice cleaners employed. Note DMR NC and SC have DOJ cleaners so there is no tender planned for contract cleaning in these two Divisions.

The position with regard to the outstanding contracts are set out hereunder:

**T.016/2014 Cleaning Westmeath Division - RFT** drafted and with the Division for approval and sign off by Division with a view to publication in the early New Year..

**T.018/2014 Cleaning Tipperary Division inc GCVU/FCPO - RFT** being drafted for approval by Division/Offices to publish Q1-2016.

**T.019/2014 Cleaning Limerick Division - RFT** being drafted for approval by Division to publish Q1-2016.

**T.020/2014 Cleaning Galway Division RFT** being drafted for approval by Division to publish to publish Q1-2016.

**T.023/2014 Cleaning -Cavan Districts-** RFT being drafted for approval by Division to publish to publish Q1-2016.

### **T.027/2014- Window Cleaning DMR Area**

Following the OGP Facilities Management Category Council meeting on 20 April, OGP are to progress this tender to tender in Q1 -2016.

**T.029/2014 Cleaning Wicklow Division RFT** being drafted for approval by Division to publish in Q1-2016.

**T.001/2015 Cleaning - Roscommon Longford RFT** being drafted for approval by Division to publish in Q1 -2016.

**T.002/2015 Cleaning - Kildare Division RFT** being drafted for approval by Division to publish in Quarter 2016.

**Acknowledgements**

GIAS wish to thank John Cunnane, Anne Clark of Procurement Section and PJ Leonard of the Finance Directorate for their assistance during this audit.

\_\_\_\_\_  
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Head of Internal Audit  
Date:

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Michael Culhane  
Executive director of Finance  
Services. Date: