



Comptroller and Auditor General  
Report on Value for Money Examination

Department of Justice, Equality and Law Reform

## Purchasing of Tyres by the Garda Síochána

Report for presentation to Dáil Éireann pursuant to Section 11 of the  
Comptroller and Auditor General (Amendment) Act, 1993 (No. 8 of 1993)

Pn 10722

## 8 Government of Ireland 2001

This report was prepared on the basis of information, documentation and explanations obtained from the public bodies referred to in the report. The draft report was sent to the Department of Justice, Equality and Law Reform and comments were requested. Where appropriate, the comments received were incorporated in the final version of the report.

## **Report of the Comptroller and Auditor General**

### **Purchasing of Tyres by the Garda Síochána**

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out a value for money examination of the purchasing of tyres by the Garda Síochána in the period 1998-2000.

I hereby submit my report on the above examination for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

A handwritten signature in black ink, appearing to read 'John Purcell', with a large, stylized initial 'J' and a long horizontal flourish extending to the right.

**John Purcell**  
**Comptroller and Auditor General**

9 November 2001



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## **Summary of Findings**

## Summary of Findings

On 11 February 2001, a newspaper report alleged that senior members of the Transport Section of the Garda Síochána involved in the purchasing of tyres for the Garda fleet had been entertained on recreational trips abroad, paid for by Advance Pitstop, the principal supplier of tyres to the force. Enquiries into the allegations were commenced separately by the Internal Audit Unit of the Department of Justice, Equality and Law Reform and by Garda management.

This examination of the purchasing of tyres for the Garda Síochána was carried out

- to establish if, in the period 1998-2000, there was a loss of economy in the purchase of tyres by the Garda Síochána, and if so, how great was the loss
- to establish if the tendering and procurement procedures for tyres for the Garda Síochána accorded with best practice
- to establish the level of control over payment for tyres in the Garda Síochána.

## Arrangements for Tyre Replacement

Maintenance of the Garda vehicle fleet, including the supply and fitting of replacement tyres when required, is a complex process. Around 2,200 vehicles are deployed around the country to over 400 Garda units and many vehicles have to be available for use at short notice, 24 hours a day throughout the year. Keeping such a fleet operating efficiently at reasonable cost requires strong and effective management and control systems.

Overall responsibility for management and maintenance of the fleet rests with the Transport Section, based at Garda Headquarters in Dublin. Day-to-day decisions about individual vehicles, including decisions about when tyres should be replaced, are delegated to local Garda managers.

The Garda Síochána decided in 1994 that the preferred method for replacement of tyres on its vehicles was through local supply-and-fit arrangements. Based on the results of a tender competition for the supply of tyres run by the Government Supplies Agency in 1993, the Garda Síochána entered into an arrangement with Advance Pitstop whereby most Garda vehicles would, when required, be brought to nearby Advance Pitstop depots to have tyres replaced and other related services carried out. The arrangement between the Garda Síochána and Advance Pitstop continued following a further tender competition organised by the Government Supplies Agency in 1997.

## Economy in the Purchasing of Tyres

The Garda Síochána purchased a total of over 24,500 tyres for 2,162 vehicles from Advance Pitstop in the period 1998 to 2000 — an average of around 8,000 tyres a year. The total cost of the tyres was £1.65 million. A further £0.45 million was spent on related services, such as tyre balancing and alignment, the provision of tyre valves, puncture repairs and so on. The amount paid to Advance Pitstop represents 88% of the total direct expenditure on tyres for the Garda fleet.

### ***Rate of Consumption of Tyres***

Overall, Garda vehicles achieved an estimated average of just over 15,000 miles per set of tyres. More than 18% of vehicles achieved an average of 5,000 to 10,000 miles per set; while over 5% achieved an average of less than 5,000 miles per set of tyres. The normal expectation is that a set of tyres fitted on passenger vehicles driven in standard conditions should be capable of delivering around 25,000 to 30,000 miles before needing replacement. Even allowing for the extreme driving conditions and demands on Garda vehicles and drivers, the average tyre mileage achieved on Garda vehicles in the period 1998-2000 appears to be low.

### ***Type of Tyres Bought***

The prices for different types of tyres vary enormously. Apart from differences in suppliers' profit margins, this price variation reflects differences in tyre size, performance rating and brand.

In the period 1998-2000, there was a significant drift upwards in the both the size and performance rating of tyres bought from Advance Pitstop by the Garda Síochána, with a consequent increase in the level of expenditure on tyres. By and large, this reflected changes in the composition of the Garda fleet — it now has a higher proportion of more powerful vehicles that require bigger, high performance tyres.

There was also a significant shift in the brands of tyres bought from Advance Pitstop. The Transport Section decides which brand of tyres is to be fitted to each individual vehicle when it is introduced to the fleet. There appears to have been some conscious planning by Transport Section to use cheaper brands of tyres, where possible. However, there was a failure to follow up this planning because the tyre brands bought from Advance Pitstop often differed from those planned. In particular, the Garda Síochána bought significantly more Continental brand tyres — which are supplied exclusively in Ireland by Advance Pitstop — and significantly fewer Semperit brand tyres than planned. Size for size, Continental tyres were significantly dearer than Semperit tyres.

### ***Overpayments to Advance Pitstop***

The Garda Síochána should have ensured that the prices they paid Advance Pitstop were those offered by the company in their tender offer. Continental brand tyres increased significantly in price after the tender offer was made, but Semperit brand tyres remained at the tender prices. Consequently, the shift in brands supplied was very significant.

The Garda Síochána also paid more than the tender prices for some of the extra charge items and services provided by Advance Pitstop.

The estimated total overpayment on all goods and services supplied by Advance Pitstop in the period 1998-2000, relative to the prices offered in their tender, was around £208,000. This is around 10% of the total amount paid to Advance Pitstop in the three years.

The prices paid for tyres by the Garda Síochána were much higher than those paid to Advance Pitstop by the Defence Forces, under the same tender arrangements. Moreover, the Defence Forces paid Advance Pitstop less than the tender prices for most of the tyres they bought.

## **Tendering and Procurement Arrangements**

The Government Supplies Agency organised a tender competition in 1997 to draw up a list of approved suppliers of tyres to central government departments and agencies. Seven companies (including Advance Pitstop) were placed on the list. Some offered just to supply tyres; others offered a supply-and-fit service.

The responsibility for properly evaluating the various offers from the approved suppliers rested with the Garda Síochána. An evaluation was carried out within the Transport Section but on the basis of the evidence available, crucial aspects of the evaluation appear to have been seriously misleading. Management in the Transport Section appear to have considered the submission without spotting its deficiencies as an evaluation exercise and allowed the existing arrangements with Advance Pitstop to continue.

A proper evaluation of the offer from the various approved suppliers would have shown that there were suppliers who were willing to meet at least some of the Garda Síochána's need for tyres at prices significantly less than those Advance Pitstop offered in their tender. Consequently, the choice of Advance Pitstop as the main supplier of tyres for the Garda fleet resulted in a further significant loss of economy.

## **Management and Control of Tyre Purchasing**

Ordering of tyre requirements is divided between Transport Section, who are responsible for specifying what should be bought, and local Garda officers who decide when tyres are required. Garda personnel at unit level have no discretion about the type of tyres fitted on vehicles in their charge. However, for control purposes, they should be informed by Transport Section what tyres should be fitted, and not have to rely on the tyre suppliers for such information.

No central policies were formally set in relation to consumption of extra items and there was no guidance for local Garda officers about what might constitute reasonable use. Local officers were not even told that they were responsible for deciding on ordering extras. Without such policies or guidance, officers were generally in an uninformed position when Advance Pitstop staff raised the issue of extra services.

Garda District Officers are responsible for paying Advance Pitstop for the tyres supplied for vehicles assigned to them. In practice, they were effectively required to certify payments in circumstances where they did not have any information about the prices they should expect to pay, about the specifications of the tyres that should be fitted or about the agreed central policy on the provision of extra charge items and services.

The management and control systems in place in 1998-2000 in relation to tyre purchasing were completely inadequate. In effect, the Garda Síochána ceded control of key aspects of the supply of tyres to Advance Pitstop and allowed themselves, in crucial respects, to become captive to their supplier.

## **Purchasing of Tyres by the Garda Síochána**



# 1 Introduction

**1.1** On 11 February 2001, a newspaper report alleged that senior members of the Transport Section of the Garda Síochána involved in the purchasing of tyres for the Garda fleet had been entertained on several recreational trips abroad, paid for by Advance Pitstop, the principal supplier of tyres to the Garda Síochána.

**1.2** In response to that report, the Minister for Justice, Equality and Law Reform announced in Dáil Éireann on 13 February 2001 that the allegations would be investigated immediately. Enquiries were commenced separately by the Internal Audit Unit of the Department of Justice, Equality and Law Reform (the Department) and by Garda management.

**1.3** Co-incidentally, in the week before the publication of the allegations, my staff had started an audit of the procurement of transport stores, including tyres. I consulted with the Department and with senior Garda management regarding the nature and scope of their investigations. In order to minimise overlap and the duplication of effort, I decided to concentrate my examination on the regularity of the procedures for purchasing tyres for Garda vehicles and on the value for money obtained from the current arrangements.

## Supply of Tyres for Garda Síochána Vehicles

**1.4** The Garda Síochána vehicle fleet currently numbers around 2,200 vehicles. This includes patrol cars, motorcycles, unmarked vehicles used by specialist units and the ministerial transport fleet. Vehicles are assigned to individual Garda Districts or to individual specialist units, such as the Special Detective Unit and the National Surveillance Unit.

**1.5** The Garda Síochána Transport Section has overall responsibility for the management and maintenance of the vehicle fleet. The Transport Section is based in Garda Síochána Headquarters in Phoenix Park, Dublin. It operates vehicle workshops in the Phoenix Park, in addition to carrying out its managerial and administrative functions.

**1.6** For efficiency reasons, the routine and minor maintenance of patrol cars assigned to most Garda Districts is managed by local District personnel and is carried out under contract in local commercial garages.<sup>1</sup> Bigger maintenance and repair jobs on patrol cars and the maintenance of other vehicles, including all motorcycles, are generally carried out at the Transport Section's workshops in the Phoenix Park.

**1.7** Tyre replacement is classified as routine maintenance. In most Districts, patrol cars in need of tyres are brought to a local Advance Pitstop depot where replacement tyres are fitted. Vehicles assigned to specialist units are brought to a convenient Advance Pitstop depot (depending on where the vehicle is operating) for replacement tyres. Tyres for motorcycles and ministerial transport vehicles are usually fitted in the Transport Section's workshops.

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<sup>1</sup> Transport Section is directly responsible for maintenance of all vehicles assigned to Garda Headquarters (Phoenix Park), Dublin Metropolitan Region Headquarters (Harcourt Square), Traffic Unit (Dublin Castle) and the North Central and South Central Divisions of the Dublin Metropolitan Region. Approximately 35% of the work on the vehicles assigned to these locations is also contracted out to commercial suppliers/garages by Transport Section.

## Tendering for Supply of Tyres

**1.8** In 1997, the Government Supplies Agency, which is part of the Office of Public Works, organised a public tender competition for the supply of tyres to a number of government departments and agencies, including the Garda Síochána. The competition was designed to set up a list of suppliers from whom tyres could be purchased as required.

**1.9** Bulk purchasing arrangements should help to ensure that goods or services are provided at the best available price. In the design of the tyre purchasing competition, the responsibility remained with the purchasers to select from the approved list the suppliers who offered best value in their particular circumstances.

**1.10** The list of suppliers came into operation at the beginning of January 1998. The tendering competition indicated that the list would remain in use for at least twelve months. In the event, the list remained in use throughout the years 1998 to 2000 and is still in operation.

## Objectives of this Examination

**1.11** The objectives of this examination were

- To establish if there was a loss of economy in the purchase of tyres by the Garda Síochána, and if so, how great was the loss.
- To establish if the tendering and procurement procedures for tyres for the Garda Síochána accorded with best practice.
- To establish the level of control over payment for tyres in the Garda Síochána.

**1.12** The examination focused primarily on the purchase of tyres in the period 1998-2000. Current arrangements for the purchasing of tyres for the Garda Síochána and arrangements for purchasing prior to 1998 were also reviewed.

## Structure of the Report

**1.13** Chapter 2 examines the economy achieved in the purchasing of tyres for Garda vehicles in the period 1998-2000. Chapter 3 assesses the tendering and procurement procedures used. Chapter 4 reviews the arrangements in place for the control and management of tyre purchasing by the Garda Síochána.

## Methodology

**1.14** Work on the examination was carried out by staff of the Office of the Comptroller and Auditor General. This included review of relevant files, data and documents, and interviews with Garda, Department and Government Supplies Agency officials. Material gathered by the Internal Audit Unit of the Department was also reviewed.

**1.15** Advance Pitstop was not contacted by the staff of the Office in the course of this examination.

**1.16** Analysis of computer-based data about the Garda fleet and about tyres supplied by Advance Pitstop in the period 1998-2000 formed a major part of the examination. The main sources of data and the data validation process are described in Appendix A.

## 2 Economy in the Purchasing of Tyres

**2.1** The Garda Síochána spent at least £2.4 million on the supply and fitting of tyres in the period 1998-2000.<sup>2</sup> Almost £2.1 million — 88% of the total — related to purchases from Advance Pitstop. A loss of economy in purchasing from that supplier could consequently represent a significant loss to taxpayers.

**2.2** Economy in procurement of goods is achieved by ensuring that a sufficient quantity of goods of the required quality is purchased at the lowest possible price. Economy in the purchasing of tyres may therefore be lost in a variety of ways. For example, tyres could be replaced while they were still fit for use, resulting in too many tyres being bought. Tyres fitted could be of a higher quality than was necessary for the type of driving for which vehicles were deployed. Most obviously, economy could be lost by buying from the dearest supplier or by failing to achieve the best value deal.

**2.3** Achieving economy in the purchasing of tyres does not conflict with the need to ensure that Garda vehicles are safe to use. It is management's role to establish appropriate safety standards and to specify what quality of tyre meets those standards and the circumstances in which tyres should be replaced. If procurement or consumption practices result in appropriate safety standards not being met, this in itself represents a failure to achieve economy.

**2.4** This chapter analyses the purchasing by the Garda Síochána of tyres from Advance Pitstop in the period 1998-2000 in terms of quantity of tyres purchased, quality of tyres purchased and prices paid for tyres. It also examines payment to Advance Pitstop for related services, such as the fitting of tyres, wheel alignment and tyre balancing.

### Quantity of Tyres Purchased

**2.5** The Garda Síochána purchased a total of over 24,500 tyres from Advance Pitstop in the period 1998 to 2000 — an average of around 8,000 tyres a year (see Figure 2.1). The main question examined in this section is whether this was a reasonable or excessive number of tyres, given the Garda Síochána's motoring requirements.

**Figure 2.1 Number of tyres purchased from Advance Pitstop, 1998 to 2000**

Year	Number of tyres purchased
1998	8,243
1999	7,898
2000	8,401

Source: Analysis by Office of the Comptroller and Auditor General

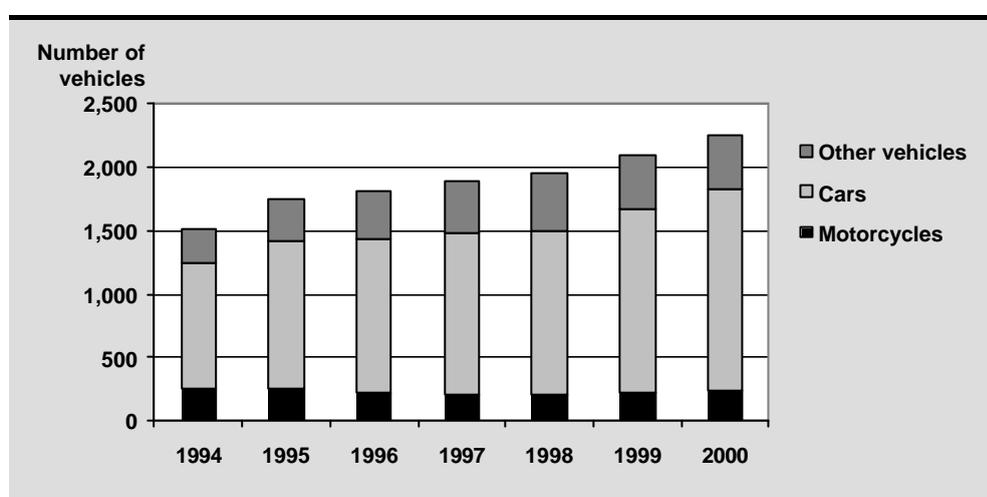
<sup>2</sup> This total excludes the cost of labour involved in fitting tyres in the Transport Section's own workshops and the amount paid to other commercial garages for fitting tyres supplied by Advance Pitstop.

### Size of Garda Vehicle Fleet

2.6 The number of tyres bought from Advance Pitstop in 1995 and 1996 was around 5,700 tyres a year. The Transport Section estimated in early 1997 that around 6,000 tyres from Advance Pitstop would be needed in 1997. On the basis of these estimates, the average number of tyres bought each year from Advance Pitstop in 1998-2000 was 33% higher than in the previous three-year period.

2.7 The Garda vehicle fleet has increased significantly since the mid-1990s, as is indicated in Figure 2.2. Between 1994 and 1997, the number of four-wheel vehicles increased by around 33%. By 2000, the number of four-wheel vehicles had increased by a further 20%. The number of motorcycles in the fleet remained relatively constant throughout the period.

**Figure 2.2 Number of vehicles in the Garda Síochána fleet, by type, end-December, 1994-2000**



Source: Analysis by Office of the Comptroller and Auditor General

2.8 There is a very high turnover of vehicles in the Garda fleet. The Garda Síochána disposed of over 1,100 vehicles in the period 1998-2000, and purchased 1,500 new vehicles. Two thirds of the fleet at end-December 2000 had been acquired in the previous three years. In total, there were 3,395 individual vehicles in the Garda fleet in the period 1998-2000.

2.9 Advance Pitstop supplied tyres for 2,162 Garda vehicles in 1998-2000. The remaining 1,233 vehicles in the fleet, for which no tyres were purchased from Advance Pitstop, were excluded from the analysis in this chapter. The vehicles in question did not receive tyres from Advance Pitstop for the following reasons.

- Some vehicles are usually fitted in the Transport Division workshops with tyres bought direct from tyre manufacturers: this includes vehicles used for ministerial and other high security transport (a total of 80 vehicles in the period 1998-2000) and all motorcycles in the Garda fleet (a total of 339 motorcycles).
- An estimated 270 vehicles were disposed of without tyres having been fitted in the period 1998-2000: most were disposed of in 1998.
- An estimated 544 other vehicles did not receive tyres from Advance Pitstop. These were mainly newly acquired vehicles that may not have required replacement of the original tyres until at least 2001.

### **Number of Tyres per Vehicle**

**2.10** Figure 2.3 presents an analysis of the tyres that Advance Pitstop supplied for Garda vehicles in 1998-2000.

**Figure 2.3 Distribution of vehicles by number of tyres supplied, 1998-2000**

<b>Number of tyres supplied</b>	<b>Number of vehicles</b>	<b>Percentage of vehicles</b>
<b>1 to 5 tyres</b>	734	34
<b>6 to 10 tyres</b>	534	25
<b>11 to 15 tyres</b>	360	17
<b>16 to 20 tyres</b>	233	11
<b>21 to 25 tyres</b>	143	7
<b>26 to 30 tyres</b>	70	3
<b>31 to 35 tyres</b>	43	2
<b>36 to 40 tyres</b>	27	1
<b>41 to 45 tyres</b>	7	**
<b>46 to 50 tyres</b>	5	**
<b>51 to 55 tyres</b>	5	**
<b>56 to 60 tyres</b>	1	**
<b>All vehicles</b>	2,162	100

Source: Analysis by Office of the Comptroller and Auditor General

Note: \*\* indicates percentage less than 0.5%.

**2.11** The number of tyres purchased per vehicle varied considerably. For some vehicles, only one or two replacement tyres were supplied. In many cases, these were vehicles that had been introduced to the fleet late in 1999 or in 2000.

**2.12** Forty-five vehicles had 36 or more tyres fitted in the period 1998 to 2000. Six vehicles were supplied with more than ten sets of tyres.<sup>3</sup> The maximum number of tyres supplied for an individual vehicle was 58.

**2.13** The records in relation to all the vehicles supplied with 36 or more tyres were examined individually and the results of this analysis are presented in Appendix B. Details of these vehicles were also supplied to Garda management. They are investigating the reasons for the level of consumption of tyres in these cases.

<sup>3</sup> There are five tyres in a set, which includes the tyre on the spare wheel.

### **Average Mileage Performance of Tyres**

**2.14** Advance Pitstop recorded the current mileage for most Garda vehicles each time tyres were supplied. This allows analysis of tyre consumption on individual Garda vehicles in the period 1998-2000 to be carried out. (The analysis undertaken is described in Appendix C.)

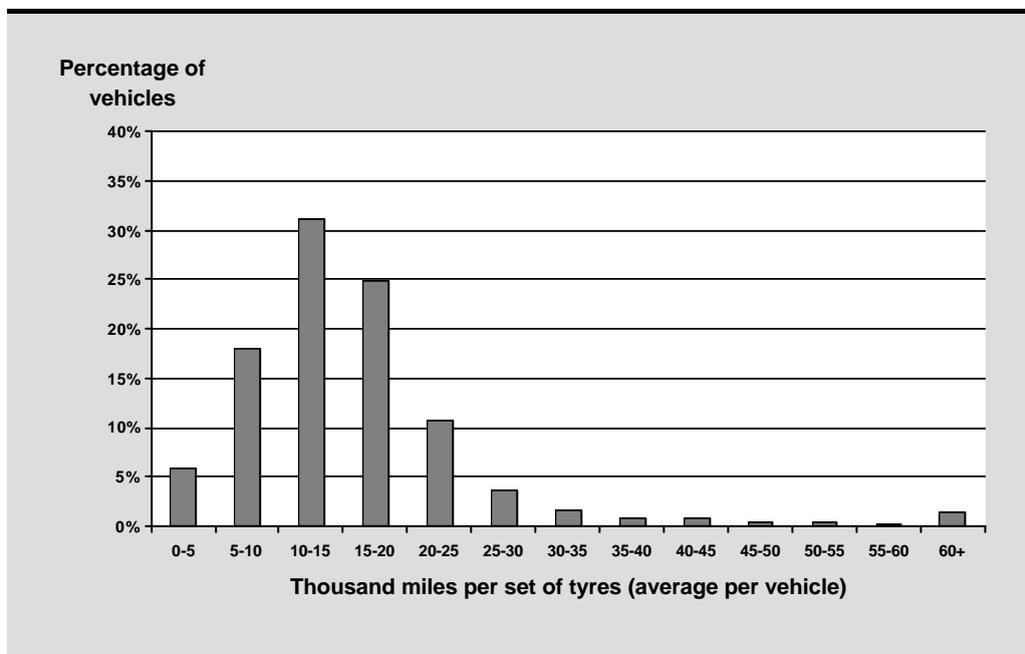
**2.15** Overall, Garda vehicles appear to have achieved an average of just over 15,000 miles per set of tyres. More than 18% of vehicles achieved an average of 5,000 to 10,000 miles per set; while over 5% achieved an average of less than 5,000 miles per set of tyres. See Figure 2.4.

**2.16** The circumstances in which many, but not all, Garda vehicles are driven are often more extreme than those encountered by motorists generally. For example, during very high-speed travel, tyres may be more likely to suffer impact damage or blowouts. Repeated fast starts may also lead to rapid tyre wear. As a result, significantly lower minimum mileage delivery can be expected for Garda (and other emergency service) vehicles.

**2.17** The normal expectation is that a set of tyres fitted on passenger vehicles driven in standard conditions should be capable of delivering around 25,000 to 30,000 miles before needing replacement. Even allowing for extreme driving conditions and demands on Garda vehicles, the average tyre mileage achieved in the period 1998-2000 appears to be extremely low.

**2.18** There may be operational reasons why average tyre mileages achieved are very low for certain vehicles or classes of vehicle in the Garda fleet. However, performance outside accepted norms for Garda vehicles should be monitored to establish that the reasons are identified and recorded, and that the circumstances resulting in performance levels below the norm are acceptable. Otherwise, operational practice should change so that the performance level is brought to an appropriate level.

**Figure 2.4 Distribution of Garda vehicles by average tyre mileage, 1998-2000**



Source: Analysis by Office of the Comptroller and Auditor General. See Appendix C.

**2.19** Between 1983 and 1994, the Garda Code specified that if a tyre had to be replaced within 10,000 miles of being fitted, a *pro-forma* report explaining the reason for the replacement had to be completed. When the Code was revised in 1994, this reporting requirement was dropped.

**2.20** The Garda Code is currently being revised again. The current draft re-introduces the requirement to explain why a replacement is required for a tyre that has not achieved 10,000 miles. Given developments in tyre technology since 1983 when this threshold was specified and the higher quality of tyres now being purchased for the fleet, a significantly higher threshold level for exception reporting would now seem appropriate.

## Quality of Tyres Purchased

**2.21** The prices for different types of tyres vary enormously. Apart from variation related to traders' profit margins, the price variation reflects differences in tyre size and quality. In general, the particular vehicle model determines the size of tyre that should be fitted. Thereafter, the desired performance level from the tyres and the conditions in which the vehicle is to be used influence the choice of type of tyre.

**2.22** The main risk of loss of economy in relation to tyre quality is that tyres of a high performance level are fitted when lower performance (and lower cost) tyres would function adequately.

### Tyre Types

**2.23** Tyre size and performance ratings are based on a complex international system of codes and markings used by all the main tyre manufacturers. (These codes are usually moulded on the sidewalls of individual tyres.) A summary of the main codes and what they relate to is presented in Figure 2.5. In general, the larger the tyre and the higher the speed rating, the more expensive the tyre.

**Figure 2.5 Tyre size and performance markings**

Tyre size and performance codes are made up of combinations of numbers and letters. Each section of the code relates to a different size or performance element. For example, the tyre code **175/70 R 14 82 T** is interpreted as follows:

<b>175</b>	The cross section <b>width</b> of the tyre, measured in millimetres.
<b>70</b>	The <b>aspect ratio</b> of the tyre, which is calculated by expressing the height of the tyre sidewall as a percentage of the cross section width.
<b>R</b>	The tyre <b>construction type</b> – in this case, a radial.
<b>14</b>	The wheel <b>rim diameter</b> , expressed in inches.
<b>82</b>	The tyre <b>load index</b> number. A value of 82 indicates that the maximum load should be 475kg per tyre.
<b>T</b>	The <b>speed rating</b> . A rating of T indicates that the maximum vehicle speed for which the tyre is suitable is 190 km per hour.

### Size of Tyres Purchased

**2.24** More than 80% of the tyres purchased by the Garda Síochána in the period 1998-2000 were accounted for by eight size categories. From year to year, the proportion of tyres in the different size categories varied, as shown in Figure 2.6. There was a significant drop in the proportion of tyres in the two smallest size categories (13 inch rim diameter). The proportion in the two largest size categories (15 inch rim diameter) increased substantially.

**2.25** The drift towards larger tyre sizes is related to changes in the vehicle fleet. New vehicles tend to be heavier and require larger tyres than the vehicles they replace. This is even the case with new deliveries of similar vehicle models. For example, Ford Mondeo cars delivered in 1998 were fitted with 185/65 R 14 tyres, while Mondeo cars delivered in 1999 were fitted with 195/60 R 15 tyres. The price differential between the two tyre sizes was up to 26%.

**2.26** There is little discretion in fitting tyres of a size different to that fitted to a vehicle on delivery. Analysis of invoices shows that the tyres supplied by Advance Pitstop in the period 1998-2000 for individual vehicles were almost invariably of the same size as those fitted when the vehicles were originally delivered to the Garda Síochána.

**Figure 2.6 Distribution of tyres purchased, by size ,1998-2000**

Tyre size classes	Percentage of tyres bought			
	1998	1999	2000	1998 to 2000
<b>155/70 R 13</b>	5	6	4	5
<b>175/70 R 13</b>	15	11	5	10
<b>165/70 R 14</b>	8	13	15	12
<b>175/65 R 14</b>	2	4	9	5
<b>175/70 R 14</b>	8	6	2	5
<b>185/65 R 14</b>	33	35	26	31
<b>195/60 R 15</b>	9	5	17	10
<b>195/65 R 15</b>	3	3	2	3
<b>Other size classes</b>	17	17	20	19
<b>All size classes</b>	100	100	100	100
<i>(Number of tyres)</i>	<i>(8,243)</i>	<i>(7,898)</i>	<i>(8,401)</i>	<i>(24,542)</i>

Source: Analysis by Office of the Comptroller and Auditor General

### Speed Rating of Tyres Purchased

**2.27** For most tyre sizes, there is a choice of two or three speed ratings. In general, more powerful vehicles capable of very high speeds are fitted with tyres that have a higher speed rating.

**2.28** Standard passenger vehicles in the Garda fleet are usually fitted with S or T-rated tyres. There is little difference in the performance level between these ratings and the main brands produce tyres with only one of the two ratings. Consequently, these can be treated as a single 'standard' speed rating. Higher performance vehicles are mainly fitted with H-rated tyres (which are intended for use up to 210 km/hour) or V-rated tyres (up to 240 km/hour). The price difference between standard (S or T) rated tyres and higher speed-rated tyres is 20% to 40%.

**2.29** There was considerable variation in the speed rating of tyres purchased by the Garda Síochána in the period 1998-2000, as shown in Figure 2.7. The proportion of tyres bought that were S or T-rated increased between 1998 and 1999 and fell very significantly in 2000. The proportion of higher (H or V) rated tyres increased from 46% in 1998 to 52% in 2000. The change in the proportion of tyres bought in each speed rating is related mainly to change in the power of vehicles bought, and consequently to tyre size.

**2.30** Analysis of the tyres supplied by Advance Pitstop shows that most of the tyres supplied matched the speed rating of the original tyres fitted on vehicles. However, many vehicles were occasionally supplied with tyres that had higher or lower speed ratings. See Figure 2.8.

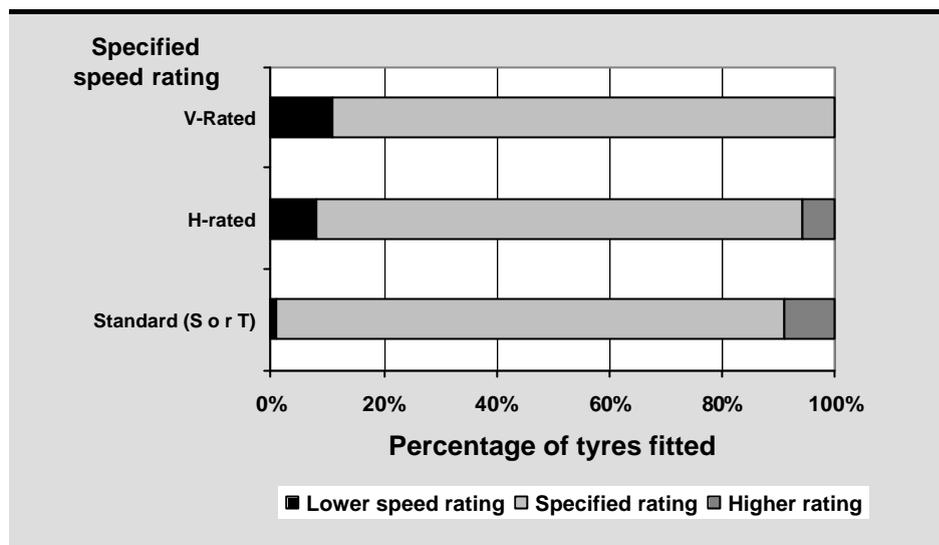
**2.31** Supplying tyres of a different speed rating may have occurred because tyres of the specified rating were not readily available in the Advance Pitstop depots when required. This raises two issues.

- Fitting tyres of a lower rating than specified may have created a safety risk.
- Fitting tyres of a higher rating than specified may have cost more.

**Figure 2.7 Distribution of tyres purchased, by speed rating, 1998-2000**

Speed rating	Percentage of tyres bought			
	1998	1999	2000	1998 to 2000
<b>S or T: up to 180/190 km/hour</b>	46	56	42	48
<b>H: up to 210 km/hour</b>	29	21	33	27
<b>V: up to 240 km/hour</b>	17	16	19	18
<b>Other speed ratings</b>	8	7	6	7
<b>All tyres</b>	100	100	100	100
<i>(Number of tyres)</i>	<i>(8,243)</i>	<i>(7,898)</i>	<i>(8,401)</i>	<i>(24,542)</i>

Source: Analysis by Office of the Comptroller and Auditor General

**Figure 2.8 Speed rating of tyres fitted, relative to specified rating**

Source: Analysis by Office of the Comptroller and Auditor General

### **Brands of Tyres Purchased**

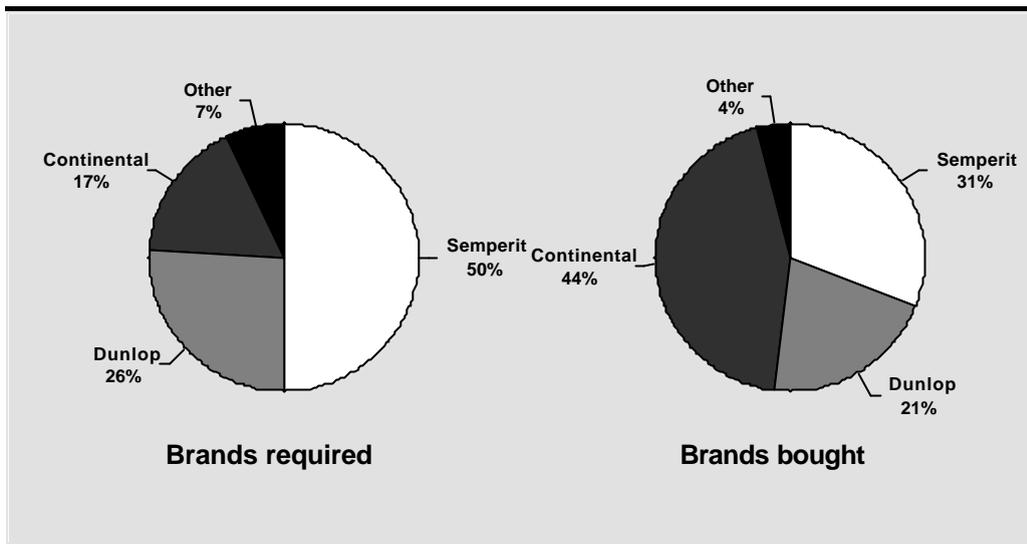
**2.32** Substantial differences in price also arise between tyre brands. Even when the tyre size and speed rating are the same, certain brands are usually cheaper or more expensive than competitor brands. Consequently, the brands of tyres bought can significantly increase their cost.

**2.33** Up to 1996, the Garda Síochána usually specified that new vehicles delivered to them should be fitted with Dunlop or Semperit brand tyres. Changes in public sector procurement rules in 1997 prohibited the specification of tyre brands in such circumstances. As a result, suppliers of vehicles were free to fit any brand of tyre, so long as they suited the intended use of the vehicle.

**2.34** Vehicles delivered to the Garda Síochána in 1997 and later years were rarely fitted with Semperit tyres. The most frequent brands delivered on new vehicles were Michelin and Dunlop. In 1998 and 1999, a small proportion of new vehicles were fitted with Continental tyres — a brand supplied exclusively in Ireland by Advance Pitstop. In 2000, 22% of new vehicles were fitted with Continental tyres on delivery.

**2.35** Analysis of the available Garda records shows that 90% of the vehicles supplied with tyres by Advance Pitstop were to be fitted with Semperit, Dunlop or Continental tyres. The Garda Síochána rarely specified that Michelin tyres should be fitted on vehicles, even when the vehicles had originally been delivered with Michelin tyres. Size for size, Michelin tyres were among the most expensive supplied by Advance Pitstop, according to its 1997 tender price list.

**2.36** The brands of tyres supplied by Advance Pitstop in 1998-2000 were, in many cases, different from those indicated in the Garda's specification records. (By contrast, tyre sizes and speed ratings matched in almost all cases.) If vehicles had been fitted with the brands specified, half of the tyres bought would have been Semperit brand compared to the 31% actually bought. Only 17% of the tyres bought would have been Continental brand, compared to the 44% actually bought. (See Figure 2.9.)

**Figure 2.9 Comparison of tyres brands required and bought, 1998-2000**

Source: Analysis by Office of the Comptroller and Auditor General

**2.37** The proportion of tyres bought which were Continental brand increased from 28% of the total bought from Advance Pitstop in 1998, to 49% in 1999 and to 58% in 2000.

**2.38** When Advance Pitstop tendered for the supply of tyres in 1997, their price list indicated that Continental and Semperit were the cheapest brands on offer for many of the most frequently bought tyre sizes. The price difference between the brands was often only a few pence. As a result, the fact that the brands of tyres supplied differed from those specified for the vehicles should have had relatively little effect on the level of economy achieved. However, this only applied so long as the relative prices charged by Advance Pitstop for the different brands did not differ from those in their 1997 tender price list. This issue is dealt with in the next section.

## Price of Tyres Purchased

**2.39** In the 1997 tender competition run by the Government Supplies Agency, Advance Pitstop submitted price lists for several different brands of tyres. Along with the other tenderers placed on the 'qualified suppliers' list, they were told that if they wished subsequently to increase their prices, they should supply a copy of their revised price lists both to the Agency and to the public sector purchasers availing of the contract.

**2.40** Neither the Government Supplies Agency nor the Garda Síochána has a record of having received revised price lists from Advance Pitstop in the period 1998-2000. Following the newspaper report in February 2001, Advance Pitstop formally sent revised price lists to the Garda Síochána. The tyre prices offered in the revised lists are, in most cases, significantly higher than those offered in the 1997 tender.

### **Overpayment by the Garda Síochána**

**2.41** Since the Garda Síochána did not receive notice of revised prices from Advance Pitstop in the period 1998-2000, they should not have paid unit prices higher than the tender prices. This examination found that, for many of the items bought in 1998-2000, the prices that Advance

Pitstop charged the Garda Síochána were significantly higher than the prices they offered in their tender.

**2.42** Advance Pitstop submitted their tender in June 1997. In August 1997, they increased the prices of many of the tyres they supplied to the Garda Síochána. When the company was notified in January 1998 that they had been placed on the list of approved suppliers, they continued to charge the then current prices. In addition to this differential from the offered tender prices, the prices of many Continental tyre sizes increased again in January 1999 and in August 2000. The prices charged for most Dunlop tyres remained constant throughout 1998-2000 while most Semperit tyres remained at a constant price until August 2000.

**2.43** Overall, the Garda Síochána were charged an estimated 12% more than the tender prices for the tyres they bought. Given the total expenditure on tyres over the three years was around £1.65 million<sup>4</sup>, the estimated total overpayment for tyres was around £180,000.

**2.44** The prices charged for individual tyre lines exceeded the tender prices by different amounts. Examination of the prices for the tyre lines which account for 90% of the tyres bought in 1998-2000 shows that

- The Continental tyre lines bought most frequently were, on average, charged for at rates ranging from 15% to 26% higher than the tender prices.
- There was significant overpayment for only two of the Dunlop tyre lines, but these were the two Dunlop lines most popular with the Garda Síochána. One line was charged for at an average rate 11% above over the tender price; the other was charged for at an average rate 16% over the tender price. Most other Dunlop tyres were charged for at the 1997 tender prices.
- Most Semperit tyre lines were charged for at the 1997 tender prices.

**2.45** Figure 2.10 presents a comparison of the tender and actual prices charged for six of the most popular tyre lines.

**Figure 2.10 Tender and actual prices (excluding VAT) of selected tyre lines, 1998-2000**

Tyre	Number bought	Tender price	Actual prices paid
<b>185/65 TR 14 Continental CT22/ECO</b>	1,569	£38.12	£44.22 to £48.63
<b>185/65 VR 14 Continental CV90</b>	1,406	£60.98	£72.67 to £84.87
<b>185/65 HR 14 Dunlop SP200</b>	1,751	£50.75	£56.33
<b>195/60 VR 15 Dunlop SP200</b>	1,088	£68.58	£79.31
<b>165/70 TR 14 Semperit 701</b>	1,695	£33.36	£33.36
<b>185/65 HR 14 Semperit Top Speed</b>	1,253	£53.06	£53.06

Source: Analysis by Office of the Comptroller and Auditor General

<sup>4</sup> This figure is the estimated total amount (including VAT) paid to Advance Pitstop for tyres in the period 1998-2000. A further estimated £0.45 million was paid for extra charge items.

### **Prices Paid for Tyres by Other Public Sector Purchasers**

**2.46** The Garda Síochána were Advance Pitstop's biggest customer among central government purchasers. The next most significant government purchaser from Advance Pitstop was the Defence Forces. In 2000, they bought an estimated £64,000 worth of tyres from the company. The Defence Forces also bought tyres from a range of other approved suppliers.

**2.47** A sample of invoices for Defence Forces' purchases from Advance Pitstop in 2000 was extracted and analysed. The prices the Defence Forces were charged for tyres were compared with those the Garda Síochána were charged in 2000 and with the 1997 tender prices offered by Advance Pitstop.

**2.48** The Defence Forces and the Garda Síochána have very different requirements in terms of size and performance of tyres. However, it was possible to identify 12 cases in 2000 where the Defence Forces bought from Advance Pitstop the same size and brand of tyre as the Garda Síochána, at around the same time. In 11 of these 12 cases, the Defence Forces paid unit prices very significantly less than the Garda Síochána for the same products. In the remaining case, the two forces paid exactly the same price for a Semperit product.

**2.49** In the period 1998-2000, the Garda Síochána bought substantial quantities of only two of the tyre lines matched in the Defence Force sample of invoices. The price comparison for these two lines is shown in Figure 2.11.

**Figure 2.11 Comparison of unit prices for selected tyre lines bought by both the Defence Forces and the Garda Síochána in 2000 (excluding VAT)**

<b>Tyre</b>	<b>Price charged to the Defence Forces</b>	<b>Price charged to the Garda Síochána</b>	<b>Difference paid by the Garda Síochána</b>
<b>155/70 TR 13 Semperit 701</b>	£19.16	£25.40	+33%
<b>185/75 R 14 Semperit M833 8PR</b>	£33.61	£47.41	+41%

Source: Analysis by Office of the Comptroller and Auditor General

**2.50** The two matched products accounted for around 3% of the tyres purchased by the Garda Síochána in the period 1998-2000. Had they paid the same unit price for these purchases as the Defence Forces, they could have saved over £5,000 on these tyres alone.

**2.51** Further analysis of the prices paid for the tyres included in the sample shows that, for most purchases from Advance Pitstop in 2000, the Defence Forces paid significantly lower unit prices than those offered by the company in its 1997 tender.

**2.52** The Revenue Commissioners bought almost £10,000 worth of tyres from Advance Pitstop in 2000. A sample of these transactions was also examined. This showed that the Revenue Commissioners also paid prices significantly lower than those paid by the Garda Síochána. However, the prices the Revenue Commissioners paid were higher than those offered by Advance Pitstop in their 1997 tender.

## Extra Charge Items

**2.53** In addition to supplying tyres, Advance Pitstop supplied the Garda Síochána with a range of other items e.g. fitting tyres onto vehicles, carrying out wheel alignment and balancing and replacement of tyre valves. The main extra charge items and the quantities and costs involved are shown in Figure 2.12.

**Figure 2.12 Extra charge items supplied by Advance Pitstop, 1998-2000**

Type of item	1998	1999	2000	Total items	Cost of items (ex VAT) £
Wheel alignment <sup>a</sup>	1,472	1,521	1,527	4,520	116,600
Wheel balancing	7,371	7,140	7,523	22,034	83,300
Tubeless valves ( <i>supply and fit</i> )	6,774	6,837	8,217	21,828	52,100
Exhaust ( <i>repair/replacement</i> )	106	116	73	295	26,100
Fitting of tyre	6,834	6,346	5,749	18,929	16,800
Nitrogen fill in tyres	0	2,209	7,120	9,329	11,200
Puncture repair	643	552	534	1,729	7,000
Battery ( <i>supply and fit</i> )	20	30	34	84	2,700
<b>Other extra charge items</b>	<b>393</b>	<b>506</b>	<b>334</b>	<b>1,233</b>	<b>37,400</b>

Source: Analysis of Advance Pitstop invoice details

Note: <sup>a</sup> Includes computer geometry checks, front and rear alignment adjustment and electronic tracking.

### **Arrangements for Fitting of Tyres**

**2.54** Some Garda stations and district headquarters are too far from Advance Pitstop depots to make it worthwhile to avail of the supply-and-fit service that Advance offers. In those situations, Advance Pitstop delivers the required tyres to the station where the vehicle is based. Arrangements are made with local garages to fit the tyres and to provide other related services. Because payment for these services is made locally by District Officers, it is difficult to estimate the total amount paid for tyre services under these local arrangements.

**2.55** In 1998 and 1999, the Garda Síochána paid fitting charges in relation to over 80% of the tyres bought from Advance Pitstop. In 2000, the number of fitting charges fell to 68% of the number of tyres supplied. This may give an indication of the extent of the Garda's 'supply-only' business with Advance Pitstop but there is no obvious reason why so many more of the tyres supplied by Advance Pitstop in 2000 would be 'supply-only' tyres.

### **Consumption of Extras**

**2.56** Nationally, the amount paid to Advance Pitstop for extras in 1998-2000 was equivalent to around 26% of the amount spent on tyres. However, this masks very considerable variation between Garda stations and districts. Figure 2.13 shows the variation in expenditure on extras for the stations that had the highest expenditure on tyres in 1998-2000. This ranged from 1% in Drogheda (which doesn't have an Advance Pitstop depot) to 48% in Tallaght.

**Figure 2.13 Extent of spending on Advance Pitstop extras in 1998-2000, selected Garda stations/units**

Station/Unit <sup>a</sup>	Expenditure on tyres	Expenditure on extras as a percentage of expenditure on tyres
	£	%
<b>Central Detective Unit</b>	115,700	28
<b>Anglesea Street</b>	30,700	27
<b>Blanchardstown</b>	27,200	26
<b>Portaloise</b>	27,100	4
<b>Santry</b>	26,000	23
<b>Tallaght</b>	24,800	48
<b>Drogheda</b>	23,400	1
<b>Dublin Traffic Department</b>	18,400	25
<b>Lucan</b>	17,800	34
<b>Henry Street</b>	17,600	27
<b>Ballyfermot</b>	17,500	38

Source: Analysis of Advance Pitstop invoice details

Note <sup>a</sup> Table shows all stations or units in respect of which Advance Pitstop was paid more than £17,500 for tyres in 1998-2000

**2.57** Twenty two stations around the country had tyres supplied but had no expenditure on extras, which suggests that they relied exclusively on local fitting arrangements. On the other hand, the amount spent on extras for vehicles at a number of stations was extremely high. For example, £6,337 was spent on tyres for vehicles stationed in Clonmel, while the spending on extras was £5,036 — 79% of the expenditure on tyres. In the Bridewell, the expenditure on extras was equivalent to 60% of the expenditure on tyres.

**2.58** Figure 2.14 presents some summary indicators of the rates of consumption of extra charge items. These indicators are expressed in terms of the number of visits to Advance Pitstop depots, the number of tyres supplied or the number of vehicles in the fleet, as appropriate.

**2.59** The practice throughout the period seems to have been that the tyre valve was usually replaced when a tyre was replaced on a Garda vehicle. By 2000, replacement of valves seems to have almost equalled the number of tyres supplied, even though a significant proportion of tyres were on a supply-only basis. The total cost of replacing valves in 1998-2000 was £52,000.

**2.60** In general, valves on tubeless tyres do not need replacement when the tyre is being replaced. Even when a tyre is damaged, damage to the valve is relatively unusual. Consequently, it seems unnecessary as a general rule to replace a valve when replacing a tyre. This suggests that much of the expenditure incurred on this product may have been unnecessary.

**Figure 2.14 Rate of consumption of main extra charge items, 1998 to 2000**

Indicator of consumption	1998	1999	2000
Wheel alignment carried out (as % of all visits to Advance)	43%	44%	41%
Tyre balancing carried out (as % of all tyres supplied)	89%	90%	90%
Tubeless valves supplied (as % of all tyres supplied)	82%	87%	98%
Tyres filled with nitrogen (% of all tyres supplied)	0%	28%	85%
Exhaust repairs (% of all vehicles)	6%	6%	4%
Puncture repairs (% of all vehicles)	37%	30%	27%

Source: Analysis of Advance Pitstop invoice details

**2.61** Filling tyres with nitrogen (at a cost of around £1.20 per fill) instead of air (which is a zero charge item) appears also to have become the general practice over the period examined. There are situations where using nitrogen in tyres is useful but it is not clear that this would include use in all Garda vehicles. At a minimum, the Garda Síochána should have properly documented studies to justify the introduction of this practice.

**2.62** The decline in the rate of puncture repairs (from the equivalent of 37% of vehicles in 1998 to 27% in 2000) is quite significant. It is not possible to establish if this came about because vehicles have, for some reason, become less likely to suffer a puncture, or because there is an increasing tendency to replace punctured tyres completely.

**2.63** The consumption of extra charge items is being investigated by Garda management.

### **Prices Paid for Extra Items**

**2.64** The Advance Pitstop tender price list also included prices for some of the extra charge items supplied.

- In its tender, Advance Pitstop offered to supply and fit tubeless valves for car tyres for £1.25 each. In fact, the Garda Síochána paid £2.50 for each valve supplied. A total of 20,800 car valves were fitted, resulting in a total overpayment on this item of around £26,000.
- It is estimated that overpayment on other extra items amounted to around £2,000.

## **Conclusions**

**2.65** The available evidence suggests that, in the period 1998-2000, the Garda Síochána bought and consumed a surprisingly high quantity of tyres for their vehicle fleet, even allowing for the nature of the driving they undertake. The consumption of tyre extras also seems to be very high.

**2.66** It appears that, to some extent, the Transport Section consciously planned the tyre brands to be fitted to Garda vehicles. In general, the aim was to fit tyres of the size and speed rating originally fitted when vehicles were delivered, but to use cheaper brands where possible. However, there was a failure to follow up this planning because the tyre brands bought from Advance Pitstop often differed from those planned, and cost significantly more.

**2.67** The switch in brands would not have mattered much from an economy point of view if the Garda Síochána had been charged the prices indicated in Advance Pitstop's 1997 tender price lists. However, throughout 1998-2000, the Garda Síochána failed to ensure that the prices they paid for goods and services were those originally offered. The prices paid for certain brands and sizes bought on a regular basis were significantly greater than the tender prices. Consequently, the shift in brands supplied was very significant from the point of view of economy.

**2.68** The estimated total overpayment on all goods and services supplied in the period 1998-2000, relative to the prices offered in the Advance Pitstop tender, was around £208,000. This is around 10% of the total amount paid to Advance Pitstop in the three years.

**2.69** The prices paid by the Garda Síochána were significantly higher than those paid by the Defence Forces. Not only did the Defence Forces pay less for tyres than the Garda Síochána, they also paid less than the tender prices for many of the tyres they bought.

## **3 Selecting Tyre Suppliers for the Garda Síochána**

**3.1** The supply and fitting of tyres on Garda vehicles was carried out under a variety of arrangements up to 1994, when Advance Pitstop was selected as the supplier for the bulk of the fleet. This chapter describes the circumstances surrounding the appointment of Advance Pitstop as the main supplier in 1994. It also examines the tendering process undertaken in 1997 for the supply of tyres to government departments and agencies, including the Garda Síochána.

### **Purchase of Tyres from Tyre Manufacturers**

**3.2** Up to 1992, all tyres for the Garda fleet were purchased directly from the tyre manufacturers and were delivered to the Transport Section workshops in the Phoenix Park. From there, tyres were distributed to Garda district headquarters throughout the country, as required. Tyres for vehicles based in Dublin districts and national units were fitted in the Transport Section workshops. In other districts, the fitting of tyres on vehicles was arranged locally.

**3.3** This system, while allowing centralized control over tyre purchases, had a number of drawbacks. Garda vehicles could be out of service while awaiting delivery and fitting of tyres. Because of the delays, vehicles were also occasionally driven on defective or wrongly-specified tyres. In addition, the overhead costs of storage and administration were high.

**3.4** From early 1992 on, the Garda Síochána asked their main tyre suppliers at that time — Dunlop and Semperit — to deliver tyres direct to all Garda district headquarters outside Dublin. (Within Dublin, tyres were delivered to the Transport Section workshops.) District Officers were required to put in place suitable administrative systems for ordering, storing and fitting tyres. In practice, it was found that there were often delays in the delivery of tyres with the consequence that vehicles could still be out of service for long periods, awaiting the supply and fitting of tyres. Eventually, Semperit withdrew from the delivery arrangement.

### **Origin of the Local ‘Supply and Fit’ System**

**3.5** A tender competition for the supply and fitting of tyres was organised in 1993 by the Government Supplies Agency (GSA), which is responsible for the procurement of supplies and services in common use in central Government departments and offices, including the Garda Síochána. The tender was for the supply of tyres for an initial period of twelve months and ‘thenceforward until terminated’.

**3.6** GSA approved four companies as authorised tyre suppliers — three manufacturers and Advance Pitstop. The arrangement with the approved suppliers required them to supply tyres in quantities demanded by purchasing agencies, on the agreed price terms. Price increases were allowed under the agreement, on condition that they gave prior notice of the price increase, in writing, both to the customers and the GSA.

**3.7** A list of the approved suppliers, together with details of their offer prices and discounts, was provided to all relevant purchasing agencies, including the Garda Síochána. The agencies were advised by the GSA to ensure they kept up-to-date about the prevailing prices from the different suppliers.

**3.8** Advance Pitstop had been in negotiation with the Garda Síochána prior to the tender competition about provision of a supply and fit tyre service for Garda vehicles. Based on the

prices in the tender offers, the Garda Síochána concluded that the Advance Pitstop proposals presented an opportunity to make considerable savings and to reduce the administrative burden of sourcing and fitting tyres. In February 1994, the Garda Síochána entered into a pilot arrangement with the company whereby selected Garda districts purchased their tyre requirements from local Advance Pitstop depots. The Garda Síochána extended the arrangement in July 1994 to all Garda districts, including those in Dublin.

**3.9** There is no evidence that the Garda Síochána carried out a comprehensive review of the pilot arrangement with Advance Pitstop. Based on a variety of Garda documents, including the letters to District Officers announcing the new arrangements, the Garda Síochána appear to have identified the following elements as potential benefits of the arrangement with Advance Pitstop.

- Significant financial savings were expected by using Advance Pitstop's service, rather than relying on direct purchase of tyres and local arrangements for fitting. The financial saving was expected to come about partly through price differentials for tyres but mainly through reduced storage and labour costs in the Transport Sections workshop.
- Advance Pitstop would provide the exact tyre requirements, in terms of brand, size and speed rating.
- Garda vehicles would be fitted quickly in Advance Pitstop depots, each of which would maintain special stocks of the tyres required.
- Where Garda vehicles were stationed too far away from Advance Pitstop depots to avail of the supply-and-fit service, Advance Pitstop would deliver tyres within 48 hours for fitting locally.
- Vehicle downtime while awaiting tyres and the incidence of vehicles operating on defective tyres would be reduced.
- Less mobile patrol time would be lost in travelling long distances for fitting.

## **1997 Tender Competition**

**3.10** The GSA organized a second tender competition for the supply of tyres to central government agencies in 1997. The tender competition was designed to select companies for inclusion on a list of suppliers from which central Government agencies would purchase tyres, as required. The structure of the competition was similar to that used in 1994.

### ***Estimating the Size of the Contract***

**3.11** In February 1997, the GSA asked agencies with large motor vehicle fleets, including the Garda Síochána, to provide details about their actual usage of tyres in 1995-1996 and an estimate of requirements for 1997 and 1998. They also asked for a statement of expenditure for 1995-1996 and estimated expenditure for 1997 and 1998.

**3.12** The GSA provided a pro-forma sheet for the agencies to use in sending their replies. Instead of using the sheet provided, the Garda Síochána sent a letter of reply that provided only half the information sought. Specifically, they told the GSA

- how much they had spent in buying tyres for fitting in the Transport Section workshops, but not how many tyres they had bought, and conversely
- how many tyres had been bought from Advance Pitstop, but not how much had been paid to them.

**3.13** Having received the incomplete Garda reply, the GSA contacted the Transport Section on 8 April 1997. The Garda Síochána provided an estimate of the total number of tyres likely to be required each year. The lack of information about the cost of tyres was apparently not dealt with at that time.

**3.14** The GSA estimated the overall volume of tyres required would be 10,500 units a year and that the value of the contract would be £190,000 a year (excluding VAT). This suggests the expected unit price to be paid for tyres would be £18 each. An invitation to tender for the supply of tyres on that basis appeared in the Official Journal of the European Communities on 6 May 1997.

**3.15** The GSA realised that the estimated overall contract value was wrong before the advertisement appeared and revised their estimate to £450,000 a year (excluding VAT) — an expected cost of around £43 per tyre. They notified the publishers of the Official Journal of the change in the estimate on 2 May 1997 but the original estimate appeared in the advertisement. A further advertisement, based on the revised estimate, appeared in the Official Journal on 9 May 1997.

### ***GSA's Assessment of the Tenders***

**3.16** In addition to publishing the notice in the Official Journal, the GSA directly invited ten companies to submit tenders. Tenders were received by the specified closing date from seven of the ten companies.

**3.17** The criteria for deciding which tenderers should be placed on the list of approved suppliers were not set out clearly. In the Official Journal notice, standard award criteria were listed. These included price, delivery date, running costs, quality, technical merit, after-sales service and technical back-up. Tenderers were further advised to 'see contract documents'. However, the contract documents do not explain what criteria were to be used to evaluate the offers.

**3.18** The tenders received were evaluated by the GSA's Inspector of Mechanical Transport. In the evaluation process, only the prices for the supply of tyres were considered. The ranking arrived at by GSA in relation to the prices offered by tenderers for a sample of car tyres is shown in Figure 3.1.

**3.19** It was noted in the evaluation that a number of the tenderers (including Advance Pitstop) had offered to fit tyres in networks of fitting centres, and at a range of fitting charges. However, no comparative analysis of the offers for supply-and-fitting seems to have been undertaken by the GSA.

**3.20** The GSA's Inspector recommended that all the tenderers should be placed on the list of suppliers to provide government departments and agencies with a wide choice of suppliers from whom to buy tyres. This was intended to accommodate the different requirements of purchasers like the Defence Forces, who fit their own replacement tyres, and the Garda Síochána who needed a broader range of products and favoured a supply-and-fit system.

**3.21** The GSA sent the Inspector's report and price analysis to both the Garda Síochána and the Defence Forces — the two main potential customers for tyres — before a final decision was made. They agreed with the recommendation that all the tenderers be put on the approved list.

**Figure 3.1 Government Supplies Agency's ranking of tenders for supply of car tyres**

<b>Tenderer</b>	<b>Brand of tyres offered</b>	<b>Ranking on cost (1 = cheapest)</b>
<b>Semperit</b>	Semperit	1
<b>Moremiles</b>	Goodyear	2
<b>SP Tyres</b>	Dunlop	3
<b>Advance Pitstop</b>	Semperit	4
<b>Advance Pitstop</b>	Continental	4
<b>Treadwell</b>	Firestone	6
<b>Bridgestone</b>	Bridgestone	6
<b>Advance Pitstop</b>	Bridgestone	8
<b>Advance Pitstop</b>	Dunlop	9
<b>Michelin</b>	Michelin	10
<b>Advance Pitstop</b>	Goodyear	11
<b>Advance Pitstop</b>	Michelin	12

*Source: Government Supplies Agency*

### **Placement of Contracts**

**3.22** Specific supply contracts were not placed with any of the tenderers. However, on various dates between 29 January and 4 March 1998, the GSA advised all the companies that tendered that they had been approved for the supply of tyres to government departments and agencies and informed them of the conditions that would apply to any contract entered into with a purchasing agency, on foot of the tendering process. A standard GSA order form was used to deliver the notification and the same wording was used for all suppliers. A facsimile of the order sent to Advance Pitstop on 29 January is shown in Figure 3.2 (overleaf).

**3.23** The conditions of contract comprise the provisions of the tender documents issued by the GSA (general conditions of contract, additional conditions of contract and notes to tenderers), together with the discount rates and price lists submitted by the tenderers and the GSA's letter of notification. In summary, the main features of the contract are

- The agreement between the supplier and the GSA was not for a specific number of tyres but for the supply of tyres when requested by relevant Government agencies.
- The supply of tyres, as and when required during 1998, was to be at the net prices based on the discount rates and price lists submitted with the tender documents.
- Prior notification of the dates of any price variations was to be given both to the GSA and to ordering Departments, together with the revised supplier price lists.
- Suppliers were required to send their price lists to purchasers, when requested.
- Suppliers were required to deliver tyres to various locations throughout Ireland, as required by the purchaser, and within three days of receipt of orders.
- Suppliers were required to provide a nationwide advisory and backup service free of charge for the duration of the contract.
- Invoices for payment were to be sent directly to the purchasing agency, not to the GSA.

**Figure 3.2 Facsimile of Government Supplies Agency's letter of acceptance of Advance Pitstop's tender, 29 January 1998**

	<p>Advance Tyre Co. Ltd.,</p> <p>Advance House,</p> <p>J.F.K. Drive,</p> <p>Naas Road,</p> <p>Dublin 12.</p>	<p><b>GOVERNMENT SUPPLIES AGENCY</b>  <b>4-5 HARCOURT ROAD</b>  <b>DUBLIN 2</b></p> <p>TELEPHONE: (01) 661 3111          FAX: (01) 478 0645</p> <p>DATE <u>29</u> January, 1998</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="background-color: black; color: white;">ORDER FORM NUMBER</th> </tr> <tr> <td style="text-align: center;">T0670</td> </tr> </table>	ORDER FORM NUMBER	T0670								
ORDER FORM NUMBER												
T0670												
<p>I am to inform you that subject to the conditions embodied therein, your tender dated <u>12/6/1997</u></p> <p>for the supply / execution of the under-mentioned goods / works is hereby accepted.</p> <p>Delivery is to be made to: <u>Departments as ordered</u></p> <p style="text-align: right;">Signature _____ (Authorised Officer)</p>												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">ITEM NO.</th> <th style="width: 15%;">QUANTITY</th> <th style="width: 45%;">DESCRIPTION</th> <th style="width: 10%;">@</th> <th style="width: 10%;">£</th> </tr> </thead> <tbody> <tr> <td></td> <td style="vertical-align: top;">As required</td> <td style="vertical-align: top;">                     Supply of Tyres, Tubes, Flaps as and when required for 1998 at the fixed discounts off your price lists submitted with your tender documents.                       V.A.T. extra @ 21%                       Demands to be met within 3 days.                       Prior notification of the dates of any price variations must be given to Agency and ordering Departments whom the publication of any revised company price lists.   <u>Accounts:</u> To be sent to ordering Department.                 </td> <td></td> <td></td> </tr> </tbody> </table>			ITEM NO.	QUANTITY	DESCRIPTION	@	£		As required	Supply of Tyres, Tubes, Flaps as and when required for 1998 at the fixed discounts off your price lists submitted with your tender documents.  V.A.T. extra @ 21%  Demands to be met within 3 days.  Prior notification of the dates of any price variations must be given to Agency and ordering Departments whom the publication of any revised company price lists.  <u>Accounts:</u> To be sent to ordering Department.		
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## Evaluation of the Offers by the Garda Síochána

**3.24** The GSA informed the relevant agencies, including the Garda Síochána, of the results of the tender competition in January 1998. With the letter of notification, they appended a schedule detailing the rates of discount offered by the suppliers.

**3.25** The GSA did not send the original tender price lists to the agencies, although the lists were supposed to form part of the contract. In its letters of notice, the GSA advised the agencies to seek current price lists from the suppliers and to ask the suppliers for prior notification of any proposed price variations. They also told the agencies that some of the firms had offered a fitting service and that, if this was of interest, they should seek price information about the service when dealing with those suppliers.

**3.26** Given the way the tender competition was structured, the onus was clearly on the Garda Síochána to establish which of the approved suppliers offered the best service and best value for money in meeting their requirements.

**3.27** A short internal document comparing suppliers' prices for tyres appears to have been submitted to the Garda Superintendent in charge of the Transport Section in June 1998. This submission is the only available evidence of the Garda Síochána carrying out an evaluation of tyre prices in 1998. It is unclear what, if any, action followed this submission.

**3.28** There is evidence to suggest that the Transport Section Purchasing Committee (consisting of the Superintendent, Technical Inspector and Fleet Manager) may have considered the document at a meeting held in June 1998. However, there is no documentary evidence available to indicate what decision they took in relation to the purchasing of tyres. In the event, the existing arrangements with Advance Pitstop were not changed following the Committee meeting.

**3.29** The submission was reviewed carefully. The overall conclusion from that review is that the document submitted to the Superintendent in charge of the Transport Section was seriously misleading.

### ***Comparison of Prices***

**3.30** The task of comparing prices did not require overly complex analysis and the form of the price analysis carried out was suitable. However, the data used was incorrect in several important respects.

**3.31** Some of the prices quoted in the submission were very significantly lower than those actually being paid to Advance Pitstop at the time. This occurred even though Transport Section staff were regularly authorising payments to Advance Pitstop on the basis of invoices that clearly showed the unit prices being charged.

**3.32** Figure 3.3 illustrates this point in relation to one of the tyre sizes quoted in the submission. Relative to the actual price being paid at the time, the Advance Pitstop price quoted in the document was understated by around £9 for the Semperit brand and by over £12 for the Continental brand. Similar incorrect prices for other tyre sizes were also attributed in the submission to Advance Pitstop.

**Figure 3.3 Prices used in evaluation of supply options, compared to tender and actual prices**

Tyre Brand (All 185/65 14 H tyres <sup>a</sup> )	Advance Pitstop's tender price	Advance Pitstop's actual price June 1998	Price used in Garda analysis June 1998
	£	£	£
<b>Semperit</b>	53.06	53.06	43.95
<b>Dunlop</b>	50.75	56.33	56.38
<b>Continental</b>	52.41	60.80	48.25
<b>Bridgestone</b>	58.26	— <sup>b</sup>	49.50
<b>Michelin</b>	61.41	— <sup>b</sup>	64.49

Source: Analysis by Office of the C&AG

Note: a This tyre size accounted for 21% of the tyres bought by the Garda Síochána from Advance Pitstop in 1998.

b No Bridgestone or Michelin tyres of this size were bought by the Garda Síochána in June 1998.

**3.33** The analysis done suggested that Semperit tyres supplied and fitted by Advance Pitstop was the cheapest option for each of the four tyre sizes included in the analysis. Had the correct tender prices submitted by Advance Pitstop in June 1998 been taken into account in the analysis, other companies would have emerged as the cheapest suppliers for three of the four tyre sizes.

**3.34** A document in the Garda files, which appears to be an Advance Pitstop pricelist, contains prices that match those included in the submission. However, there is no record of how or when this document was received by the Garda Síochána.

#### **Other Defects in the Evaluation**

**3.35** There is no evidence that there was any review of how the arrangements with Advance Pitstop operated in the period 1994-1997, although this was certainly relevant to any proper evaluation of the options available to the Garda Síochána in 1998. Despite the lack of such a review, there was a statement in the submission “memos from most Chief Superintendents which verify (that the scheme worked well) are on file”. However, no such documents can be found.

**3.36** Other factors relevant to a proper evaluation of the available options, such as location of service outlets relative to Garda stations and expected impact on vehicle downtime, were not taken into account in the submission.

**3.37** Moremiles, which had a network of tyre centres in all the main population centres, was one of the companies included in the list of approved suppliers by the GSA but was not included in the Garda Síochána’s analysis. It was stated in the evaluation report that Moremiles had been asked to provide up-to-date prices but had failed to provide any details. However, there is no evidence in Garda records that this request was made.

**3.38** Treadwell, another approved supplier with a nationwide network of franchised fitters, was also not included in the analysis.

**3.39** The analysis carried out by the Garda Síochána was based on a comparison of costs for supply and fitting of tyres. Consequently, for each tyre size, the cost shown included either a tender offer price for tyre fitting, or an assumed fitting cost. For Advance Pitstop, the tender price was £0.85 per tyre; Bridgestone offered in their tender to arrange fitting at a network of independent garages at a rate of £1.50 per tyre. For suppliers who did not offer a tender price for

fitting, it appears to have been assumed that the fitting cost would be £15 per tyre. No evidence to back up this assumed cost element was presented.

## Conclusions

**3.40** The Garda Síochána decided that the preferred method for fitting tyres on their fleet, given its size and nationwide deployment, was through local supply-and-fit arrangements. In this respect, they differed from most other large public sector purchasers of tyres, who typically buy tyres in bulk and fit them themselves in their own networks of workshops. It might therefore have been preferable for the GSA to run two separate procurement competitions — one for supply-only and one for supply-and-fitting of tyres. Alternatively, they could have structured and designed a competition that had two separate parts, where tenderers could apply to be considered for one or both supply methods.

**3.41** Planning, implementation, evaluation and contract placement for the 1997 tender competition took almost 15 months in total. In particular, the lapse of 7 to 9 months between the receipt of tenders and the notification to suppliers that they had been placed on the approved list appears excessive.

**3.42** The manner in which the tendering and procurement process was carried out resulted in confusion about the overall value of the contract and a complex and imprecise statement of the conditions of contract. In particular, it is not clear whether only fixed discount rates applied or — as should have been the case — fixed discount rates on fixed offer prices. Such deficiencies should not occur in purchasing contracts of this scale.

**3.43** Whatever the problems with the design and operation of the tender competition, the responsibility for properly evaluating the various offers clearly rested with the Garda Síochána. An evaluation was carried out but on the basis of the evidence available, crucial aspects of the evaluation appear to have been seriously misleading. Management in the Transport Section appear to have considered the submission without spotting its deficiencies as an evaluation exercise and allowed the existing arrangements with Advance Pitstop to continue.

**3.44** A proper evaluation of the offer from the various approved suppliers would have shown that there were suppliers who were willing to meet at least some of the Garda's need for tyres at prices significantly less than those Advance Pitstop offered in their tender. Consequently, the choice of Advance Pitstop as the principal supplier of tyres for the Garda fleet resulted in a further significant loss of economy, over and above that described in Chapter 2 of this report.

**3.45** The way in which the tender competition was structured was intended to allow public sector bodies to buy tyres from any of the approved suppliers, depending on who offered best value for the required size and brand. Consequently, the Garda Síochána were not required to buy all their tyres from Advance Pitstop. Other suppliers could have been used in locations where Advance Pitstop did not have convenient depots or where other suppliers offered lower prices for individual brands or sizes.

## **4 Managing and Controlling Tyre Purchasing**

**4.1** Maintenance and operation of the Garda Síochána fleet, including the supply and fitting of replacement tyres when required, are complex processes. Around 2,200 vehicles are deployed to over 400 units, including Garda stations and other Garda premises nationwide, and specialist units. Many vehicles have to be available for use at short notice, 24 hours a day throughout the year, and there are security factors to be taken into account in addition to normal safety considerations. Keeping such a fleet operating efficiently at reasonable cost is difficult and requires strong and effective management and control systems.

**4.2** This chapter examines the Garda Síochána's management and control systems in relation to tyre purchasing. The primary focus is on the systems operating in the period 1997-2000 but changes in systems in 2001 are also reviewed.

### **Transport Section Management Structure**

**4.3** Figure 4.1 outlines the management structure of the Transport Section throughout the period 1998-2000. Within that structure, the Transport Officer had direct responsibility for all transport functions. A Garda officer of Superintendent rank held this post. He was assisted by two officers of Garda Inspector rank. One managed all technical aspects while the other handled administrative issues.

**4.4** The Fleet Manager — a civilian employee — reported directly to the Chief Superintendent. He was recruited in 1991 to act as a professional advisor to the Garda managers of the Transport Section on all aspects of the fleet, including vehicle specification, acquisition, utilisation, maintenance and disposal. He had no executive role in relation to the fleet in the period 1998-2000.

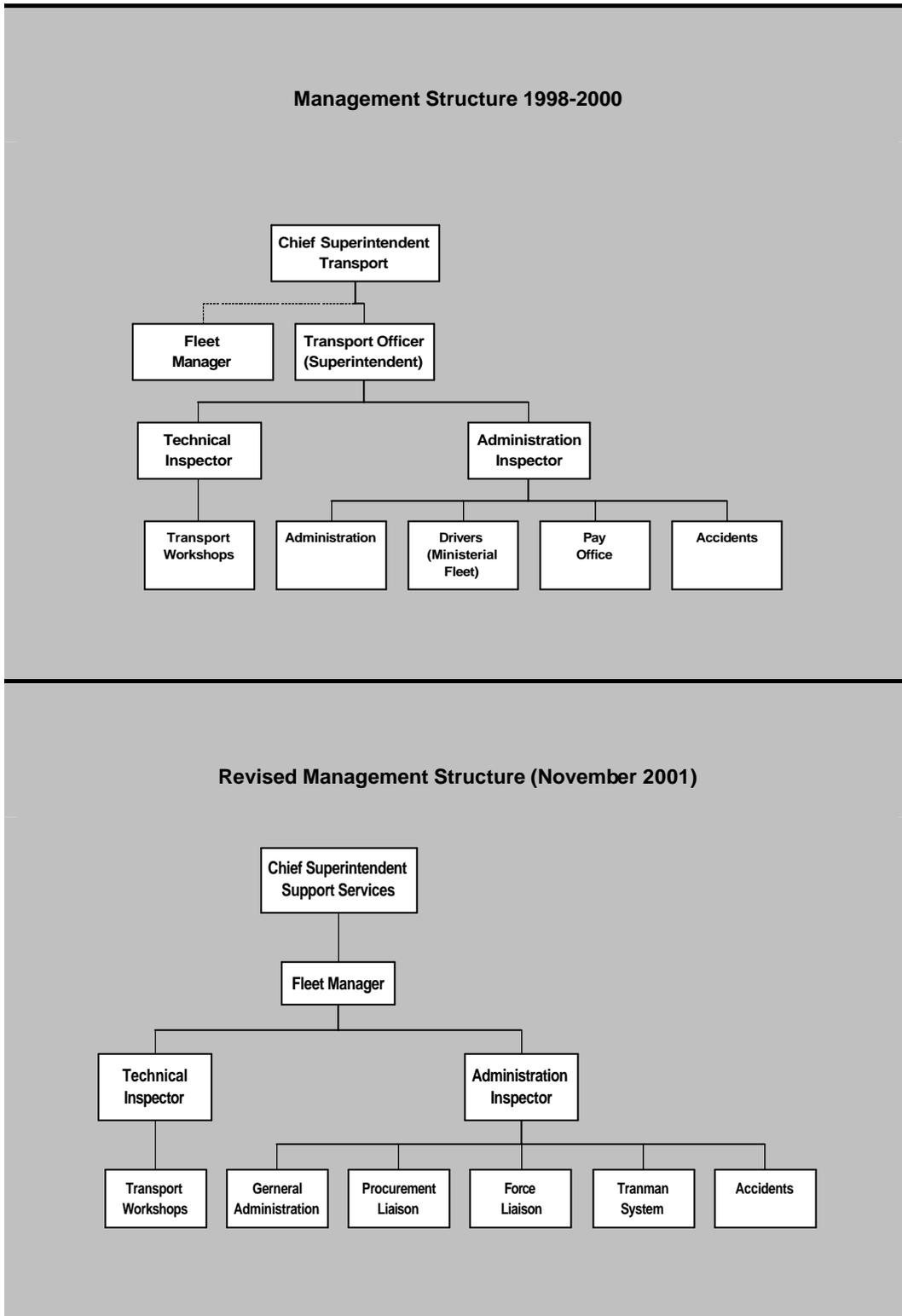
**4.5** The structure of the Transport Section has recently been changed by Garda management. The revised structure gives the Fleet Manager overall control of both technical and administrative aspects of running the fleet (see Figure 4.1).

### **Tyre Purchasing Strategy**

**4.6** Expenditure on tyres has been increasing rapidly in recent years and will continue to increase. In the main, this is related to increases in the number of vehicles in the fleet and in the size of tyres required for the larger vehicles acquired recently. Expenditure on tyres will therefore, almost inevitably, continue to increase in future years. This increases the need for purchasing of tyres to be managed actively to ensure best value is achieved. Higher expenditure may also increase the level of interest by suppliers in meeting the Garda Síochána's needs. Periodic market testing and review of options should therefore be undertaken.

**4.7** The supply and fitting of tyres on Garda vehicles is only one aspect of a more general problem of maintaining and operating the fleet. The Garda Síochána have a clear responsibility to ensure that maintenance work is carried out in a way which offers best value.

Figure 4.1 Management Structure in the Garda Síochána Transport Section



**4.8** Transport Section management should undertake periodic evaluation of the various options for carrying out maintenance work, including the supply and fitting of tyres. The results of this evaluation should inform and guide subsequent procurement strategy. There might, for example, be better value in contracting out all maintenance, including the supply and fitting of tyres, to one service provider in each District rather than to have separate contracts for supply-and-fit of tyres and for other maintenance.

**4.9** Evaluating what is the best strategy for tyre replacement would not override the need to carry out subsequent evaluation of tender offers to establish which tenderer offered best value within the chosen procurement route.

## **Overall Control System**

**4.10** The control system in place in relation to tyre purchasing may vary, depending on the procurement method chosen. In the remainder of this chapter, control system adequacy is considered mainly in relation to the arrangements in place with Advance Pitstop for the supply and fitting of tyres.

### ***Describing the Control System***

**4.11** The arrangement with Advance Pitstop involves central negotiation of a contract and specification of requirements, and delegated responsibility for operation of the contract, involving many different actors.

**4.12** The Garda Code sets out certain responsibilities and procedures to be followed in relation to tyre maintenance on official vehicles. Instructions about the procedures to be followed in relation to the Advance Pitstop arrangements were contained in a series of circular letters issued in 1994 by the Transport Section. Changes in the procedures were also announced in a further circular letter in March 2001.

**4.13** The control procedures in place in relation to the maintenance of tyres on official Garda vehicles are difficult to identify, unclear and difficult to follow. This increases the risk that some Garda officers may not comply fully with the control system.

**4.14** The Garda Síochána have stated that the revised controls in relation to tyre maintenance are being developed as part of a general revision of the Garda Code. The revised Code, when completed, will be made available to all Garda personnel through electronic media. This will facilitate searches for regulations and speedy up-dating of the control system.

### ***Information for Fleet Management***

**4.15** Proper records of transactions and an ability to extract relevant information are necessary to ensure that a devolved contract operates in the way intended. The Garda Síochána's records in relation to the Advance Pitstop contract are incomplete or defective in a number of ways.

**4.16** The records in relation to the Advance Pitstop purchases are not adequate. The accounts system is not capable of generating reports about the number or value of transactions entered into by local Garda stations or districts.

**4.17** A specific member of the Garda Síochána is appointed as the driver in charge of each Garda vehicle. This appointment involves certain functions in relation to the vehicle, including keeping the vehicle logbook up-to-date and ensuring the vehicle is properly maintained. Drivers in charge of vehicles receive an extra pay allowance of up to £19.97 per month in relation to those duties but not all individual vehicle logbooks are readily available or kept up-to-date.

**4.18** The Transport Section bought an off-the-shelf computerized fleet management system, referred to as the *Tranman* system, at the start of 1998. The direct cost of acquiring the system and keeping the operating licence up to date has been around £47,000.

**4.19** *Tranman* is a comprehensive fleet management system. It was intended that information relevant to the operation and maintenance of all Garda vehicles would be collected and input to the system but this has not happened. District Offices are supposed to make monthly returns to the Transport Section of the current mileage on each vehicle, the date of last service, tyres fitted and other repairs carried out, and fuel consumption in the month. However, this doesn't happen in all cases. The forms that are returned are not entered on *Tranman* and no analysis of the returns is carried out. *Tranman* does not even have a complete history of individual vehicles whose maintenance is carried out under the direct supervision of Transport Section workshop staff. The only data item kept on a reasonably up-to-date basis is mileage, to which vehicle disposal is related.

**4.20** When Advance Pitstop were first contracted to supply tyres, Transport Section management expected that the company would provide them with regular reports about what tyres and extras were provided for individual vehicles. When *Tranman* was installed, the expectation was that such reports would be provided in electronic format, so that they could be easily input to the *Tranman* system, thereby facilitating tyre usage monitoring. No reports in a suitable electronic format were received until March 2001.

**4.21** The Garda Síochána have stated that, every two to three months, they sent a computer disc to Advance Pitstop, specifying the size, speed rating and brand of tyre to be fitted on each individual vehicle. However, they have not kept a full set of the specification discs. The specification discs are produced on a spreadsheet separate from *Tranman* and the specification data is not input to the fleet management system.

### ***Inspection***

**4.22** Periodic inspection of tyre purchasing and use would almost certainly have revealed some of the problems with the Advance Pitstop contract described in Chapter 2. However, no inspection function is in place.

**4.23** The Garda Síochána should consider establishing a periodic technical inspection system in relation to the maintenance and operation of official vehicles. Issues examined during inspections could include the standard of maintenance of vehicles (including the use and condition of tyres), conformity with tyre specification, use of extra services, economy of procurement, compliance with contract terms and use of consumables such as fuel.

**4.24** The Garda Síochána have stated that they are developing proposals to have periodic inspection of official vehicles carried out by staff they employ in a number of locations around the country to inspect public service vehicles. Where such staff are unavailable, the required expertise will be obtained from external sources.

## Ordering of Tyre Requirements

**4.25** Ordering of tyre requirements is divided between Transport Section, who are responsible for specifying what should be bought, and local Garda officers who decide when tyres are required.

### ***Specification of Requirements***

**4.26** The driver in charge of a vehicle is required to inspect his vehicle regularly. If replacement tyres are needed, the driver makes an application to the District Officer for permission to order the replacements. If appropriate, the District Officer approves the purchase of the tyres. The driver may then bring the vehicle to the designated fitting depot.

**4.27** Advance Pitstop are informed centrally by Transport Section about what tyres are required for individual vehicles and this information is made available in all Advance Pitstop depots by computer.

**4.28** There is no Garda system for informing local officers what are the specifications for individual vehicles or classes of vehicles. Garda personnel at local district level have no discretion about the type of tyres fitted on vehicles in their charge. However, for control purposes, they should be aware what tyres should be fitted, independently of the tyre suppliers used.

**4.29** When the Advance Pitstop arrangements were first put in place in 1994, Transport Section issued a one-page specification list to all District Officers. These indicated the brand, size, speed rating and load of tyres to be fitted to each class/make of vehicle in the fleet. A short supplementary list was issued in 1995. No lists were issued subsequently.

**4.30** The range of tyre specifications is now much more complex than in 1995. Issuing generic specification lists for each vehicle class/make is therefore more difficult. However, since the specification is provided to Advance Pitstop in electronic form, Transport Section should also be able to make the specification information available to District Officers. At an absolute minimum, each district could be supplied with a print-out of the specifications for vehicles currently assigned to them. Alternatively, the full specification list could be made available on the Garda's national information technology system.

**4.31** Vehicle logbooks issued with new vehicles record the size of tyres fitted but not the brand or speed rating. In most cases, these details do not change throughout the lifetime of a vehicle, so it is difficult to understand why they are not recorded in the logbook. This would be a simple way of informing drivers about the tyres that should be fitted on their particular vehicles.

**4.32** Details of replacement tyres should be recorded in the logbooks, along with mileage and date of replacement.

**4.33** The Garda Síochána are developing a new 'passport' system for individual vehicles. This will record details of all technical aspects of the vehicle. Drivers will be required to enter details of servicing, parts fitted, tyre changes and repairs. Mileage will be recorded for each entry. The passport will be available for inspection both by local management and inspectors and will remain with the vehicle until it is disposed of.

### **Ordering Extras**

**4.34** When the arrangement with Advance Pitstop was first put in place, Transport Section and Advance Pitstop agreed that local Garda officers would decide about the provision of extra charge items such as tyre balancing and wheel alignment.

**4.35** No central policies were formally set in relation to extras and there was no guidance for local Garda officers about what might constitute reasonable consumption patterns. Local officers were not even told that they were responsible for deciding on ordering extras. Without such policies or guidance, officers were generally in an uninformed position when Advance Pitstop staff raised the issue of extra services or proposed that certain services would be provided.

**4.36** The provision of certain extra charge items, such as valves and nitrogen fills, appears to have been adopted as standard, but were not formally agreed between Advance Pitstop and the Transport Section.

**4.37** Extra charge items purchased should also be recorded in the logbooks.

### **Certification of Payment**

**4.38** When necessary work has been carried out or tyres are supplied by Advance Pitstop, the driver in charge of the Garda vehicle concerned signs a delivery confirmation form and is handed a copy. The Advance Pitstop depot sends a further copy of the delivery confirmation form, together with the invoice, to the relevant District Officer.

**4.39** In certifying the payment of invoices received in respect of tyre purchases, each District Officer must, according to the Garda Finance Code, be satisfied that

- the expenses were actually and necessarily incurred
- the goods and services received could not have been provided for a lesser amount and
- the claim is in order under the regulations.

**4.40** In practice, the arrangements in force for local purchasing of tyres made it impossible for District Officers to satisfy themselves on any of these points. District Officers were effectively required to certify claims in circumstances where they did not have information about the prices they should expect to pay, the specifications of the tyres that should be fitted or the agreed central policy on the provision of extra charge items and services.

**4.41** Unlike District Officers, staff in the Transport Section who were involved in authorising payments to Advance Pitstop did have access to the necessary information. However, the general practice there was not to check the amounts invoiced against the prices that should be paid. The total amount paid to Advance Pitstop through Transport Section in 1998-2000 was around £200,000.

**4.42** There is some evidence from the pattern of payments and amounts invoiced that the checking of invoices varied from district to district, and may also have varied over time.

**4.43** Over 98% of the tyres invoiced by Advance Pitstop to the Garda Síochána were associated with valid registration numbers of vehicles in the Garda fleet. However, invoices to the value of over £24,500 were issued for 433 tyres (about 1.8% of the total) where the registration details did not correspond with a Garda vehicle. This included

- 13 transactions (involving 24 tyres) where no registration number was recorded by Advance Pitstop
- 6 transactions (involving 6 tyres) where the registration number recorded by Advance Pitstop was invalid and
- 215 transactions (involving 403 tyres) where a valid registration number was recorded by Advance Pitstop, but the registration number did not correspond with a Garda vehicle registration.

**4.44** Details of these transactions have been supplied to Garda management who are investigating each individual transaction with the relevant District Officers. At the time this report was being completed, they had results in relation to 105 of the 234 transactions. They are satisfied that in 92% of the transactions where results are available, the tyres in question were bought for vehicles in the Garda fleet and that the discrepancies which arose were, in almost all such cases, due to clerical errors made by Advance Pitstop staff in inputting the vehicle registration numbers to their computer system.

**4.45** Careful vetting of invoice details at payment authorisation stage should have resulted in invoices with incorrect details being rejected. There is evidence that this happened in at least some cases. Advance Pitstop issued 227 credit notes, with a total value of over £40,000 (excluding VAT), to the Garda Síochána in the period 1998-2000. This represents 2.4% of the amount actually paid to Advance Pitstop.

**4.46** The value of credit notes issued varied from district to district. Five districts received credit notes equivalent to 10% or more of their payments to Advance Pitstop. In one district, credit notes worth over 18% of the amount paid were issued.

**4.47** No credit notes were issued to 37 districts, which between them bought over £370,000 worth of goods and services from Advance Pitstop in 1998-2000. This included 14 districts that paid more than £10,000 each to Advance Pitstop. It seems highly unlikely that this volume of business could be transacted without some incidence of incorrect invoicing.

## Conclusions

**4.48** Given the scale and deployment of the Garda fleet, some form of devolved responsibility for fleet management will be required. Management and control systems have to be designed to suit the devolved arrangements.

**4.49** The management and control systems in place in 1998-2000 in relation to tyre purchasing were completely inadequate. In effect, the Garda Síochána ceded control of key aspects of the supply of tyres to Advance Pitstop and allowed themselves, in crucial respects, to become captive to their supplier.

## **Appendices**

## Appendix A Data Sources and Validation

The Garda Síochána Transport Section provided an extract from the Garda Fleet Management System (*Tranman*) database for purposes of this examination. The following details were supplied for all 3,395 vehicles in the Garda fleet during some or all of the period 1998-2000

- vehicle registration number
- type, make and model of vehicle
- current status of vehicle (e.g. allocated, disposed of)
- location to which the vehicle currently assigned
- brand and specification of tyres originally fitted when vehicle was delivered
- latest recorded mileage
- date mileage last recorded
- date of disposal (*blank for vehicles still in the fleet*)
- mileage at disposal (*blank for vehicles still in the fleet*).

Reliable information about the cost, quantity and type of tyres and services purchased from Advance Pitstop was not readily available in the records of the Garda Síochána, or of the Department of Justice, Equality and Law Reform, which handles the financial accounts and central payments for the Garda Síochána. However, Advance Pitstop supplied extensive details of all transactions between the company and the Garda Síochána in the period 1998-2000 to the Internal Audit Unit of the Department of Justice, Equality and Law Reform. This data set was subsequently made available to the Office of the Comptroller and Auditor General during this examination.

The Advance Pitstop data was contained in three spreadsheet files — one for each year. The total number of transactions recorded in the database was 11,900. The information on each transaction included

- invoice or credit note identification number
- date of transaction
- vehicle registration number for the vehicle receiving the goods and/or services
- Garda Station where the vehicle was stationed
- Garda District to which invoice/credit note was sent
- Advance Pitstop depot where goods and/or services were provided
- product description (e.g. tyres, balancing, tracking)
- brand, size and speed rating of tyre(s) supplied
- list price
- discount allowed
- VAT paid
- net price.

The validity of the Advance Pitstop database was tested, on a sample basis, to establish if payments known to have been made to Advance Pitstop by the Garda Síochána appeared on the database. A sample of actual payments made to Advance Pitstop was drawn from the payments records of the Department of Justice, Equality and Law Reform. The sample represented a wide range of Garda Districts and also included payments authorised centrally by the Transport Section. For almost all the sample payments, corresponding transactions with matching details were found in the Advance Pitstop database. The only significant exception appeared to be payments by Transport Section to Advance Pitstop in early 1998 that did not appear in the Advance Pitstop database. It was estimated that transactions totalling £38,000 were missing from the database.

On the basis of this validation exercise, and having adjusted for the identified missing transactions, it was concluded that the Advance Pitstop database represented a reasonably reliable source of information about the transactions between the Garda Síochána and Advance Pitstop in the period 1998-2000.

The Advance Pitstop and *Tranman* databases were combined to produce a master database of transactions. This master database was then used for the analysis detailed in Chapter 2.

The *Tranman* database recorded the brand and specification of tyres on vehicles when originally delivered to the Garda Síochána. It does not, however, record any details of subsequent changes in the tyres specified for vehicles. As outlined in the report, the Garda Síochána stated that they supplied spreadsheets to Advance Pitstop on a periodic basis, setting out the brand, specification and speed rating of tyres to be fitted to each Garda vehicle. During their investigations, the Internal Audit Unit of the Department of Justice, Equality and Law Reform discovered four of the specification disks — one disc relating to each year 1997-2000. These spreadsheets were compared to the master database to establish if the tyres specified by the Garda Síochána for individual vehicles (a) differed from those originally delivered on the vehicles by their manufacturers and (b) differed from those supplied for the vehicles by Advance Pitstop in the period 1998-2000.

**Appendix B Details of vehicles for which 36 or more tyres were supplied by Advance Pitstop, 1998-2000**

Record number	Vehicle model	Year registered	Recorded mileage <sup>a</sup>	Number of orders	Number of tyres supplied	Estimated average mileage per set of tyres	Total expenditure	Cost of tyres	Cost of extras	Cost of extras as % of cost of tyres
1	Avensis 1.6	1998	127,100	29	58	11,000	£4,242	£3,271	£971	30%
2	Mondeo 2.0 LX	1996	74,000	26	55	6,700	£5,290	£4,362	£928	21%
3	Mondeo 2.0 LX	1997	98,100	32	53	9,300	£4,951	£4,064	£887	22%
4	Mondeo 2.0 LX	1997	97,200	39	53	9,200	£4,688	£3,905	£783	20%
5	Mondeo 2.0 LX	1997	110,100	14	53	10,400	£4,018	£3,955	£63	2%
6	Mondeo 1.6	1998	107,000	29	52	10,300	£3,050	£2,329	£721	31%
7	Mondeo 1.6	1998	114,000	23	50	11,400	£3,247	£2,490	£757	30%
8	Mondeo 1.6	1998	123,000	28	50	12,300	£3,257	£2,331	£926	40%
9	Carina 1.6	1997	119,000	12	49	12,100	£3,153	£2,585	£568	22%
10	Mondeo 2.0 LX	1998	171,100	14	49	17,500	£4,152	£3,681	£471	13%
11	Rover 400 2.0	1997	52,400	27	47	5,600	£5,001	£4,031	£970	24%
12	Mondeo 2.0 LX	1997	115,900	27	45	12,900	£4,504	£3,413	£1,091	32%
13	Mondeo 1.6	1998	129,000	13	45	14,300	£2,811	£2,184	£627	29%
14	Mondeo 2.0 LX	1996	72,300	17	44	8,200	£4,299	£3,471	£828	24%
15	Mondeo 1.6	1998	111,400	9	44	12,700	£1,974	£1,974	£0	0%
16	Mondeo 2.0 LX	1997	78,800	22	41	9,600	£3,589	£3,023	£566	19%
17	Corolla 1.4	1998	94,100	25	41	11,500	£3,285	£1,434	£1,851	129%
18	Primera 1.6	1997	120,000	9	41	14,600	£1,646	£1,646	£0	0%
19	Primera 1.6	1997	85,700	18	40	10,700	£2,332	£1,638	£694	42%
20	Mondeo 1.6	1997	99,800	20	40	12,500	£2,301	£1,702	£599	35%
21	Mondeo 2.0 LX	1998	106,900	8	40	13,400	£3,966	£3,966	£0	0%
22	Mondeo 2.0 LX	1998	117,500	23	39	15,100	£3,768	£3,042	£726	24%

Note: <sup>a</sup> For pre-1998 registered vehicles, recorded mileage is the difference between the first and last mileages recorded by Advance Pitstop in the period 1998-2000. For 1998 registered vehicles, the recorded mileage is the last mileage recorded by Advance Pitstop in the period.

Record number	Vehicle model	Year registered	Recorded mileage <sup>a</sup>	Number of orders	Number of tyres supplied	Estimated average mileage per set of tyres	Total expenditure	Cost of tyres	Cost of extras	Cost of extras as % of cost of tyres
23	Mondeo 2.0 LX	1996	83,900	14	39	10,800	£4,135	£3,250	£884	27%
24	Mondeo 1.6	1997	113,700	13	39	14,600	£2,413	£1,943	£470	24%
25	Mondeo 2.0 LX	1997	100,900	13	39	12,900	£3,334	£2,830	£504	18%
26	ISUZU Trooper	1997	87,500	20	39	11,200	£5,950	£4,527	£1,423	31%
27	Mondeo 2.0 LX	1997	58,500	15	38	7,700	£3,443	£2,837	£606	21%
28	Mondeo 2.0 LX	1998	143,000	24	38	18,800	£3,355	£2,882	£473	16%
29	Mondeo 2.0 LX	1997	101,400	19	38	13,300	£3,579	£2,895	£684	24%
30	Mondeo 1.6	1998	133,100	26	38	17,500	£2,353	£1,886	£467	25%
31	Mondeo 1.6	1997	116,600	28	38	15,300	£2,155	£1,639	£516	31%
32	Mondeo 1.6	1998	120,800	17	38	15,900	£2,552	£1,737	£815	47%
33	Mondeo 2.0 LX	1997	71,800	22	37	9,700	£3,287	£2,716	£571	21%
34	Mondeo 1.6	1998	106,700	14	37	14,400	£2,555	£1,950	£605	31%
35	Mondeo 2.5 24V	1996	61,100	16	37	8,300	£3,424	£2,934	£490	17%
36	Mondeo 2.0 LX	1998	126,000	25	37	17,000	£3,429	£2,863	£566	20%
37	Mondeo 2.0 LX	1997	98,800	20	37	13,400	£3,175	£2,710	£465	17%
38	Mondeo 1.6	1998	77,500	30	37	10,500	£2,988	£2,179	£809	37%
39	Mondeo 1.6	1998	126,500	10	37	17,100	£1,740	£1,647	£93	6%
40	Mondeo 2.0 LX	1996	73,000	24	36	10,100	£3,682	£2,848	£835	29%
41	Mondeo 1.6	1997	110,900	24	36	15,400	£2,453	£1,541	£912	59%
42	Rover 400 2.0	1996	47,200	16	36	6,600	£3,957	£2,815	£1,142	41%
43	Mondeo 2.5 24V	1996	117,700	20	36	16,300	£3,830	£3,066	£764	25%
44	Mondeo 2.0 LX	1998	122,000	19	36	16,900	£3,226	£2,692	£534	20%
45	Primera 1.6	1997	105,800	23	36	14,700	£2,019	£1,513	£506	33%

Note: <sup>a</sup> For pre-1998 registered vehicles, recorded mileage is the difference between the first and last mileages recorded by Advance Pitstop in the period 1998-2000. For 1998 registered vehicles, the recorded mileage is the last mileage recorded by Advance Pitstop in the period.

## **Appendix C Analysis of Average Mileage per Set of Tyres**

The total number of tyres used on a vehicle over its lifetime should be related to a significant degree to the total distance travelled. In the absence of comprehensive data from Transport Section sources, the Advance Pitstop invoice database was analysed to establish the extent to which the level of tyre consumption on individual vehicles matched their recorded mileage.

### ***Relating Mileage and Number of Tyres Supplied***

The total number of Garda vehicles for which Advance Pitstop supplied tyres in the period 1998-2000 was 2,162. At the time of each transaction, Advance Pitstop staff were supposed to record the current mileage. For each individual vehicle, the recorded mileages at the first and last transaction dates in 1998-2000 were extracted. The increment in mileage between the first and last transaction dates was calculated and this 'recorded mileage' was analysed relative to the total number of tyres supplied.

Certain vehicles had necessarily to be excluded from the analysis. This included all vehicles where

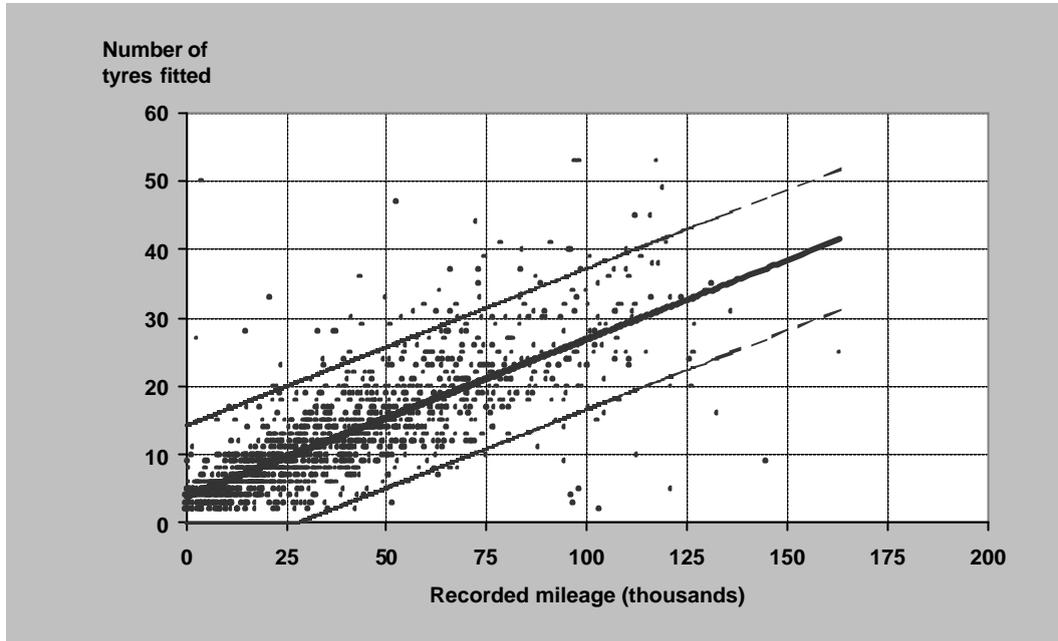
- there was only one recorded transaction with Advance Pitstop in the period 1998-2000 (so an increment in mileage could not be calculated) or
- the last mileage recorded was less than the first mileage recorded (presumably through erroneous recording on one or both of the dates in question), implying a 'negative increment' in mileage, which is impossible.

The total number of vehicles excluded from the analysis for these reasons was 638. This left a subset of 1,524 vehicles for which both an implied mileage and the total number of tyres supplied were known.

As a validation check, the implied average mileage per day between the first and last transaction dates was calculated. For most vehicles, the average was plausible. However, for a small number of vehicles, the daily average mileage suggested that the mileage recorded by Advance Pitstop for the vehicles was incorrect. For example, the recorded mileage suggested that one vehicle had travelled almost 32,000 in a 30-day period (an average of over 1,000 miles per day on 30 consecutive days). The recorded mileage for another vehicle suggested it travelled almost 89,000 miles in a 20-day period — an average of over 4,400 miles a day. Since implied mileages of this magnitude are clearly the product of erroneous recording of dates or mileages, all vehicles where the implied average mileage was in excess of 350 miles a day were excluded from the analysis. (Even this threshold level is a very high average, which would be quite untypical of Garda vehicles in general.) This reduced the number of vehicles included in the analysis to 1,510.

Figure C.1 plots the estimated increment in mileage against the number of tyres supplied for each of the 1,510 individual vehicles retained in the analysis. The general pattern is that expected: more tyres tended to be supplied for vehicles with higher mileage. However, the distribution around the average was considerable, suggesting that other factors significantly influenced the number of tyres used on individual vehicles. For example, 10 tyres were supplied for one vehicle that had a recorded mileage of around 75,000 miles; 30 tyres were supplied for another vehicle with the same mileage.

**Figure C.1 Recorded mileage and number of tyres supplied for Garda vehicles, 1998-2000 (N = 1,510 vehicles)**



Regression analysis of the data plotted in Figure C.1 indicated that variations in the mileage recorded for Garda vehicles accounts for just over 60% of the variation in the numbers of tyres supplied for those vehicles in the period 1998-2000. Other factors that account for the remaining variation in the quantity of tyres supplied cannot be identified in this analysis.

Figure C.1 includes a central 'best-fit' line for the data. This indicates the number of tyres that would be required if mileage was the only determinant. The bands on either side of the best-fit line indicate the range within which the number of tyres required for 95% of vehicles should fall.

A total of 75 vehicles fall outside these bands, suggesting that the number of tyres supplied for those vehicles was significantly different than would be expected given the recorded mileage. From a management point of view, the number of tyres supplied for these vehicles would warrant being queried.

### ***Average Mileage per Set of Tyres***

The data used to produce Figure C.1 was also analysed in terms of average mileage per set of tyres supplied. For this analysis, the number of sets of tyres supplied was calculated by dividing the total number of tyres supplied by five. (It was assumed that there are five tyres in a set — four fitted on the vehicle and one fitted on the spare wheel.) The recorded mileage was then divided by the number of sets of tyres supplied to give an average mileage per set of tyres for each vehicle. The resulting distribution is presented as Figure 2.4 in the body of this report.

