

## **Chapter 8**

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**Central Government**

**Public Procurement**



## Public Procurement

8.1 Procurement by public bodies of goods, services and construction works is an important element of total public expenditure. Estimates prepared by the Department of Finance in November 2009 indicate that annual public expenditure on procurement of goods and services totalled around €9.3 billion, with a further €7 billion being spent on capital works (see Figure 35).

**Figure 35 Estimated annual public procurement expenditure by sector, 2009**

<b>Expenditure area</b>	<b>Value € billion</b>
Health sector <sup>a</sup>	4.7
Central government sector <sup>b</sup>	2.0
Local government sector	1.7
Education sector	<u>0.9</u>
All goods and services procurement	9.3
Capital works	7.0
<b>Total public procurement</b>	<b>16.3</b>

Source: Department of Finance analysis (November 2009)

Notes:

a Includes expenditure relating to drugs and medicines and GP and pharmacist fees.

b Government departments and agencies, including Defence Forces and Garda Síochána

8.2 Given the scale of expenditure on public procurement, Government policy is to ensure that the development of organisational structures and systems, and of procedures and skills in public procurement, are consistent with the objective of achieving value for money.

8.3 Procurement of goods and services by public bodies must be conducted in accordance with EU and national regulatory requirements, and within guidance issued from time to time by the Department of Finance. In general, there is an obligation on Government agencies to follow a competitive process, carried out in an open, objective and transparent manner. This is expected to result in best value public procurement.

8.4 The Department of Finance is responsible for developing public procurement policy within the framework of EU law and in the context of Government policy across a number of broad areas, including public expenditure, value for money and enterprise development policy. As part of this role, the Department is responsible for setting a broad strategic direction for procurement implementation. The Department's National Public Procurement Policy Unit (NPPPU), which was established in 2002, has responsibility for national public procurement policy, legislation and construction procurement reform.

8.5 The National Procurement Service (NPS)<sup>66</sup> was established in March 2009 within the Office of Public Works (OPW), taking over some of the staff and functions of the existing Government Supplies Agency (GSA).<sup>67</sup>

<sup>66</sup> The NPS was originally titled the National Public Procurement Operations Unit.

<sup>67</sup> The Election Services and Government Publications Service, formerly part of the GSA, were not taken over by the NPS.

## Chapter Focus

This chapter focuses on

- Initiatives being developed by the National Procurement Service (NPS) to provide better value in the procurement of goods and services.
- Expenditure declared to have been undertaken in 2009 on foot of contracts entered into without recourse to competitive procurement processes. It also presents an analysis of the declared reasons why a competitive process was not followed in those cases.

## National Procurement Service

8.6 The objectives assigned to the NPS were

- to establish national framework agreements to allow all central Government departments and offices, agencies and non-commercial public bodies to procure commonly-used goods and services more effectively, efficiently and with better value for money
- to provide professional procurement advice to central government and non-commercial public sector bodies
- to develop targeted and accredited procurement training and education measures and
- to further develop web-based e-procurement.

8.7 While it was initially proposed that the remit of the NPS would extend to central Government departments and offices only, the unit was set up with a wider remit covering central government agencies, non-commercial State bodies, health sector bodies, third level education institutions and local government.

8.8 The Government decided that, from the outset, the NPS would have responsibility for managing the purchase of goods and services common to all areas of the public service e.g. office equipment, furniture and fittings, fuel, electricity, natural gas, printing, stationery and office supplies, ICT consumables, uniforms, travel and transport fleets. Procurement of sector-specific items (such as drugs, medical supplies and military equipment) will continue to be managed by the relevant departments and agencies.

8.9 The Department of Finance recognised that use of the GSA's services by bodies within its remit had been inconsistent. It estimated that the aggregate value of procurement in 'common procurement' categories dealt with by the GSA amounted to around €65 million (in 2007). Given the wider remit of the NPS, the Department estimated the total procurement value of the common procurement goods and services at about €300 million a year (based on 2009 figures).

8.10 The NPS planned to build up its staffing level to around 50 staff in the short term, but currently employs 26 staff, made up of former GSA staff and staff redeployed from other Government departments. The Department of Finance has recently sanctioned the filling of 21 additional posts sought by the NPS, and the recruitment process is due to commence shortly. The training needs of NPS staff have been identified and relevant training courses have been tendered for.

8.11 The NPS's budget for non-staff expenditure for 2009 was €228,000, and the outturn was €100,000. The reasons given for the shortfall in expenditure are

- the Service was not fully operational
- there was a delay in a planned upgrade of the eTenders system<sup>68</sup>. Expenditure on this project is anticipated in 2010 and 2011.

8.12 Links have been established between the NPS and the Commercial Contracts Section of the Chief State Solicitors Office (CSSO), which services the needs of central government departments for procurement-related legal advice. The CSSO, in conjunction with the NPS, has developed a suite of standard tender competition and contract documentation, which will be made available in due course to all departments, government offices and agencies. The Department of Finance has approved the recruitment by the CSSO of two solicitors to be seconded to work in the NPS on a full-time basis.

8.13 The NPS has developed a draft strategy statement which focuses on the following three areas

- **strategic sourcing**<sup>69</sup> to optimise the efficiency of, and the value for money obtainable from, all sourcing activities thus enabling public service clients to gain access to quality goods and services to support their business processes, including supporting and furthering government policies through public procurement.
- **education and guidance** to facilitate the provision of learning, development and guidance opportunities that will assist both procurers and potential suppliers to develop appropriate skills to enable them to operate at optimum capacity in all procurement-related business
- **e-Procurement** goals to ensure the availability of a world-class, e-Procurement platform affording maximum visibility for procurement campaigns.

8.14 The NPS strategy statement will be examined and approved by the NPS Board, which consists of representatives of the relevant stakeholders, including the Department of Finance.

8.15 Two key initiatives progressed by the NPS during 2009 were

- a procurement expenditure reduction initiative
- identification of the top categories of expenditure.

These initiatives were commenced with the objective of achieving 'quick win' savings in 2009 and identifying the procurement areas common to public bodies.

### ***Expenditure Reduction Initiative***

8.16 In 2009, the Government sought expenditure reductions of up to 8% on contracts for all goods and services purchased by government departments, agencies, offices, third level institutions and local authorities. The procurement savings were to be achieved by reductions in price and/or in the quantity purchased.

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<sup>68</sup> [www.eTenders.gov.ie](http://www.eTenders.gov.ie) has been developed as part of the Irish Government's strategy for the implementation of e-Procurement in the Irish public sector. The site is designed to be a central facility for all public sector contracting authorities to advertise procurement opportunities and award notices

<sup>69</sup> Strategic sourcing is defined as the establishment of systems to enable the identification of major categories of procurement where an intervention has potential to yield value.

8.17 In May 2009, the NPS sent advice to the public bodies within its remit on how to negotiate with suppliers to agree expenditure reductions. In addition, it asked the bodies to return a monthly report listing all contracts for the supply of goods and services with a value over €100,000, beginning in June 2009. The report form included space for reporting of agreed savings on each contract. The initiative excluded expenditure on professional fees<sup>70</sup> and on construction related activities.

8.18 The initial target set for the savings to be achieved through this initiative was €25 million in 2009. The reports to the NPS indicated that a total of €27.3 million in agreed savings on existing contracts had been achieved by December 2009.

8.19 The NPS considers that in addition to the reported agreed savings on existing contracts, public bodies also achieved significant savings by re-tendering for goods and services, and by entering into new contractual arrangements at lower prices. The NPS has requested that where contracting authorities can do so, they should report these comparative savings to the NPS in 2010 returns.

### ***Top Expenditure Areas***

8.20 In conjunction with the expenditure savings initiative, the NPS also undertook a survey of agencies in its remit, asking them to report their respective 'top 30' suppliers of goods and services in 2008, by value of expenditure. The names of the suppliers and the nature of the goods and services supplied by them were also to be provided. Certain categories of goods and services were excluded from the scope of the survey because they are not within its remit i.e. professional fees, construction related activities, costs related to the purchase and rent of property and all payroll costs.

8.21 The NPS targeted 307 public bodies for the survey. By the end of December 2009, a total of 264 bodies (86%) had responded. The NPS is still pursuing the outstanding returns, which are principally small agencies whose annual spend on goods and services is believed to be low.

8.22 Figure 36 shows the categories of expenditure, where the combined reported spend value was €50 million or over.

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<sup>70</sup> A separate Department of Finance initiative sought a reduction of 8% in professional fee levels, including fees paid to health sector professionals.

**Figure 36 Top spending areas (€50 million + in 2008) as reported by public bodies within the remit of the NPS**

<b>Procurement category</b>	<b>€m</b>
ICT & IT consumables	278
Travel	179
Energy	116
Waste/reuse/recycling/disposal	78
Plant and equipment	70
Water	69
Medical supplies	66
Advertising/marketing /PR/media/photography	65
Transport	64
Telephony	62

Source: National Procurement Service analysis (January 2010)

8.23 A further round of returns about top expenditure areas is currently being sought by the NPS in relation to expenditure in 2009.

### ***Development of Framework Agreements***

8.24 The NPS has identified the development of national framework agreements in key areas as a means of achieving an impact on public procurement. Initial categories for framework agreements have now been identified. The NPS plans to advertise tenders in the second half of 2010 with a view to putting in place framework agreements and centralised contracts for the procurement of

- stationery (including paper and ICT consumables)
- electricity
- natural gas
- LPG
- managed print services
- certain categories of motor vehicle.

8.25 The NPS expects use of framework agreements to benefit its clients through the economies of scale that aggregation of demand can deliver and by reducing the administrative burden associated with these categories of procurement. Nevertheless, the NPS recognises that it faces challenges in achieving impacts through the agreements. These include the following

- Public bodies will need time to extract themselves from existing contractual arrangements.
- In many cases, the NPS will be expected to deliver better value than that which can be achieved by individual bodies before they commit to come on board. Even where better value should be achievable given the economies of scale, some bodies may wish to retain control over their procurement activity.
- When savings are available through economies of scale, many organisations will be keen to ensure that they will retain the benefits of those savings.

- Market analysis and the development and application of particular strategies to deal with markets require a significant amount of research. This must be done methodically and accurately in order to avoid distortion of the market, which is a real risk given the size of the public procurement spend in these areas.

### **Conclusion – Procurement Initiatives**

The NPS needs to become fully operational quickly if it is to have a positive impact on the cost of public procurement in the short term.

Analysis is beginning to put the NPS in a position where it can strategically target spend categories for market interventions.

Strategic objectives should be set for the NPS, which should monitor and report publicly on its progress and performance against those objectives. Key performance measures should focus on areas like price and cost reduction, consumption levels, and the extent to which NPS-facilitated procurement is availed of by public bodies within its remit.

### **Procurement without a Competitive Process**

8.26 EU directives set out advertising requirements and tendering procedures for contracts above certain value thresholds that must be applied by all public bodies involved in procurement. For contracts or purchases below the threshold values, less formal procedures are allowed. For example

- Supplies or services costing less than €5,000 in value may be purchased on the basis of verbal quotes from one or more competing suppliers.
- Supplies or services contracts between €5,000 and to €50,000 in value may be awarded on the basis of responses to specifications sent by fax or email to at least three suppliers or service providers.

Revised guidance issued by the Department of Finance in August 2010 now require all contracts for goods and general services with an expected value of €25,000 or more to be advertised on the eTenders website.<sup>71</sup>

8.27 Exceptional arrangements are allowed under national and EU procurement rules in limited circumstances. Department of Finance Circular 40/2002 outlines the course to be followed in those cases where Government departments and offices propose to award contracts without a competitive process.

8.28 Under the Circular 40/2002 procedure, proposed contracts that exceed €25,000 in value (exclusive of VAT) that are not subject to a competitive process are required to be reviewed prior to award by the relevant department's/office's Internal Audit or by an appropriate senior officer who was not part of the procurement process.<sup>72</sup> The Circular also requires

<sup>71</sup> Department of Finance Circular 10/10: Facilitating SME Participation in Public Procurement (13 Aug 2010).

<sup>72</sup> The Department of Finance issued a supplement to Circular 40/2002 in July 2003, providing guidance for officers reviewing the case for such proposed contract awards.

- Accounting Officers to complete an annual statement in respect of non-competitive contracts, and to submit it to my Office, with a copy being sent to the Department of Finance, by 31 March of the following year. This return should give details of the subject or purpose of the contract, its value and the reasons for not having a competitive process
- each department/office to maintain an up-to-date central register of non-competitive contracts
- each department/office to designate a Procurement Officer to collate the information on these contracts.

8.29 The Department of Finance has stated that the award of contracts and their related expenditure are the responsibility of the contracting authority and the relevant Accounting Officer (or Accountable Person). The NPPPU examines the Circular 40/2002 returns from departments and agencies with a view to identifying and addressing any systematic deficiencies. Any issues arising in reports of the Comptroller and Auditor General or in the course of Committee of Public accounts examinations, and related recommendations are also addressed. The Department has a general oversight role and, where information about potential problems comes to light, it raises the issue with the department or agency, bringing the requirements of procurement law and best practice to their attention. This can also involve re-examining guidelines and revising them where appropriate.

### ***Health Service Executive Return***

8.30 I reported in my 2008 report that the Health Service Executive (HSE), although funded by a vote, was not included within the scope of Circular 40/2002. The Department of Finance stated at that time that it was intended to extend the scope of the Circular to it.

8.31 In May 2009, the Department of Health and Children informed the Department of Finance that the HSE had now put in place procedures that incorporated the provisions of the Circular. A return in respect of 2009 was subsequently received from the HSE in May 2010. In making the return, the HSE emphasised that the return did not extend to voluntary hospitals and other voluntary service providers funded or part funded by it. On examination of the return, it was noted that it listed 26 instances of contracts/purchases, above the threshold, undertaken without a competitive process by the HSE in 2009. These totalled €4.2 million and related to five (out of a total of 32) local health offices and the HSE head office.

8.32 I subsequently wrote to the Accounting Office of the HSE querying the completeness and accuracy of the return. In reply, he informed me that all senior managers in the HSE were requested to submit returns for their areas of responsibility as per the Circular in respect of 2009 contracts and that the schedule submitted by him was a complete and accurate list of the responses received from those managers.

### ***Extent of Non-Competitive Procurement***

8.33 The annual 40/2002 returns for 2009 indicate that payments were made under 473 contracts concluded without competition. The total value of the contracts reported in 2009 was €69.1 million. Both the number and value of non-competitive procurement payments reported decreased in 2009 relative to 2008 (522 contracts with a combined value of €79.1 million).

8.34 Figure 37 shows the number of contracts and the total contract expenditure disclosed in the departmental returns.

8.35 The Irish Prison Service (IPS) had the highest reported level of contracts awarded without a competitive process, with expenditure of €22 million on 154 contracts in 2009, and expenditure of

almost €8 million in 2008. The Department of Finance has stated that the position of the IPS is receiving particular attention, and that the NPPPU has engaged with the IPS on this matter. The IPS has indicated that it has put new contracts in place where existing ones had been extended beyond their original term — a particular issue identified by the Service in analysing its purchases. It is expected that the drop in the level of expenditure by the Service under contracts not subject to competitive tender will continue in 2010 and beyond.

**Figure 37 Reported contracts awarded without competition, 2009**

<b>Department/Office<sup>a</sup></b>	<b>Number of cases<sup>b</sup></b>	<b>Total contract expenditure €m</b>
Prison Service	154	22.0
Garda Síochána	62	8.1
Finance	4	6.0
Justice, Equality and Law Reform	44	5.7
Agriculture, Fisheries and Food	10	5.5
Defence	40	4.2
HSE	26	4.2
Courts Service	20	1.9
Communications, Energy and Natural Resources	4	1.6
Education and Science	3	1.2
Arts, Sport and Tourism	9	1.2
Environment, Heritage and Local Government	9	1.2
Community, Rural and Gaeltacht Affairs	5	1.1
Others	83	5.2
<b>Total</b>	<b>473</b>	<b>69.1</b>

Source: Circular 40/02 returns

Notes:

a There were 14 nil returns by departments and offices.

b Includes eight reported contracts with a value under €25,000 (ex VAT).

### ***Reasons for Non-Competitive Procurement***

8.36 Figure 38 sets out the main reasons given in the returns by departments and offices explaining why competitive processes were not used in the procurement process.

**Figure 38 Reasons cited for non-use of competitive process, 2008 and 2009**

Reason	Number of cases		Value of contracts	
	2008	2009	2008 €m	2009 €m
Urgency	21	16	8.7	2.5
Purchase of proprietary goods	128	94	19.4	17.3
Extension/rollover of existing contract	128	109	18.4	16.7
Expert service/recent experience with supplier	53	56	8.3	10.1
Single suitable supplier	89	85	12.8	9.8
Security considerations	11	13	1.6	2.6
Other reasons	92	100	9.9	10.1
<b>Total</b>	<b>522</b>	<b>473</b>	<b>79.1</b>	<b>69.1</b>

Source: Analysis of Circular 40/2002 returns by Office of the Comptroller and Auditor General

8.37 The analysis in Figure 38 shows that, excepting cases involving urgent expenditure (down €6.2 million), which by their nature are unpredictable, the 2009 returns represent only a small decrease relative to the 2008 returns.

#### *Urgency Exception — €2.5 million*

8.38 Circumstances can arise from time to time where departments and offices are required to respond urgently to events. The rationale for the exception in these cases is that where there is a requirement to procure goods and services, there may not be time to set up a competitive procurement process. It may also be the case for confidentiality reasons that a public or widespread procurement process may not be consistent with optimum management of the public business involved.

8.39 The most significant recourse to non-competitive procurement under this exception in 2009 was by the Department of Communication, Energy and Natural Resources. Following the unexpected withdrawal of the project consultants from the Silvermines remediation project, the Department deemed it necessary to hire replacement consultants at a cost of €1.5 million due to serious health and safety concerns and a requirement not to disrupt work on site.

#### *Proprietary Goods Exception — €17.3 million*

8.40 Generally speaking, non-competitive purchases of proprietary goods relate to branded or named products or exclusive services. In some instances, these procurements include maintenance of previously acquired goods or services, upgrades or additional purchases. This accords with EU Directive 2004/18/EC which allows contracting authorities to award public contracts by a negotiated procedure when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the contract may be awarded only to a particular economic operator. Procurement of so-called proprietary goods arises when specific branded goods are selected to meet a need. It can also arise when there is a desire to restrict the number of different products in use for simplicity of maintenance or carriage of spares.

8.41 Of the 94 instances of purchasing of proprietary goods contained in the 2009 departmental returns, 27 were in respect of purchases by the IPS to a value of €8.6 million; and 53 were in respect of purchases by the Garda Síochána to a value of €7.2 million. The proprietary goods

purchased, in general, related to information and communications technology or to technical systems.

8.42 Where departments and offices specify proprietary goods, the potential of a competitive procurement process to result in value for money may be lost. The scale of purchasing of proprietary goods also emphasises the importance of considering whole-life costs when planning technical procurements.

8.43 The Department of Finance has stated that a large part of the reported expenditure on propriety goods and services relates to parts and servicing for Garda, IPS, Army, Naval Service and Air Corps equipment. Some of the expenditure relates to payments for ICT annual licences and maintenance, software support, etc. covering a number of years. It is not clear the extent to which such arrangements initially formed part of tendering procedures which were subject to a competitive process. The NPPPU intends to raise this matter directly with the State bodies concerned to identify how they are responding to the matters identified, and will decided how best to address any systemic issues arising.

#### *Extension/Rollover Contracts Exception — €16.7 million*

8.44 One hundred and nine cases reported involved the extension or rolling-over of existing contracts for goods and services. Some of the contracts extended or rolled over had been in place for several years.

8.45 Justifications reported by departments and agencies for continuing with existing contractual arrangements included

- the contractor had relevant experience gained from prior involvement with the department
- the contractor was best placed to provide the required goods/services without undue extra cost to the Exchequer
- it was not possible to go to the market due to staffing difficulties.

8.46 Almost all of the contracts in this category are for the provision of services. Examples include

- The extension by the Department of Education and Skills, at a cost of €0.5 million, of a contract for the operation of Irish examinations for primary school teachers who obtained their teaching qualification outside the State.
- The rollover by the Department of Agriculture, Fisheries and Food, with Department of Finance approval, of a contract for the supply of storage facilities for intervention products. The cost was €1.6 million.
- The extension of seven expired contracts, at a cost of €0.6 million, to deliver home care packages in one HSE local health office area.

8.47 The extent to which the contracts being rolled over had originally been subject to competitive processes is not captured in the returns. The key risk that arises in this category is that failure to test the market on a regular basis may lead to poor value for money being achieved.

8.48 The circumstances of some further cases involving extension of contracts for procurement of goods and services were noted during 2009 Appropriation Account audit work. These are outlined in Annex A.

### *Expert or Recent Experience Exception — €10.1 million*

8.49 Fifty six cases were reported where departments and offices took the view that their interest was best served by entering contracts where they had used the services of individuals or firms in the recent past or had identified, without recourse to competitive processes, persons or firms whose expertise coincides with their requirements. This does not exclude the possibility that there might be other suitable suppliers. Examples include

- The hiring by the Department of Finance, at a cost of €5.9 million in 2009, of legal advisors in relation to banking stabilisation measures. The advisors had been engaged in 2008 in the context of extreme urgency. Their experience from that assignment and acknowledged expertise was considered key to the continuation of the arrangement in 2009.
- The hiring of legal advisors, on behalf of the Department of Tourism, Culture and Sport by the Chief State Solicitor's Office at a cost of €0.3 million.

### *Single Suitable Supplier Exception — €9.8 million*

8.50 This category relates to procurements where departments and offices consider there is only one suitable supplier of the required service. In 2009, expenditure was incurred under 85 single supplier contracts.

8.51 The largest contract of this type in 2009 was the hiring by the Department of Agriculture, Fisheries and Food of a company, at a cost of €2.6 million, to capture TB infected badgers throughout the State. The Department felt that this company was the only provider of this service that met departmental requirements.

8.52 One contract costing €1.2 million was returned by the HSE under this heading. This related to the relocation of clients in alternative nursing home accommodation in one local health office area, on the basis that no alternative service provider was available in the locality.

### *Security Considerations — €2.6 million*

8.53 Competition was limited in the interests of security in 13 instances reported in the returns. The most valuable contract in this category was placed by the Department of Defence to purchase a communications system for the Naval Service at a cost of €1 million.

### *Other Reasons — €10.1 million*

8.54 There were 100 reported instances of contracts being awarded for a variety of other reasons. Of these, 68 contracts were awarded by the IPS, at a total cost of €4.8 million. A large number of these were in respect of the local purchase of various goods and services such as cleaning, catering and transport services as well as the purchase of televisions and electrical equipment.

## **Conclusion – Exceptions to Competitive Procurement**

From a public accountability viewpoint, procurement must meet two criteria

- achieve value for money
- be conducted in an open, transparent and competitive way.

In general, these are mutually supporting in that competition is acknowledged as a primary means of achieving best value. However, in exceptional circumstances, it may be necessary to depart from competitive processes. To ensure that this only occurs in appropriate cases, it is incumbent on purchasers to have processes in place to identify and address their procurement needs in a timely manner. The incidence of cases where existing contracts are extended may represent practical responses to individual circumstances. However, there is a need to formally review such proposed extensions and document the related decisions to ensure that they represent good value, that they do not continue longer than is necessary and that the administrative convenience of such arrangements does not outweigh the commitment to competitive procurement methods.

Over €17 million was reported to have been spent in 2009 on proprietary goods in the absence of competition. It is important that departments and offices avoid identifying their needs by reference to branded products. Specifications should, where possible be described in generic terms so as to encourage real competition. While the results of many procurements may be the purchase of branded products or services, the procurement process should be characterised by efforts to minimise 'brand capture' and to ensure that procurement decisions do not result in future streams of payments over which departments and offices have little or no control.

The HSE needs to put additional procedures in place to capture the full extent to which procurement is conducted without competition and implement the full requirements of Department of Finance Circular 40/2002.

## **Annex A Examples of Procurement based on Extensions of Existing Contracts**

### ***Commissioning of a History of the OPW***

In January 2002, following a request for proposals from interested persons, the OPW entered into a two-year contract with a professional historian to research and write a text for publication on the history of the OPW from the seventeenth century to 2000. The total fee specified for this commission was €76,184, with a completion date of January 2004.

In January 2004, the OPW agreed a further two-year consultancy contract with the author at a revised fee of €78,470. The deadline for the production of the final text was extended to January 2006. No signed contract beyond this date was entered into.

Up to 31 December 2009, the author has been paid a total of €341,714 (inclusive of withholding tax of €68,172). Two completed chapters of the book have recently been received by the OPW.

The OPW are currently reviewing the terms, conditions and outputs from this commission and consequently are not yet in a position to give a final estimate of the likely total costs involved.

In regard to the management of this commission, the Accounting Officer has stated that, while the history originally envisaged has not yet been completed, the work done on OPW archives has been worthwhile, and would otherwise have required the hiring of professional archivists. This includes the indexation of records, and the photographing and storage of building plans. The historian also provided an occasional archival consultation service to OPW staff working on restoration and conservation projects. Taking on board the value of the work done under this contract to the OPW in the period since 2002, her view is that the commission has been handled in an effective, efficient and economic manner and that, when completed, the product will be a classic work of Irish governmental and administrative history.

### ***An Garda Síochána – Extension of Supply Contracts***

#### ***Procurement of Tyres for Garda Vehicles***

An internal audit of procurement in An Garda Síochána<sup>73</sup> noted that there was no contract in place for the purchase of tyres for Garda vehicles at the time of audit. It found that payments totalling €1.58 million had been made for tyres in 2008.

Historically, the Government Supplies Agency conducted the tendering process, and the award of contract, for the supply of tyres to public bodies. An Garda Síochána availed of the terms of these contracts to purchase tyres for the Garda fleet. As the existing contract had expired, the GSA issued a Request for Tender (RFT) for the supply of tyres in 2008. Following the commencement of the process, a number of practical and legal difficulties were encountered and the competition was cancelled by the GSA. This led to the situation where the Garda Síochána continued to purchase tyres under the terms of the expired contract.

In order to comply with both EU and national procurement guidelines and to avoid any further delay, An Garda Síochána took the decision to manage the procurement of tyres in-house. In drawing up the specifications for the RFT, the Finance Directorate took account of the issues that

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<sup>73</sup> An Garda Síochána is the Irish police service.

arose from the NPS tendering process. This involved research and evaluation of the operational needs of An Garda Síochána. In December 2009, An Garda Síochána published an RFT for the supply of tyres and subsequently awarded the contract to a single supplier.

### *Procurement of Fuel for Official Vehicles*

The internal audit report also found that there was no centralised contract in place at that time for the procurement of fuel for official vehicles. Payments totalling €1.17 million were made to a single supplier for fuel in 2008.

The GSA has also historically conducted the tendering process, and the award of contract, for the supply of fuel to public bodies. In 2008, following discussions with An Garda Síochána, the GSA issued an RTF for the supply of fuel.

An issue arose in defining the contract price review mechanism with the preferred bidder. This resulted in a significant delay in the approval of the contract leading to payments being made outside of the terms of a competitively-procured contract.

The contract was awarded to a single supplier in May 2009 and is now fully operational. It is a variable price contract, with prices reviewed on a weekly basis. An Garda Síochána have reported that the implementation of the contract has led to significant savings for the Garda Vote.