

# Media Release



## Public Procurement in Northern Ireland

The structures and arrangements to provide leadership, governance and accountability in public sector procurement are not working effectively. This is the conclusion of a report released today (Tuesday 25 April 2023) by Northern Ireland's Comptroller and Auditor General.

Dorinnia Carville's report on Public Procurement in Northern Ireland considers the key issues relating to the procurement of goods and services, and how this is strategically managed.

Procurement is a critical function of government, estimated to consume around 25 per cent of the Northern Ireland budget. The Procurement Board (the Board) is responsible for ensuring that procurement activity is carried out effectively and delivers value for money. To achieve this, the Board is required to: develop and disseminate procurement policy; monitor the compliance of public bodies with these policies; set performance targets; and measure performance against those targets. Today's report concludes that the Board has not sufficiently met these responsibilities during the last two decades.

The report identifies several key structural weaknesses in current procurement arrangements. It highlights the lack of an overarching strategy to coordinate procurement activity, as well as a lack of staff with the appropriate capacity and capability to effectively manage this activity. In addition, the report cites an absence of high quality and timely data, which has undermined governance and transparency, limiting meaningful oversight of the performance of public bodies involved in procurement.

While the report concludes that the Board has not been capable of demonstrating that public procurement achieves value for money, it does acknowledge recent action taken by the Board to improve how procurement works. In particular, it notes the implementation of significant new policies relating to social value and supply chain security, and a restructuring of the way in which policy and guidance is disseminated to and used by public bodies.

Reflecting on the reports findings, Dorinnia Carville commented:

*"It is important to recognise that the Northern Ireland public sector delivers many successful procurements - practitioners are often frustrated by what they consider blanket characterisations of how public procurement is managed and delivered."*

THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs ON TUESDAY 25 APRIL 2023

*"At the same time, repeated criticisms, particularly in relation to large scale construction and IT projects, do demonstrate that the public procurement function remains vulnerable to these negative perceptions of widespread failure and financial waste.*

*"While my report does highlight examples of recent progress, strategic weaknesses in procurement arrangements remain. Until these are addressed, the fundamental changes to culture, structures and processes that are needed will not be achieved."*

ENDS

## **Notes for Editors**

1. The Comptroller and Auditor General (C&AG) is Head of the Northern Ireland Audit Office (the Audit Office). She and the NIAO are totally independent of Government. The C&AG certifies the accounts of Government Departments and a range of other public sector bodies. She has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. Her reports are published as Assembly papers.
2. The report is available on the Audit Office website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk). The report is embargoed until 00.01 hrs on Tuesday 25 April 2023.
3. Background briefing can be obtained from the Northern Ireland Audit Office by contacting Neil Gray (028 9025 4345) or Michael Heery (028 9025 4348).



Northern Ireland  
**Audit Office**

# Public Procurement in Northern Ireland

**Report by the Comptroller  
and Auditor General**

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This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Order.

The Comptroller and Auditor General is the head of the Northern Ireland Audit Office. She, and the Northern Ireland Audit Office are totally independent of Government. She certifies the accounts of all Government Departments and a wide range of other public sector bodies; and she has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

**Dorinnia Carville** *Northern Ireland Audit Office*  
Comptroller and Auditor General 25 April 2023

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# List of Abbreviations

<b>BSO PaLS</b>	Business Services Organisation, Procurement and Logistics Service
<b>CDG</b>	Commercial Delivery Group
<b>CIPS</b>	Chartered Institute of Purchasing and Supply
<b>CoPE</b>	Centre(s) of Procurement Expertise
<b>CPD</b>	Construction and Procurement Delivery
<b>Dfi</b>	Department for Infrastructure
<b>DFP</b>	Department of Finance and Personnel (now DoF)
<b>DoF</b>	Department of Finance
<b>EA</b>	Education Authority
<b>EU</b>	European Union
<b>NI</b>	Northern Ireland
<b>NIAO</b>	Northern Ireland Audit Office
<b>NICS</b>	Northern Ireland Civil Service
<b>NIHE</b>	Northern Ireland Housing Executive
<b>NIPPP</b>	Northern Ireland Public Procurement Policy
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PAC</b>	Public Accounts Committee
<b>PASC</b>	Public Administration Select Committee
<b>PGN</b>	Procurement Guidance Note
<b>PPN</b>	Procurement Policy Note
<b>SIB</b>	Strategic Investment Board

# Executive Summary

## Executive Summary

**Procurement is a critical function of government.** Public bodies depend upon procurement to purchase goods, services and construction works that enable them to deliver the services they are responsible for. The Department of Finance (DoF) estimates that around 25 per cent of the total resources available to the Northern Ireland Executive are used for procurement.

It is essential that this activity is well managed to secure the maximum possible value from this expenditure. At a transactional level this will ensure that purchasing organisations do not waste money by paying more than is necessary to achieve outcomes. At a strategic level, aligning local decision making to the Executive's broader policy objectives means each of those purchase decisions can make a positive impact towards those goals – for example in respect of environmental or social policy. The overall volume of spend means that the accumulated impact of all procurement decisions can be significant.

**The Procurement Board has the key role in ensuring that procurement operates effectively.** Under the Northern Ireland Public Procurement Policy (NIPPP), the Procurement Board is assigned responsibilities in relation to the development and dissemination of policy; monitoring policy compliance; setting performance targets; and monitoring the performance of public bodies against these.

These functions are essential given the complex structure of procurement in Northern Ireland. Significant purchases by public bodies typically involve officials from that body working in partnership with one of nine Centres of Procurement Expertise (CoPE) to complete the purchase. Given the large number of organisations involved, a suitable framework to monitor and coordinate the behaviours of all organisations is necessary.

**There is little evidence that the Board has been effective in providing the strategic direction to ensure that procurement has operated effectively in Northern Ireland.** In our view, there are four key components of an effective procurement regime that the Board needs to ensure are in place:

- **Strategy:** there should be a strategy articulating an overall approach that ensures procurement exercises provide intended outcomes in line with value-for-money requirements, regulations and other government policy objectives;
- **Capacity and capability:** public bodies should ensure that appropriate skills are in place to enable them to manage effectively all procurement-related activity which they are responsible for;
- **Governance and accountability:** there should be robust, effective and independent oversight of how effectively procurement activity is being managed across the public sector as a whole;
- **Data and transparency:** high quality, timely data should be available to underpin good governance and accountability arrangements, as well as to support transparency about overall performance to external stakeholders.

Over the last two decades, none of these standards have been met fully to enable the effective coordination and oversight of procurement activity.

There has also been a history of recurring, high-profile procurement failures that diminish stakeholder confidence in public bodies' ability to manage procurement. It is common for large scale procurement exercises to be delivered late and to cost more than expected.

Various investigations into procurement failures often highlight the same underlying issues affecting performance. These include a persistent culture of undue risk aversion that can distort and delay procurement decision making, and concerns about the overall level of commercial capacity and

capability across the public sector.

**In 2020, 'New Decade, New Approach' made transforming how public procurement operates a key priority of the Executive.** Since then, there have been a range of different initiatives intended to modernise how procurement functions in Northern Ireland. Key amongst these was the reconstitution of the Procurement Board in December 2020. This changed the Board's membership structure from comprising Departmental Permanent Secretaries to a combination of public procurement experts and representatives of strategic suppliers and the voluntary/community sector.

Following its establishment, the Minister for Finance assigned the Board key priorities to deliver two new procurement policies in respect of supply chain security and social value. The Board has been successful in delivering new policies in these areas, alongside restructuring the way in which procurement policy and guidance are disseminated to and used by public bodies.

**However, the improvements made over the last two years have not fully addressed the strategic weaknesses in procurement arrangements.**

- There is no specific strategy providing a vision for what procurement arrangements in Northern Ireland should look like and identifying the key barriers to this vision being achieved.
- Capacity and capability issues remain a pervasive risk to procurement practice across the public sector.
- There is a lack of governance and accountability at a strategic level to evaluate and monitor how procurement is functioning across the public sector.
- There is a lack of meaningful data, held centrally, about even the most basic aspects of procurement activity.

## Conclusion

Current structures and arrangements have not provided effective leadership, governance and accountability in public procurement. While a new Procurement Board has recently delivered some improvements to processes, it does not provide the strategic direction necessary to a function that spends around a quarter of the Northern Ireland block grant. Without effective performance monitoring and in the absence of appropriate data, the Board is incapable of demonstrating that the Northern Ireland procurement function represents value for money. Consequently, it remains open to the perceptions of widespread failure that have bedevilled it for many years. Without fundamental changes to culture and structures, as well as to processes, this is likely to continue.

## Recommendations



### Recommendation 1

The Department of Finance should commission a fundamental review to ensure that arrangements support effective strategy setting, policy development, governance and accountability for procurement. This should involve a detailed consideration of the role, responsibilities and composition of the Procurement Board. The review should also include an assessment of how the Board's role and responsibilities relate to those of other key stakeholders, including the NICS Board, the Executive, and CoPE.



## Recommendation 2

The Department of Finance, in consultation with procurement practitioners, should develop a new strategy to underpin how procurement functions in Northern Ireland. This strategy should be time-bound and set out clearly the objectives and priorities that procurement authorities will work to deliver within this timescale.

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## Recommendation 3

The Department and/or the Procurement Board should develop the strategic oversight of capacity and capability. This should involve agreeing baseline standards for CoPE and contracting authorities against which performance can be measured.

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## Recommendation 4

The Board should establish arrangements to ensure that all bodies provide complete, accurate and timely procurement data to enable effective oversight of public procurement activity. This data should support meaningful assessment of the value for money of procurement activity by public bodies, and of the impacts of the expenditure incurred.

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**Part One:**

# **Procurement in Northern Ireland**

# Part One: Procurement in Northern Ireland

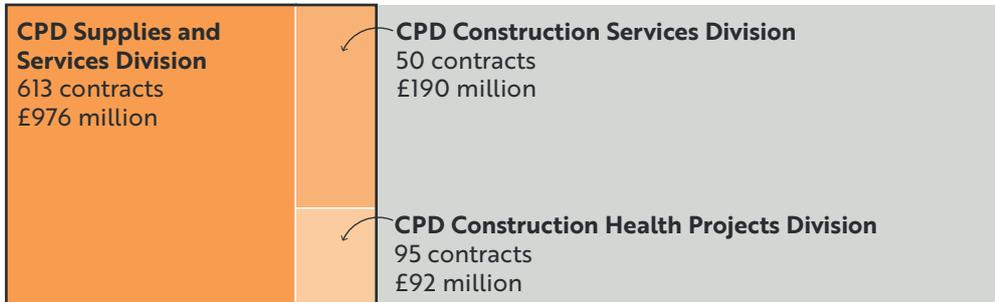
## Background

- 1.1** Public procurement is the purchase of goods, services and construction works by public bodies. The procurement process spans the whole life cycle of a purchase, from the initial conception and definition of what is needed through to the successful completion of a contract or the end of the useful economic life of a purchased asset.
- 1.2** The Department of Finance (DoF) estimates that around 25 per cent of the total resources available to the Northern Ireland Executive are consumed by public procurement. In 2021-22 the value of contracts awarded by the public sector was more than £3.4 billion, although the actual expenditure against these contracts will likely occur over several years.
- 1.3** This activity must be managed effectively to ensure that the expenditure incurred represents value for money, defined as being achieved when the procurement option chosen represents “the most advantageous combination of cost, quality and sustainability to meet customer requirements” compared to potential alternative suppliers.
- 1.4** Decision-making should also be guided by consideration of the Executive’s broad range of policy objectives. For example, procuring goods or services from suppliers that embrace particular social or environmental practices consistent with the Executive’s policies means that the expenditure supports the achievement of those policies. The high value of procurement spend means that aligning decision making with policy goals can make a potentially powerful contribution to delivering on these wider objectives.
- 1.5** Operational responsibility for procurement lies with the public bodies that are purchasing goods, services or construction work (contracting authorities). Accounting Officers within public bodies must ensure appropriate arrangements are in place to enable their staff to undertake effective and successful procurement activities.
- 1.6** In most cases, and for all cases where the value of a contract is greater than the thresholds set out in policy (refer [PPN 04/21 on Procurement Control Limits](#)), contracting authorities will deliver procurement with the support of one of nine Centres of Procurement Expertise (CoPE) that possess specialist skills and specific market knowledge (see **Figure 1**).
- 1.7** Contracting authorities rely on CoPE to ensure that procurement processes are designed to achieve the best possible outcomes and comply with all relevant legislation and public policy objectives. Given the collaborative nature of this work and allowing for differences in delivery models within specific organisations, any overarching evaluation of Northern Ireland public procurement performance must involve appraising both contracting authorities and CoPE performance and how they work together.

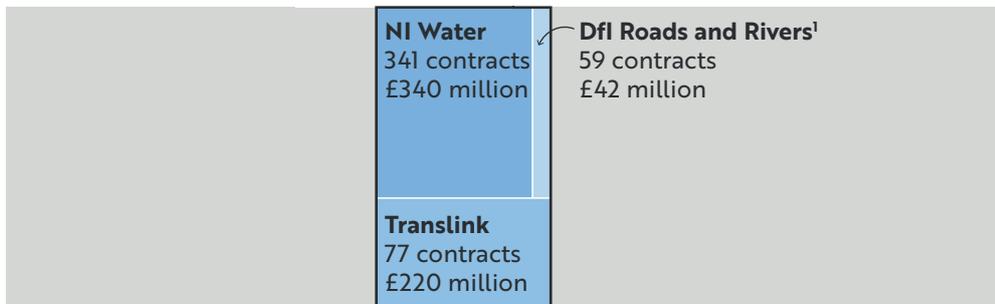
**Figure 1. There are nine CoPE distributed across the public sector in Northern Ireland**

During 2021-22 these CoPE awarded 5,200 contracts worth over £3.4 billion.

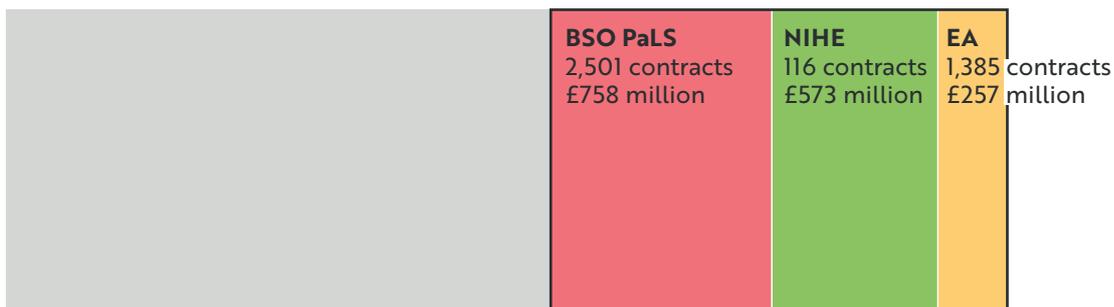
There are three CoPE within **CPD**, which provide support for bodies across the entire public sector, they awarded 760 contracts worth £1.3 billion.



There are three CoPE within the **Department for Infrastructure**, providing specialist procurement support in relation to key functions of the Department, they awarded 377 contracts worth £602 million.



There are a further three specialist CoPE providing procurement support within specific parts of the public sector: the Education Authority, the Housing Executive and BSO PaLS, who provide procurement support in respect of goods and services for health bodies in Northern Ireland. They awarded over 4,000 contracts worth almost £1.6 billion.



**NOTE**

<sup>1</sup> Financial values relate to the award value of contracts and do not represent actual expenditure. At the time of drafting there has only been one Annual Procurement Report published in Northern Ireland. As a result, there is a chance that the figures reported for 2021-22 are not typical over a longer period of time. DfI Roads and Rivers have informed us that they anticipate the award of 87 contracts in 2022-23 worth £378 million.

Source: Annual Procurement Report, Department of Finance, July 2022

## Procurement policy framework

- 1.8** Most of this activity falls under the Northern Ireland Public Procurement Policy (NIPPP). This sets out key definitions and the framework of organisational responsibilities for procurement policy and practice. The Policy applies to Departments, their Agencies, non-Departmental Public Bodies and Public Corporations, but not local government bodies.
- 1.9** The Minister for Finance has Executive responsibility for the development of procurement policy and legislation. The Minister is supported by the Procurement Board and Construction and Procurement Delivery (CPD) Policy and Performance Division. The Board is chaired by the Minister, and following a restructuring in 2020, comprises procurement experts from industry, the public and voluntary sectors, trade unions and the Strategic Investment Board (SIB). Its mission statement is to ensure that procurement improves the lives of citizens in line with the Executive's environmental, social and economic objectives. Under its Terms of Reference, the Board is charged with several responsibilities that make it the critical body for ensuring the overall effectiveness of procurement arrangements across all bodies covered by the NIPPP (**Appendix 1**):
- developing policy and ensuring that that policy is consistent with the Executive's wider policy commitments and the Programme for Government;
  - consulting with departments, heads of procurement and other stakeholders on policy and implementation;
  - disseminating procurement policy amongst public bodies and monitoring implementation and compliance; and
  - developing targets for procurement and monitoring performance.
- 1.10** Policy and Performance Division within CPD provides the administrative support that the Board needs to deliver on these responsibilities. In particular, it is responsible for formulating policy proposals for the Board, assisting in the dissemination of new policies and monitoring compliance with them. It also has responsibility for developing management information on procurement expenditure and monitoring information on procurement performance across the public sector.

## Public procurement is often criticised

- 1.11** There are many successful procurements in Northern Ireland; nevertheless, the quality of public procurement has been subject to repeated criticism. In particular, there has been a heavy emphasis placed upon the apparent inability of public bodies to deliver large scale construction and IT projects on time and within budget, with weaknesses in procurement arrangements often highlighted as key reasons for failure. The same key structural and cultural issues – particularly a culture of undue risk aversion and inadequate commercial capacity and capability across the wider public sector workforce - are said to underpin the examples of poor performance.
- 1.12** It is a source of frustration for suppliers and the Public Accounts Committee (PAC) that the reported high-profile failures often reveal these same systemic weaknesses, without the necessary lessons being learned and applied. Practitioners, in turn, are often frustrated by what they consider to be frequent public statements presenting unsubstantiated and inaccurate blanket characterisations of how procurement functions across the public sector as a whole.

## There are a number of initiatives to improve how procurement operates

- 1.13** In the last two years there have been a number of different initiatives intended to improve how procurement functions across the public sector. These include the reconstitution of the Procurement Board with a new membership, and the development of new procurement policies. Additionally, the training and guidance available to public sector staff involved in procurement has changed with new commercial training and new toolkit guidance introduced (see **Figure 4**, in **Part Two**).
- 1.14** Underpinning these initiatives is a general objective of creating a simpler, more flexible procurement system that meets the need of both the public and suppliers better than the current, highly bureaucratic process. Greater emphasis is being placed on ensuring that there is sufficient investment of time and skill on all stages of the procurement process. There is an increased focus on ensuring that better information is captured to allow for the performance of procurement authorities, and the contribution they make to the delivery of critical public services, to be measured more fully.

## These initiatives are broadly consistent with reforms being developed in Westminster

- 1.15** Procurement policy and practice in Northern Ireland takes place within the context of UK Procurement Regulations, which are derived from European Union (EU) Directives. The Regulations, which consist of several different pieces of legislation passed at Westminster, provide the legislative framework for procurement activity. They cover England, Wales and Northern Ireland (subject to some exceptions), with the Scottish Parliament having passed its own procurement legislation. Whilst there is a drive in Northern Ireland to make procurement practice more flexible and confer greater freedom on officials to innovate within their day-to-day job, such flexibility must remain compliant with the Regulations.
- 1.16** However, the Regulations are currently subject to an ongoing review by the Westminster government. In the aftermath of the UK's decision to withdraw from the EU, the Westminster government has sought to reform the procurement Regulations. Its view is that the Regulations themselves are too restrictive and impose too much red tape on both public bodies and suppliers. The government is therefore developing new UK legislation intended to address these issues. Procurement authorities in Northern Ireland and the other devolved regions have been liaising with the Cabinet Office as these new policies have been developed. It is currently anticipated that the changes passed at Westminster will apply to Northern Ireland, subject to some local exceptions.

## Scope and structure

- 1.17** The purpose of this report is to examine the arrangements in place to ensure the overall effectiveness of procurement across the public sector. These arrangements can be assessed against four key standards:
- **Strategy:** there should be a strategy articulating an overall approach to procurement that ensures procurement exercises provide intended outcomes in line with value-for-money requirements, public procurement regulations and other government policy objectives;
  - **Capacity and capability:** public bodies should ensure that appropriate skills are in place to enable them to effectively manage all procurement-related activity which they are responsible for;

- **Governance and accountability:** there should be robust, effective and independent oversight of how effectively procurement activity is being managed across the public sector as a whole;
- **Data and transparency:** high quality timely data should be available to underpin good governance and accountability arrangements, as well as to support transparency about overall performance to external stakeholders.

**1.18** Ultimately, given the role defined in its Terms of Reference, the Procurement Board has the key leadership role in ensuring each of these four standards are met. It should have adequate processes, systems and administrative support arrangements to identify and remedy areas where public procurement is not working as it should.

**1.19** To gain an understanding of how procurement works, we engaged with a range of stakeholders including Policy and Performance Division within CPD, the heads of all nine CoPE, and experts from industry and the voluntary sector on the Procurement Board to understand their views about how effectively procurement is working in Northern Ireland. We invited stakeholder views on the key strategic issues affecting performance and whether they were confident that coherent plans existed to address their key concerns.

**1.20** The structure of our report is:

- **Part Two** provides an overview of the effectiveness of public procurement arrangements in Northern Ireland and the key recurring issues. It also highlights some of the recent initiatives being implemented to improve public procurement.
- **Part Three** identifies areas for improvement in the current strategic arrangements and makes recommendations to address these.

**Part Two:**

# **The effectiveness of procurement arrangements in Northern Ireland**

## Part Two: The effectiveness of procurement arrangements in Northern Ireland

**2.1** This section of the report provides an overview of the procurement issues that have been evident in procurement in Northern Ireland. We draw upon the issues raised in historic reports and investigations and with issues raised with us by stakeholders during our engagement process.

### There is regular criticism of procurement in Northern Ireland

**2.2** There have been several reports and investigations produced over the last decade that highlight examples of procurement failure. The reports do not cover all procurements nor all CoPE but they do identify a number of common issues:

- a lack of suitable skills and leadership capability amongst officials responsible for procurement exercises;
- deficiencies in how public bodies design and specify what they need to procure;
- weaknesses in the process used to assess tenders and select a supplier;
- deficiencies in contract management; and
- inadequate and unsophisticated utilisation of data to inform sound decision-making.

**2.3** Often, failings in process that affect individual procurement exercises are linked to more systemic issues affecting the administration of procurement. For example, in 2013 a report by the SIB relating to the procurement of major infrastructure found that the procurement system was *“not fit for purpose and works against our best endeavours to deliver”*. Over six years later, our report on the management of Major Capital Projects, and the subsequent PAC report, found little had changed: these major projects were rarely delivered on time and within budget, with little accountability around these consistent failings.

**2.4** Such reports can give the impression that procurement as a function of government is broken and subject to widespread failure. However, procurement authorities highlight the huge volume of procurement activity occurring every day across the public sector with no issues arising. Whilst there is a recognition of the problems, there is also a general rejection of the notion that government procurement is fundamentally broken.

**2.5** Officials also stress that in recent years their staff have operated within a hugely challenging environment. The Covid-19 pandemic, Brexit and the war in Ukraine resulted in global supply chain disruption and significant price volatility. There remains significant frustration that selective examples of failure are used to unfairly characterise overall performance and downplay the extent to which procurement is regularly supporting the effective delivery of a wide range of public services.

**2.6** Making general assessments about the scale and impact of issues on overall procurement performance across the public sector is difficult. This is due to the absence of any ongoing comprehensive analysis of overall effectiveness. The reports that exist place an emphasis on failures, but do not assess the full scale or impact of this across procurement activity as a whole. There is also a particular focus on issues relating to large-scale capital and construction projects. Literature evaluating other types of procurement is less extensive. Given the pervasive nature of the issues detected, it is likely that they have wide-ranging impacts upon the breadth of procurement activity, albeit to varying degrees.

## A culture of undue risk aversion is a key systemic issue

**2.7** Across all parts of the UK an undue level of risk aversion amongst procurement practitioners has been identified as a fundamental issue underlying a number of practical performance issues. It can result in procurement authorities being too process driven and impairs the ability of procurement to deliver positive outcomes. For example, in 2013, the Chartered Institute of Purchasing and Supply (CIPS) reported to the Westminster Public Administration Select Committee (PASC):

The public sector has always been focused on demonstrable process and this has been underpinned by the European Procurement Directives which have left UK procurement professionals process driven and risk averse. Strict interpretation of the directives, process focus and the use of unnecessary procedures has often strangled innovation in the public sector and this has left suppliers and procurement professionals alike frustrated and trapped by prescription.

**2.8** At around the same time in Northern Ireland the SIB reported that:

The surrounding 'culture' within which departments and agencies are seeking to deliver projects is to a significant extent threatening and disabling. The culture is dominated to a considerable degree by fear of criticism or sanction for non-adherence to policy or procedure. Perhaps understandably, this encourages a set of risk averse and process-driven behaviours by departments and agencies, as well as by procurement professionals and other advisers.

In 2016, the Organisation for Economic Co-operation and Development (OECD) highlighted that addressing risk aversion within the Northern Ireland Civil Service (NICS) was one of several factors that needed to be addressed to facilitate necessary reforms.

**2.9** Whilst public officials have a responsibility to identify and manage risk, if taken too far an excessive emphasis on risk avoidance can stifle innovation and good practice. In practical terms, undue risk aversion impairs the quality of procurement activity in several ways. It can make public bodies less effective in working with private sector partner organisations by impairing the quality of communication between parties at key points of a contract lifecycle: from identifying what is needed within a specific time and cost budget, to managing contract variations during delivery. Some stakeholders spoke of financial inefficiency and delay in project delivery caused by officials not heeding sound advice offered by the external party. Such instances, where they do occur, can damage the credibility of the public sector and supplier confidence in the capability of those they will work with.

**2.10** Undue risk aversion also drives the application of complex procurement processes and a strict emphasis on compliance. This contributes to slower decision making by public sector buyers and/or commissioners and imposes unnecessary red tape and bureaucracy on suppliers. These processes are inherently inefficient, designed to provide confidence to officials they are doing the right thing rather than to deliver an efficient process. This sense of security is often important to officials who feel they are working in an area subject to high levels of scrutiny and a significant risk of legal challenge. Our forward work programme includes a proposal for a good practice guide on innovation and risk management, which will provide up-to-date guidance in the area.

- 2.11** All CoPE described a process whereby the cost of initiating legal challenges against procurement decisions is lower in Northern Ireland than in other jurisdictions, contributing to a more litigious culture among suppliers here than elsewhere. Such challenges, when they arise, can impose a significant administrative burden on contracting authorities and CoPE. This burden is not confined to full legal challenges; many challenges do not progress past discovery stage but are nonetheless resource intensive. Once a challenge is initiated the entire process, including parts beyond those specified in the initial challenge, can be subject to detailed review. Any failing within the end-to-end process could result in the contracting authority losing the legal challenge.
- 2.12** Managing this risk contributes significantly to process driven and risk averse procurement at the expense of more strategic concerns. We sought to evidence the extent of this problem by asking each CoPE to provide details of the legal challenges in recent years. The figures provided do not suggest a huge volume of legal challenges, particularly when weighed against the award of over 5,000 contracts annually (see **Figure 2**). However, as a single procurement exercise can result in the award of more than one contract, a single challenge may impact upon the award of a number of different contracts. Even where the challenge is unsuccessful, impacts can include delays, additional cost and/or abandonment of the award of one or more contracts.
- 2.13** Whilst the data does not present strong evidence of a highly litigious culture in Northern Ireland, it does not mean that sensitivity to the risk of challenge is not contributing significantly to risk-averse behaviours. It is not possible to directly evidence this assertion empirically, but it was a view held by all CoPE. Some CoPE perceive that recent policy changes and the impending UK Procurement Reform Bill present the potential for an increase in challenges, at least in the short-term. The procurement function must be prepared to deal with the risk appropriately.

**Figure 2. Legal challenges made against procurement decisions in Northern Ireland**

CoPE	16-17	17-18	18-19	19-20	20-21	21-22
CPD Supplies and Services	-	1	2	4	2	5
CPD Construction Services	1	-	1	1	1	2
CPD Health Projects	-	-	-	7	-	-
NI Water	-	-	2	-	-	1
Translink	-	2	n/a	1	2	1
DfI Roads and Rivers	-	-	-	-	-	4
BSO PaLS	4	6	1	5	6	1
NIHE	-	1	4	1	1	2
Education Authority	-	-	-	-	14	4
<b>TOTAL</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>19</b>	<b>26</b>	<b>20</b>

Source: NIAO analysis of data provided by CoPE

- 2.14** Suppliers' frustration about bureaucracy is exacerbated by the variety of different forms and arrangements found across the public sector, forcing them to repeatedly provide the same basic information to a number of different public bodies to apply for different projects. This all adds to the suppliers' cost of working in the sector.
- 2.15** A number of Heads of CoPE and external industry representatives believe that the level of bureaucracy involved in working with the public sector is a potential entry barrier for some suppliers. There is concern that in some areas, a number of suppliers had already determined, or were considering, whether this bureaucracy was such that they would no longer tender for public contracts. Where this occurs, the competitive procurement process is undermined and may not achieve the full value possible from the competitive process. It is generally agreed that much could be done to create a more useful interface between the public sector and potential suppliers to facilitate easy and efficient access to opportunities.

## **Capacity and capability pose a risk to all parts of the procurement process**

- 2.16** Procurement as defined in the NIPPP is the end-to-end process of the acquisition of goods, works and other services. It therefore involves staff from both contracting authorities who are purchasing the works, goods or services, and the CoPE that supports the contracting authority, working together to achieve a successful outcome. Effective arrangements for procurement require that sufficient capacity and capability exist across all public bodies – not just within CoPE. There are significant issues in this area, particularly in respect of the ability of public bodies to recruit and retain key skills, and the existing skills base amongst non-specialists involved in procurement activity.

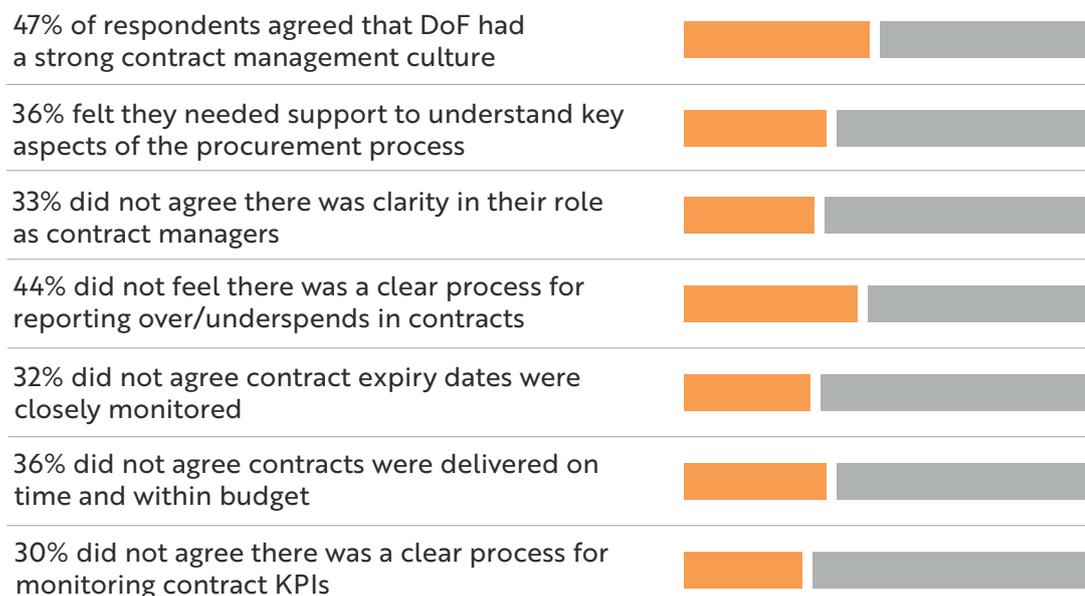
### **CoPE**

- 2.17** All CoPE we spoke to highlighted capacity and capability as a significant challenge. Many reported they were in competition with both the private sector and other CoPE for suitably qualified staff. Across a number of key professions, the private sector is able to offer higher rates of pay. Furthermore, different pay rates and arrangements across different parts of the public sector add to the challenges faced by some CoPE to recruit and retain certain staff.
- 2.18** We asked all CoPE for a detailed breakdown of the shortfall between staff in post and their assessed requirement. We did not receive adequate data from all organisations to support an overall assessment. It was not clear that each CoPE had a robust up-to-date workforce plan identifying their optimum staffing levels against which we could measure their actual staff levels and measure the full extent of gaps. Consequently, we could not evaluate the extent of the skills deficit and recruitment pressures faced by CoPE.
- 2.19** CoPE recruit in different ways. Several CoPE told us that efforts to recruit staff are made more difficult by the centralised approach to recruitment in the NICS. These arrangements tend to prioritise larger recruitment competitions and general boards. The smaller, more specialised, competitions for individual CoPE were often paused whilst larger scale general recruitment exercises took priority. This could mean these small-scale recruitment exercises taking around a year to complete.

## Contracting authorities

- 2.20** Key parts of the procurement process, for example contract management, may be undertaken by officials who are not employed within a specifically commercial or procurement-focused role. Such staff, who have expertise in a particular operational or service area, are mostly involved in helping define and specify the goods or service needed and then managing and monitoring the delivery of the awarded contract. They are supported by colleagues from CoPE, particularly in the technical process of advertising an opportunity and evaluating the tenders received.
- 2.21** However, where it happens, this allocation of responsibilities does not work when the business area experts are not trained or qualified to perform the procurement-related tasks within this system. Our *Capacity and Capability* report noted that many specialist activities in the NICS such as project management, contract management and service delivery are carried out by general service staff without specific skills or qualifications. The report concluded that more needs to be done to prioritise the identification and development of the skills, knowledge and experience which are key to the delivery of modern public services.
- 2.22** The subsequent PAC report deemed the existing human resource management as not fit for purpose. The PAC noted that it was however encouraged by the actions taken to develop commercial capability (refer **paragraph 3.23**), albeit in a relatively discrete area. Among its recommendations for improved HR and workforce planning, the committee proposed improved oversight roles for the Head of the Civil Service and the NICS Board in delivering the NICS reform and transformation agenda. Sound workforce planning and the development of staff are essential across all aspects of procurement in Northern Ireland. Reforms in procurement should be mindful of any such changes in governance structures.
- 2.23** Stakeholders are also concerned about the variability of skills across contracting authorities. A recent culture audit within the DoF highlighted significant degrees of concern amongst respondents in respect of their skills and understanding in that area (see **Figure 3** and **Appendix 2** for additional detail). We understand that other Departments intend to undertake similar audits, but these have not yet been completed.

### Figure 3. Key findings from DoF Contract Management Culture Audit (January 2022)



Source: Department of Finance

## Accountability and governance around procurement has been weak

- 2.24** The roles and responsibilities of organisations involved in the management and delivery of procurement services are detailed in the NIPPP, which was developed in response to a review of procurement arrangements carried out in 2002. This review recommended that the Procurement Board should be responsible to the Northern Ireland Executive and accountable to the Northern Ireland Assembly and should have maximum possible accountability for procurement activity.
- 2.25** Within this structure, the NIPPP assigned the Procurement Board a range of responsibilities for setting targets, measuring performance against those targets and monitoring compliance with procurement policy, with the support of CPD Policy and Performance Division. The Board therefore has a critical role in overseeing the effectiveness of procurement practice across all bodies covered by the NIPPP and was intended to be accountable for this performance. However, in practice, these arrangements did not meet these standards or deliver the intended accountability and governance.
- 2.26** In 2016, the OECD criticised the Board for being too operationally focused, and for not being proactive in addressing critical strategic issues that merited its attention. The Board did not fulfil its responsibilities to set overarching performance targets or sustain oversight of performance against these. Stakeholders highlighted to us their concerns that the Board, particularly as it existed between 2002 and 2020, was not effective in governing and steering procurement practice.

**2.27** As a result, appropriate accountability and governance within procurement has been absent at the strategic level in Northern Ireland. In its place, the main accountability mechanism has been reviews of individual procurement exercises. While the lessons learned and recommendations made were often intended to provide an impetus for wider action, rather than just within the body directly involved in the exercise, the mechanisms available to deliver this were obscure. Consequently, the results from previous reviews tend to remain within individual organisations and have not delivered more systemic change.

## **A lack of data undermines accountability and governance**

**2.28** Data is a critical enabler of accountability and governance. Effective data arrangements mean having good quality, relevant information about performance available for those who are responsible for providing leadership and governance. Data provides objective evidence about how services are functioning to inform decision-making. In procurement terms, this means having a flow of information from CoPE and contracting authorities to the Procurement Board. Only with such information can the Board discharge its full range of responsibilities effectively.

**2.29** Such an information flow has never been in place in Northern Ireland. There has consistently been a lack of appropriate information to facilitate oversight by the Procurement Board, and little meaningful information published about how procurement has operated. Even the most basic high-level information about procurement – the total procurement spend each year and the total number of contracts delivered on time and within agreed cost – has never been made available to the Board, despite its monitoring and oversight responsibilities.

**2.30** The incompatibility of information systems used by contracting authorities to record actual expenditure and the system used by CoPE to award contracts has been a major contributing factor. In 2015, the eTendersNI system was introduced to provide a common platform for managing all Northern Ireland Public Sector procurement opportunities through a single portal. The system was intended to meet all strategic requirements and fully facilitate, support and monitor all Northern Ireland publicly funded procurement (see **Appendix 3**). The failure to integrate this system with the existing financial systems undermined this objective. One consequence has been difficulty in combining management information about contract award with financial information about the actual spend incurred against contracts. The information that is taken from eTendersNI therefore reports on the number and value of contracts awarded, which is of limited real-world value to most stakeholders.

**2.31** We found no evidence that eTendersNI nurtured a culture of enhanced data-driven oversight of procurement. There is little consensus amongst stakeholders as to why: some highlight faults within the system itself; others assert that the system could have worked for these purposes if used correctly.

## Improvements are being established

- 2.32** In January 2020, the 'New Decade New Approach' agreement identified a review of procurement arrangements as a key priority for the new Executive. Over the last two years, there have been several different initiatives to enhance the effectiveness of procurement activity. The most immediate action of the new Executive was the reconstitution of the Procurement Board with a new membership, but there have also been other changes intended to improve various aspects of how procurement works. A summary of these is provided at **Figure 4**.
- 2.33** A primary objective to fundamentally change the culture of procurement links much of these reforms. The current culture, generally criticised as driven by undue risk aversion and overly process-focused practice, has to change to a culture that is more agile, flexible, imaginative, and confident in its commercial dealings. Rather than minimising risk, the key factor that should drive procurement practice is maximising the achievement of outcomes and impact in terms of supporting public bodies to deliver against the Executive's key policy objectives.

**Figure 4. Summary of recent procurement change initiatives**

Action	Impact
<p><b>Reconstitution of the Procurement Board</b></p> <p>In December 2020 the Minister of Finance replaced the Procurement Board then comprised of NICS Permanent Secretaries with one comprised of public sector procurement experts (Heads of CoPE) and representatives of external suppliers and the voluntary sector.</p>	<p>The wider membership was intended to provide a wider range of expertise and insight and support a more collaborative approach to procurement policy development.</p>
<p><b>New procurement policies</b></p> <p>The new social value policy mandates that there should be an evaluation of social value as part of the tendering and contract award process for every service and construction contract above threshold values. This is currently set at 10 per cent of award criteria from 1 June 2022 but is anticipated to rise to 20 per cent from 1 June 2023.</p> <p>The supply chain policy was driven by the recognition of the vulnerability of some supply chains that had been highlighted during the pandemic. It requires public bodies to map their supply chains for critical supplier contracts.</p>	<p>The new social value policy is intended to create a stronger link between the expenditure incurred as a result of procurement and the achievement of the Executive's wider set of policy objectives.</p> <p>The key anticipated benefits of the new supply chains policy include public bodies developing a greater understanding of their supply chains, and a reduction in the risk of service delivery failing due to future disruption.</p> <p>Understanding these supply chains also means public bodies are better placed to identify opportunities to restructure these to better reflect other Executive objectives (for example, in respect of carbon emissions or waste production).</p>
<p><b>Clarifying policy and guidance</b></p> <p>Previously, procurement policy was set out in a set of 40 Procurement Guidance Notes (PGNs). These individual documents contained a combination of mandatory policy direction and optional guidance. There were concerns that the distinction between policy and guidance was not clear, and as such the entire suite of PGNs was often considered mandatory.</p> <p>New policies are now issued as Procurement Policy Notes (PPNs) and contain only policy.</p>	<p>The new PPNs are designed to provide a clear articulation to all stakeholders of the policies that all public bodies must adhere to.</p> <p>By removing aspects that are optional or advisory they are hoped to be less restrictive and encourage procurement professionals to apply their own expertise to design effective bespoke approaches to procurement.</p>

Action	Impact
<p><b>Introduction of toolkits</b></p> <p>As part of the transition to the PPN-model the existing PGNs were reviewed and the guidance within them was brought forward for inclusion in one of two toolkits: the Sourcing toolkit and the Construction toolkit.</p> <p>These toolkits, based upon similar tools used in England, support practitioners to deliver effective procurement processes whilst remaining within legal and policy constraints.</p>	<p>Toolkits are intended to provide practical support to practitioners to design procurement exercises that are compliant with law and policy but are tailored to the particular circumstances of individual procurement exercises to maximise effectiveness.</p>
<p><b>Better management information</b></p> <p>All new PPN documents include monitoring and mapping requirements setting out information that must be gathered and reported by public bodies.</p>	<p>Creates a system for properly monitoring procurement behaviour, ensuring it is compliant with policy and evaluating the impact that policies are having.</p>
<p><b>Commercial Delivery Group</b></p> <p>In response to series of reports highlighting capacity and capability issues within the NICS, the DoF established a Commercial Delivery Group.</p> <p>The Group is charged with improving commercial practice both within the Department and across the wider civil service.</p>	<p>The Group is intended to support the development of increased commercial capability and knowledge across the NICS.</p> <p>It will establish a specialist project delivery profession within the NICS, enhance commercial leadership and work to improve relationships between the NICS and strategic suppliers.</p>

Action	Impact
<p><b>Replacing eTendersNI</b></p> <p>The eTendersNI system is due to be replaced in 2024. To deliver the best common platform, it was initially intended to define operational requirements to meet the varied needs of CoPE and to help deliver an improved culture of enhanced, data-driven oversight of procurement.</p> <p>However, there are issues identifying and tailoring the new system to the varied needs of each individual CoPE, as well as questions over affordability. CPD has therefore decided to replace e-TendersNI with an off-the-shelf tendering solution that will meet current tendering requirements and can accommodate changes in the proposed new UK Procurement Bill. There will be no bespoke development and the system will no longer include contract management functionality.</p>	<p>It is unlikely that the replacement system will address the Board's future data requirements. It will therefore be incumbent on all parties to provide agreed data in a standard format to facilitate the proper monitoring of procurement activity. Individual contract management systems will also have to ensure that that they meet all the legal requirements of the new Procurement Reform Bill.</p>

Source: NIAO

# **Part Three:**

# **The strategic management of procurement**

## Part Three: The strategic management of procurement

**3.1** In our view, effective arrangements to manage procurement across the public sector should meet four key standards:

**Strategy:** there should be a strategy articulating an overall approach that ensures procurement exercises provide intended outcomes in line with value-for-money requirements, regulations and other government policy objectives;

**Capacity and capability:** public bodies should ensure that appropriate skills are in place to enable them to manage effectively all procurement-related activity which they are responsible for;

**Governance and accountability:** there should be robust, effective and independent oversight of how effectively procurement activity is being managed across the public sector as a whole;

**Data and transparency:** high quality timely data should be available to underpin good governance and accountability arrangements, as well as to support transparency about overall performance to external stakeholders.

**3.2** Part Two of this report identifies the key areas where procurement arrangements have not met these standards, while also recognising the range of actions taken over the last two years to change how procurement works in a way that is more consistent with these standards.

**3.3** It is likely that these changes will have a positive impact on how procurement functions. However, alone they will not fully address the gap between procurement arrangements and the four standards. In this section we highlight those areas where further work is necessary and make recommendations for improvement.

### Leadership and governance structures are no longer appropriate to deliver major cultural and operational changes

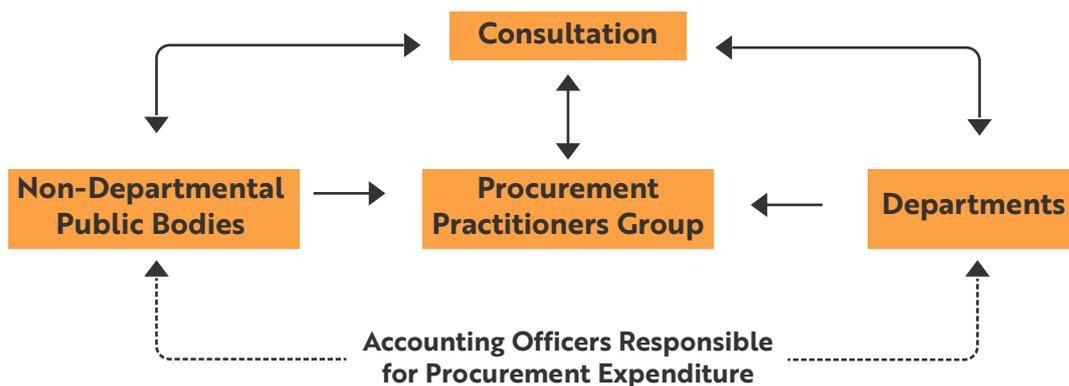
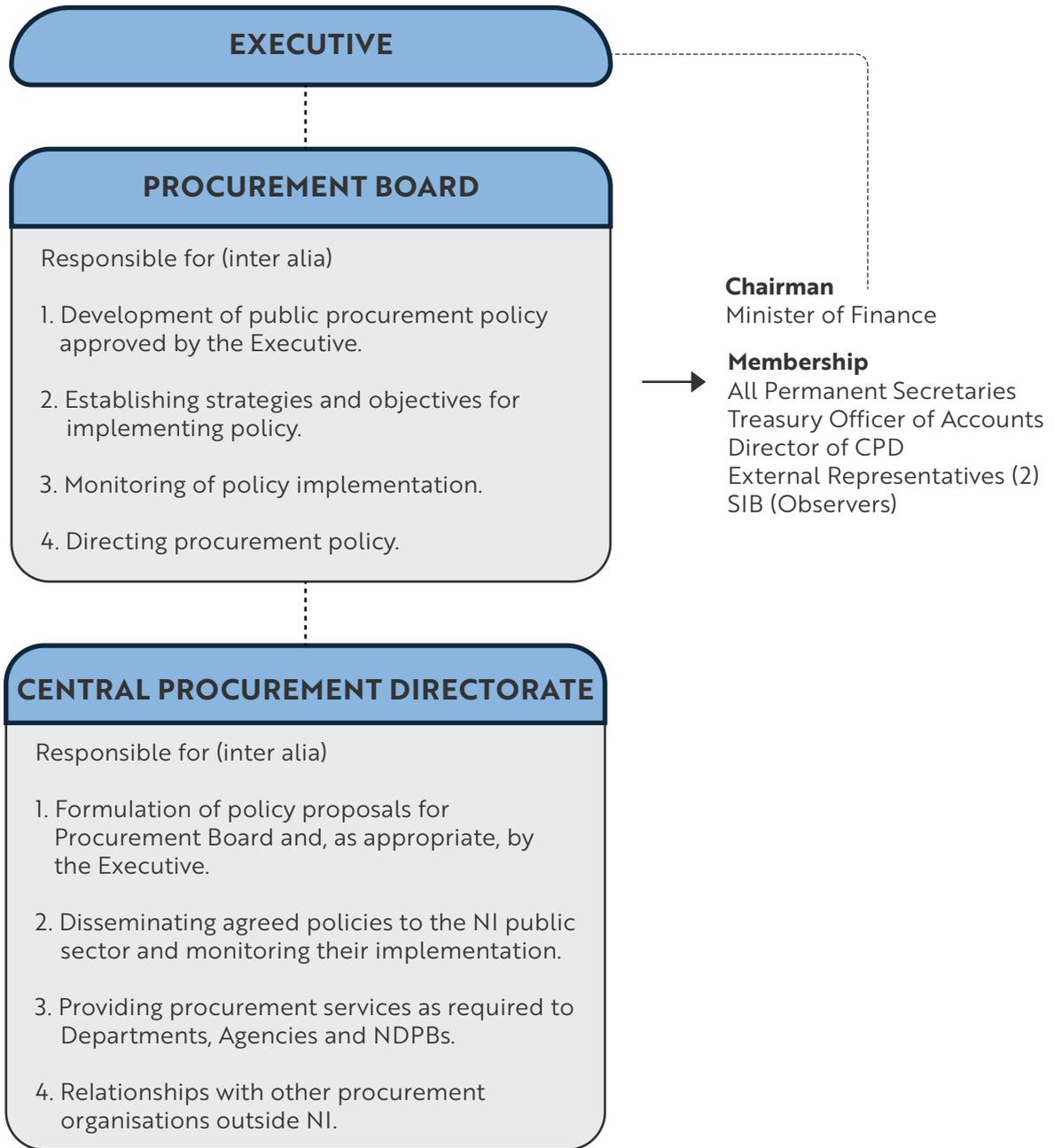
**3.4** The reforms implemented in 2021 and 2022 reflect a substantive attempt to change how procurement operates and is perceived to operate (see **Figure 4**). Their wide-ranging and transformative nature represents a programme of activity that is consistent with the intentions established in New Decade, New Approach.

**3.5** In the main, these initiatives are targeted at operational practices and behaviour. For example, new policies, and in particular the social value policy, constitute an instruction to incorporate a specific type of evaluation into contract award decision making by public bodies. Similarly, the new way in which policy and guidance are published is intended to support a more considered use of these procurement notes and toolkits by officials.

**3.6** However, the overall programme of activities has not incorporated a review of whether procurement is managed effectively at a strategic level. It is not clear that current arrangements support strong accountability and governance in procurement.

**3.7** Prior to 2020, the Board included Departmental Permanent Secretaries, the most senior officials within the public sector responsible for making decisions as to how public bodies should operate to meet the wishes of the Executive and Ministers. The Board was clearly positioned to possess maximum authority for procurement, and to hold public bodies to account in terms of their compliance with the Board's policies and objectives, whilst also being itself accountable to the Assembly and Executive (see **Figure 5**).

**Figure 5: The Structure of Northern Ireland Procurement set out in the 2002 NIPPP**



- 3.8** The Procurement Board changed fundamentally in 2020. At that time, the Minister of Finance decided that the Board should no longer include Permanent Secretaries, and instead be comprised of procurement experts from both inside and outside of government.
- 3.9** This decision was made within a particular context. There was an intention to make meaningful change in respect of how procurement functioned, but a limited time window to achieve this within the existing political mandate. The Minister's stated priorities for the Board were to establish social value as a mandatory assessment category within procurement exercises, and to develop new policy to support greater supply chain resilience amongst public bodies. Beyond these specific objectives, the Board was given a remit to more generally identify problems affecting procurement practice and develop solutions. The new membership was intended to support these objectives by making sure that people with expertise in the design, management and delivery of public contracts were at the heart of developing the new policies and solutions.
- 3.10** The new Board was effective in delivering against these specific objectives. New policies on social value and supply chain resilience were successfully launched, within a particularly challenging context of the disruption to collegiate working imposed by the covid-19 pandemic. The Board also delivered other policies, and substantially changed the way in which procurement policy and guidance were published and disseminated.
- 3.11** Whilst successful in delivering upon its short-term objectives, current arrangements do not provide a sustainable long-term model for effective leadership, governance and accountability. The current Board possesses more direct expertise in the application of procurement law and policy but does not possess the same level of authority in terms of decision-making or leadership.
- 3.12** Authority is important because some of the Board's key responsibilities are to set targets and monitor the performance of all public bodies in respect of procurement. The Board has not, under any of its configurations, substantially delivered against these. The current membership has its own conflicts in respect of wider accountability and governance.
- 3.13** One such is in respect of Board members who are also Heads of CoPE. They are therefore involved in the Board's setting and monitoring of performance targets, whilst also being subject to these. This poses a risk to the credibility of the performance regime. Another tension is in respect of the Board's external members, who are expected to assume a broader role than acting as representatives of a particular sector or industry.
- 3.14** Procurement arrangements are now in a significantly different place to where they were in 2019. While it remains to be seen how effective the changes over the last two years will be in the medium and long-term, they reflect an energy to drive substantial improvement that was not evident in preceding years. There has not, however, been a critical assessment of whether governance arrangements have evolved to create a suitable framework in which to plan and manage a substantial change programme. The time is now right to review how appropriate these overarching arrangements remain, and whether alternatives would provide a better basis to deliver and sustain positive change.



## Recommendation 1

The Department of Finance should commission a fundamental review to ensure that arrangements support effective strategy setting, policy development, governance and accountability for procurement. This should involve a detailed consideration of the role, responsibilities and composition of the Procurement Board. The review should also include an assessment of how the Board's role and responsibilities relate to those of other key stakeholders, including the NICS Board, the Executive, and CoPE.

## A procurement strategy is an essential tool

- 3.15** Strategy is the tool to provide a guiding vision that coordinates policy and action across all stakeholders towards the achievement of a common goal. The NIPPP is essentially the strategic document for procurement in Northern Ireland, but it is not a strategy. It is not clear that the allocation of responsibilities it articulates remain consistent with actual real-world practice or expectations. It does not contain any significant commentary on the key strategic issues that impact upon procurement performance, nor is it based on any substantive quantitative assessment of the impact of such issues.
- 3.16** The recent changes undertaken by procurement authorities (see **Figure 4**) are underpinned by a strategic vision that has yet to be formalised in a strategy document. This vision is based upon the known and recurring issues identified in reports and best practice that have yet to be addressed but lie at the heart of the problems with procurement.
- 3.17** There is an overarching drive to improve commercial awareness and acumen across the public sector and to nurture a more flexible and innovative approach amongst practitioners. The assumption is that by enhancing the commercial skills of those involved in procurement and empowering procurement specialists to apply greater degrees of innovation, the changes will nurture a confident, flexible and effective procurement culture. This is accompanied by the intention to improve the quality of data and evidence to demonstrate the value and effectiveness of procurement activity to stakeholders.
- 3.18** However, within this underlying vision there is no clearly defined end goal. Nor is it possible to track the impact of these changes against any medium or long-term plan. The improvements that have been made – new policies, with associated changes in administrative practice – have not been supported by detailed analysis of the full range of costs and benefits that will result. These issues will make evaluating the effectiveness of change more difficult.
- 3.19** The development of policy interventions in the absence of such preparatory analysis is not an appropriate long-term approach. All policy interventions should be planned and managed within the context of a clear statement of what effective procurement will look like, identifying where current arrangements fall short and an articulation of how the intended intervention will contribute to closing this gap. There should be a comprehensive analysis to ensure that the assumed impacts are reasonable, and to identify any potential unintended consequences that will impair achievement of the desired results. Irrespective of any further changes in leadership and governance arrangements, an overarching procurement strategy for Northern Ireland remains essential.



## Recommendation 2

The Department of Finance, in consultation with procurement practitioners, should develop a new strategy to underpin how procurement functions in Northern Ireland. This strategy should be time-bound and set out clearly the objectives and priorities that procurement authorities will work to deliver within this timescale.

### Capacity and capability remain a challenge

- 3.20** There remains significant work for both CoPE and contracting authorities in establishing sufficient capacity and capability within the workforce to manage the procurement activity they undertake. Ultimately, responsibility for workforce planning lies with these individual organisations. Each requires a sound understanding of the numbers and particular mix of skills necessary to deliver their programme of work.
- 3.21** However, capacity and capability are critical strategic issues and as such demand ongoing strategic oversight and action to support effective local management. The Procurement Board has responsibility for steering procurement policy and practice and is also responsible for ensuring procurement officials are provided with appropriate guidance and training (refer **Appendix 1**). Understanding capacity and capability issues across both contracting authorities and CoPE, and assessing their scale and impact, is critical to the Board's ability to meet these responsibilities.
- 3.22** In the past, the CoPE accreditation process has provided the Board with some degree of assurance over the operating effectiveness of CoPE. These assessments were conducted every five years, with the last assessment undertaken during 2018. However, there is widespread scepticism about the value of this exercise and the true level of the assurance it provided. There is an intention to move to an annual balanced scorecard to demonstrate the impact and value of CoPE work. This process should be designed in a way that allows the Board to maintain its strategic oversight of capacity and capability issues across the CoPE network.
- 3.23** The Board has never had an effective process to evaluate capacity and capability amongst contracting authorities. The Commercial Delivery Group (CDG) is currently the main vehicle by which the NICS is attempting to address the issues apparent in this area (refer **paragraph 2.22**). It is intended, and has been active in seeking, to drive commercial improvement across the NICS as a whole. The Group's Terms of Reference clearly articulate its responsibilities for driving improvement within the Department. However, we did not consider the process by which it could ensure delivery of its objectives beyond the bounds of the Department to be as well defined.
- 3.24** There is no clear articulation of the relationship between the Group and the Procurement Board. Whilst the Commercial Director reports to the Chief Executive of CPD, who attends Board meetings to provide support to the Minister, there is no formal reporting requirement to the Board within its Terms of Reference.



### Recommendation 3

The Department and/or the Procurement Board should develop the strategic oversight of capacity and capability. This should involve agreeing baseline standards for CoPE and contracting authorities against which performance can be measured.

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## Performance information is under-developed

- 3.25** The availability of data is a critical issue and as such, the lack of meaningful information is a major barrier to effective and transparent procurement arrangements. There is an increased focus on improving the data that is collected and used across contracting authorities and CoPE. New policies make explicit reference to gathering and reporting information, which provides the opportunity for better governance, accountability and transparency in respect of how those policies are working. However, this does not address the need for basic performance information about how public procurement is working.
- 3.26** The off-the-shelf replacement for the e-TendersNI system (see **Figure 4**) will not address the Board's performance data needs. It will maintain the status-quo of a central tendering system, discrete contract management systems and disconnected expenditure data. Once data needs are agreed, this places an emphasis on CoPE to source the Board's required data from their own systems and provide it in a standard format. The Board must guard against the culture of tolerating and working around poor data. The Northern Ireland procurement community must deliver a material improvement in the value and usage of data provided to all stakeholders.
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### Recommendation 4

The Board should establish arrangements to ensure that all bodies provide complete, accurate and timely procurement data to enable effective oversight of public procurement activity. This data should support meaningful assessment of the value for money of procurement activity by public bodies, and of the impacts of the expenditure incurred.

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# Appendices

## Appendix 1

### Roles and Responsibilities of the reconstituted Procurement Board (2020)

The Procurement Board has the following roles and responsibilities to:

- develop public procurement policy across the public sector for the approval of the Executive taking account of local and international best practice;
- ensure procurement policy is consistent with the Executive's wider policy commitments, including social value, economic development, equality, sustainable development, and the environment;
- ensure procurement policy and practice contributes to the outcomes contained in the Executive's Programme for Government;
- develop policy across the whole procurement life cycle from commissioning through to the end of the useful life of an asset or the end of a contract;
- consult with Departments and the Heads of Procurement Group on policy development and implementation;
- ensure stakeholders are appropriately consulted on procurement policy;
- ensure procurement policy is disseminated among public bodies and available to the general public;
- develop targets for procurement, and monitor performance against those targets;
- ensure procurement officials are provided with appropriate guidance and training; and
- monitor the implementation of procurement policy within Northern Ireland public bodies.

Source: Procurement Board [Terms of Reference](#), Department of Finance website.

## Appendix 2

### Key Area Findings from DoF Contract Management Culture Audit, January 2022

Key Area	Findings	RAG Rating
<b>Culture</b>	Less than 50% felt DoF have a strong contract management culture, with defined knowledge transfer processes for personnel change.	<b>Red &lt;50%</b>
<b>Contract Management</b>	There are concerns about insufficient numbers.	<b>Red &lt;50%</b>
<b>Contract Management</b>	70% felt DoF monitored contract KPIs and challenged contract performance.	<b>Amber &gt;51% &lt;74%</b>
<b>Contract Management</b>	+80% felt supported for advice and competent to deliver these roles.	<b>Green &gt;75%</b>
<b>VFM</b>	64% agreed contracts are delivered on time and within budget but felt they needed support to understand: <ul style="list-style-type: none"> <li>• VFM Definition &amp; Benchmarking</li> <li>• Benefits definition and realisation</li> <li>• Understanding the Business case process and why approvals can take time</li> <li>• PfG Outcomes and Sustainability issues.</li> </ul>	<b>Amber &gt;51% &lt;74%</b>
<b>Contract &amp; Project Delivery</b>	67% agreed there was clarity in their roles as contract managers.	<b>Amber &gt;51% &lt;74%</b>
<b>Contract &amp; Project Delivery</b>	80% said they had confidence in their contract decision makers.	<b>Green &gt;75%</b>
<b>Contract &amp; Project Delivery</b>	78% felt supported by senior leaders in their Business Area.	<b>Green &gt;75%</b>
<b>Contract &amp; Project Delivery</b>	70% agreed there were clear processes for monitoring contract KPIs.	<b>Amber &gt;51% &lt;74%</b>
<b>Contract &amp; Project Delivery</b>	68% agreed contract expiry dates are closely monitored and 64% agreed contracts are delivered on time and within budget.	<b>Amber &gt;51% &lt;74%</b>
<b>Contract &amp; Project Delivery</b>	82% said they know who to go to, to ask for advice and support on complex contract management issues such as price increases.	<b>Green &gt;75%</b>

Key Area	Findings	RAG Rating
<b>Contract &amp; Project Delivery</b>	78% said in cases where they need to challenge the supplier's performance or proposed price increase, they felt supported by senior leaders in their business area.	<b>Green &gt;75%</b>
<b>Governance</b>	17% felt it was difficult to control price increases in contracts as suppliers have all the control (83% did not).	<b>Green &gt;75%</b>
<b>Governance</b>	56% felt there was a clear process for reporting overspends and underspends in contracts.	<b>Amber &gt;51% &lt;74%</b>
<b>Governance</b>	58% felt that contract expiry dates are closely monitored in their business areas to avoid direct award contracts or unplanned extensions.	<b>Amber &gt;51% &lt;74%</b>
<b>Governance</b>	64% felt that, in general, contracts are delivered on time and within budget by their business area.	<b>Amber &gt;51% &lt;74%</b>
<b>Commercial</b>	77% always carry out market research before going out to tender.	<b>Green &gt;75%</b>
<b>Commercial</b>	87% always incorporate clearly defined and measurable KPIs in contracts.	<b>Green &gt;75%</b>
<b>Commercial</b>	91% include a clear process to allow for contract changes or amendments.	<b>Green &gt;75%</b>

Source: Summary data provided by Department of Finance

## Appendix 3

### Extract from the Statement of Requirement of DFP's [now DoF] e-Procurement managed service for the Northern Ireland Public Sector

Any replacement electronic procurement service should:

- Provide a single portal for all Northern Ireland Public Sector procurement opportunities.
- Provide appropriate functionality to support all strategic requirements and fully facilitate, support and monitor all Northern Ireland publicly funded procurement.

#### Vision

To provide a modern, consolidated, electronic procurement service for the Northern Ireland Public Sector. The Service will consolidate and utilise collective buying power, and improve synergy, accountability, consistency, accessibility, transparency, fair dealing and efficiency; ultimately delivering more for less.

#### Objectives

In light of the strategic context and needs, the objectives of the project are:

**Objective 1:** To implement a long term replacement electronic procurement managed service, which will be available for all publicly funded procurement in Northern Ireland, to replace the existing e-SourcingNI service by 31st October 2013.

**Output:** A long term replacement electronic procurement managed service available for all publicly funded procurement in Northern Ireland.

**Outcomes:** A common service and process for both Buyers and Suppliers, making the benefits of efficiency, transparency, and auditability of procurement processes available to the whole of the NI public sector. Service term to be 7-10 years, to maximise potential benefits through, long term consistency.

**Objective 2:** To ensure the replacement service improves upon the functionality of the existing service, facilitating: the principle of a single platform, low value / low complexity procurement, and data collection / management.

**Output:** A replacement service with a level of functionality appropriate for the fulfilment of all publicly funded procurement in Northern Ireland.

**Outcomes:** Improved service functionality which will;

- Provide functionality for the whole of the NI public sector, for all levels of procurement activity.
- Provide functionality to equip the replacement service as a source of high quality procurement data to analyse procurement activity and inform strategic and operational decision making.
- Provide functionality to equip the replacement service as a means of identifying and monitoring procurement efficiencies.

**Objective 3:** As recommended by the Committee for Finance and Personnel, Use the common platform as a means of facilitating the eProcurementNI Service being the standard method of procurement for the whole of the NI public sector

The eight CoPEs and approximately 20 other public sector organisations in Northern Ireland, currently utilise the existing service. If however, all publicly funded Northern Ireland procurement is to be channelled through one single portal there is a need to drive further participation by the remaining public sector organisations in Northern Ireland. Objectives 1 & 2 will provide a conducive environment, however stakeholder engagement and communication will be required to drive the participation of organisations not using the existing service.

**Output:** All levels of publicly funded procurement in Northern Ireland to be channelled through the replacement service.

**Outcomes:** A single portal will:

- Deliver consistency / standardised processes and embedding of procurement best practice across the NI public sector.
- Drive implementation of NI Procurement Policy
- Deliver a source of high quality procurement data to analyse procurement activity and inform strategic and operational decision making.
- Deliver a means of identifying and monitoring procurement efficiencies.

Source: [Department of Finance website](#)

# NIAO Reports: 2022 and 2023

## NIAO Reports 2022 and 2023

<b>Title</b>	<b>Date Published</b>
<b>2022</b>	
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