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Health Service Executive

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Report

To: Mr. Sean McGrath, National Director of HR, HSE

From: Dr. Geraldine Smith, Assistant National Director Internal Audit.

Subject: Audit of SKILL Programme - Procurement (SKILL Internal Audit Report #2)
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Approved by: Mr Michael Flynn, National Director, Internal Audit

Date: 6th December 2010

Ref: 11-Rep-HSE-SKILL Prog-Procure-Apr-2010-8

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Executive Summary
Audit of SKILL Programme - Procurement
(SKILL Internal Audit Report #2)

Introduction

Expenditure by the SKILL programme on materials, goods and services amounted to €18.6m of which €15.7m was spent on training providers and €200k on training evaluation. The expenditure on other consultancy, advertising, office operations, taxis and computer services & web design has been referred to in the SKILL Administrative Expenses Audit report issued in June 2010 and for completeness the overall findings on all SKILL procurement matters are set out in this current report (SKILL Internal Audit report #2).

Audit Objectives

To examine the procurement procedures utilised for awarding contracts and procurement in general for the SKILL Programme.

Analysis of Key Findings for which recommendations are set out in this report

	Total
High	5
Medium	3
Low	
Total	8

Key Audit Findings - Ranking Priority – High and Medium

This audit identified that there was/is no annual procurement plan in place for the SKILL Programme. The SKILL Programme Administration Management and staff were not adequately aware of HSE, National and EU procurement rules and regulations and no procurement specialist was assigned to the SKILL Programme. Existing HSE contracts were not utilised and the required number of quotations (where required) was not always sought. Day to day procurement (non-training procurement) was done mainly on verbal basis

Regarding the procurement and award of the training contracts (expenditure €15.7m) the audit found that:

- training contracts were awarded to three providers: SKILLVEC (CDVEC), (expenditure €15.1m), OTC (expenditure €489k) and UCD (€28k).
- the process to award the main Training and Development Contract took approximately twelve months to complete.

- there was confusion in SKILL from the start as to what procurement strategy to adopt to best progress the process.
- the tender specification was very broad and vague, provider selection criteria was not in accordance with EU Directive and HSE NFR P2P requirements, award criteria was not weighted in the tender documentation,
- SKILL could not provide IA with all tenders received, there was inadequate evidence of tender receipt, custody and opening procedures, there was a lack of clarity of the number of tenderers ranging from 15 to 18 and there was no tender evaluation report on file.
- the process resulted in three contracts being awarded for various lots.
- although the award of contracts took place in 2005 two of the contracts were not formally signed until 2007 and one was never signed.

Insufficient procurement documentation was available to the auditors during the audit. Following completion of the audit SKILL management informed IA that they had been notified that documentation relating to the procurement procedures had been located in a Voluntary HSE hospital which SKILL Staff were unaware of at the time of audit.

The main contract was approved by the HSE Board in accordance with HSE procedures. However it was signed by the chairman of the Steering Group who was not an officer of the HSE and had no executive functions and it was co-signed by the GM of SKILL, whose grade as AND did not provide him with the authority to sign a contract of this value.

A training evaluation contract (contract value €75k – actual expenditure €180k) was awarded.

The audit found that:

- Requests for tenders were issued to 10 potential providers, however there was no evidence that it was publicly advertised, nor that expressions of interest for neither the contract, nor that a prequalification phase had taken place.
- Tender award criteria was not weighted and was not consistent with the Tender document.
- SKILL Management informed IA that the successful tenderer's standard terms and conditions of contract (not HSE's standard contract terms and conditions) formed part of the contract.
- This contract procurement process was not referred to HSE Procurement for advice. There was no tender evaluation report on file.

A research contract was awarded to a UK University (2008) with a value of stg£29,200 and there was no call for other quotations in respect of this contract.

The audit also determined that the Management of the SKILL Programme continued to operate with suppliers arrangements which existed in the former Office for Health Management (OHM).

The audit also identified that information contained in the local asset register was insufficient to adequately record assets held locally and to safeguard these assets. Computer devices held off site from HSE premises were not adequately protected by protection software.

Tax clearance certificates were evident for suppliers where these were required.

Management Comment

Internal Audit issued a letter to the AND HR, Leadership, Education and Development, HSE, enclosing the final draft of this report requesting him to confirm in writing acceptance of the recommendations of the report and he confirmed agreement with the content of the report, in particular, the key findings and recommendations.

Internal Audit also discussed the findings and recommendations with the National Director of HR on 3rd December 2010 and he also confirmed his agreement with the report's key findings and recommendations and action plan for implementation of the recommendations.

Audit Opinion

The overall assessment of the control environment is considered by the auditors to be inadequate due to the significance of the findings identified by the audit.

The audit of the SKILL Programme Administrative Expenditure (SKILL Internal Audit #1) which issued in June 2010 identified significant governance and internal control deficiencies in the programme. Similar governance and internal control deficiencies have also been identified in this audit of SKILL Procurement (SKILL Internal Audit #2).

The major element of SKILL procurement related to Training Services (expenditure of approximately €16m up to December 2009, of which the majority (€15m) was in respect of one training contract). This level of expenditure of public resources imposed an obligation on HSE SKILL management to ensure it complied fully with HSE's procurement policy and procedures. The audit has shown this did not happen. This is evident in the lack of adherence to HSE procurement policy, (which is based on National and EU procurement rules), confusion in carrying out the procurement process, vagueness of the training tender specifications, inadequate documentary evidence available to the auditors in respect of various stages of the procurement process, unauthorised signing of the major training contract (expenditure in excess of €15m) by the General Manager of SKILL and the non-executive chairman of the Steering Group contrary to HSE contract signing procedures and, the non-signing of other training contracts .

The non-compliance by SKILL Management with HSE's record management and records retention policy, as evidenced by the fact that insufficient procurement documentation was available to the auditors during the audit and that following completion of the audit SKILL management informed IA that it had been notified that procurement documentation had been located in a Voluntary HSE hospital where it had been stored but which SKILL staff were unaware of at the time of audit, is a matter of concern.

This report sets out a series of recommendations to address the deficiencies identified. Implementation of the recommendations should assist the HSE in ensuring that the control objectives of the procurement function within the SKILL Programme are achieved.

Acknowledgement

Internal Audit wishes to formally acknowledge the co-operation and courtesy the afforded to them by the management and staff of the SKILL Programme during this audit.



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MAIN REPORT

Audit of SKILL Programme Procurement (SKILL Internal Audit Report #2)

Ref.: 11-Rep-HSE-SKILL Prog-Procure-Apr-2010-8

I. Introduction

As a result of findings arising from an audit on the SKILL Programme Administrative Expenditure, Internal Audit undertook two further audits of the SKILL Programme – one on SKILL backfilling contributions and one on SKILL Programme Procurement. This report concerns the audit of the SKILL Programme Procurement.

II. Background

The SKILL Programme was established following Labour Court Recommendation 17632 (LCR 17632) which dealt with issues relating to the parallel benchmarking agreement. LCR 17632 provided for a discrete fund of €12 million per annum to be established for training and development of support staff grades for the years late 2004 – 2008. Thereafter a fund of €12 million (index linked) would be provided on an annual basis. The funding was initially allocated by the Department of Health and Children through the (former) Midland Health Board for transmission to the SKILL Programme. Following the establishment of the HSE, funding is now provided through the HSE vote.

SKILL (Securing Knowledge Intra Lifelong Learning) is a training and development programme aimed at 32,000 support staff employed in the Irish Health Service. It originated as part of a partnership agreement between Health Service Employers and Unions entitled “Recognising and Respecting the Role” 2003. Section K of the report entitled “Training Initiative” was designed to ensure that a standardised approach was

taken to training requirements with an emphasis on maximising available resources and having regard for value for money.

The total spend by the SKILL programme on materials goods and services for the period 18th June 2004 to 31st December 2009 was €18,595,350.

Table 1: SKILL Programme – Expenditure on materials, goods and Services 18/06/2004 to 31/12/2009

Training Providers	Mobile Phones/ Broadband	Consultancy	Advertising	Office Ops Stationery & Printing	Taxis	Computer Services/ Website Design
17,453,914	20,214	434,286	257,658	182,924	12,787	233,567
Total						18,595,350

The staffing complement of the SKILL Programme is:

Management 2.5 WTEs and Staff 2 WTEs which has now been reduced by 1 Management WTE owing to the retirement of the General Manager.

Procurement for the SKILL Programme is carried out manually as they do not have access to the HSE SAP system.

Procurement on the SKILL Programme is subject to the requirements of the:

- Public Procurement Guidelines – Competitive Process 2004 (Issued by the National Public Procurement Policy Unit of the Department of Finance)
- Health Service Procurement Policy issued by the Healthcare Materials Management Board. (This was subsequently replaced by the revised HSE Procurement Policy 2006)
- Existing Financial Regulations
- HSE National Financial Regulation Purchase to Pay 2006, and
- European Communities (Award of Public Authorities' Contracts) Regulations 2006, for procurement carried out after October 2006.

The main tenets of all of the above include:

- A competitive process carried out in an open and transparent manner
- Equality of treatment of prospective suppliers

- A requirement to submit purchases likely to exceed a certain threshold to the relevant procurement professionals, (Regional Materials Managers in the past and now the Directorate of Procurement HSE) particularly those purchases likely to exceed EU thresholds
- Aggregation of requirements.

III. Audit Scope and Audit Methodology

The scope of the audit covered an assessment on a sample basis of contracts awarded and purchases made during the period 18/06/2004 – 31/12/2009.

Internal Audit carried out interviews with key management and staff of the SKILL Programme. Internal Audit also reviewed files and documentation relating to contract tender procedures, day to day purchases, invoicing, tax clearance and contract files, where available.

IV. Ranking of Audit Findings

The main findings, control weaknesses noted or suggested areas for improvement are ranked as high, medium or low and are dealt with in order of priority in Section VI - Key Findings, Risks and Recommendations.

The rankings used are described below:

- High** Identifies a control area which poses a key risk to the organisation and/or its service users and clients (e.g. strategic, operational, financial (including VFM) or reputational) which may have serious implications for achievement of the organisation's objectives and which should be addressed immediately to reduce the risk to an acceptable level.
- Medium** Identifies a weakness in control which, while its implications are not as serious as the above, or the control itself not as fundamental to the operation of the system, nevertheless represents a risk to the HSE and needs to be addressed in order to reduce that risk to an acceptable level. These should be dealt with in the short term.
- Low** Identifies a procedure or control that needs improvement in order to operate in a more effective way and should be addressed in the short to medium term.

Some risks identified will have implications for the HSE nationally and therefore require consideration on a broader basis. Any risks identified that may have national implications will be denoted with an (N) e.g. High (N), Medium (N) and Low (N).

V. Key Findings, Potential Implications and Recommendations

Listed hereunder are the key audit findings, risks and recommendations associated with this report together with a time schedule for the implementation of the recommendations.

Audit Finding 1

1(a) The total expenditure by the SKILL Programme for the period 18/06/2004 to 31/12/ 2009 was €47.054M. Of this, the spend on materials goods and services was approximately €18.595M.

The balance of €28.459M was expended on backfilling, this is outside the scope of this audit and is the subject of a separate audit report.

The AND HR, Leadership, Education and Development, National HR Directorate, HSE informed Internal Audit that the former General Manager (now retired) had full responsibility for all budgetary and procurement matters concerning SKILL Programme during his term of office up to his retirement on 1st May 2009. Responsibility for the day to day running of the SKILL office and budgetary matters and procurement has now been delegated by the AND HR, Leadership, Education and Development, National HR Directorate to the two current Assistant Managers of the SKILL office with effect from 23/09/2009.

1(b) Internal Audit ascertained that there was/is no annual procurement plan for the SKILL Programme.

It is now a requirement under section 2.13 of the HSE NFR Purchase to Pay for all Budget Holders to have a three year procurement plan identifying main suppliers and contracts that need to be renewed or terminated.

1(c) Internal Audit ascertained that the SKILL Programme Administration Management and staff did not have copies of the following documents nor were they sufficiently aware of their content:

- Health Service Procurement Policy issued by the Healthcare Materials Management Board. (This was subsequently replaced by the revised HSE Procurement Policy 2006)
- Public Procurement Guidelines – Competitive Process 2004 (Issued by the National Public Procurement Policy Unit of the Department of Finance)
- Guidelines for the engagement of consultants

It was further stated by SKILL Programme Management that they only received a copy of the HSE National Financial Regulation Purchase to Pay 2006, in late 2009.

Given that there was an extensive rollout of this National Regulation between late 2006 and early 2008 it is reasonable to expect senior managers within the HSE with budgetary/procurement responsibilities to have been aware of its existence and relevance to the SKILL Programme.

Public Procurement Guidelines require that contracting authorities should ensure that staff involved in purchasing or placing contracts are familiar with EU and International Rules that may apply.

All of the above documents are available on the HSE Intranet site; however, at the time of audit, the SKILL Programme office did not have access to the HSE Intranet.

1(d) Internal Audit determined from the findings at 1(b) and (c) above, from interviews with management and staff that there was insufficient procurement experience and knowledge within the programme team to handle the commercial aspects of large scale procurement programmes.

The HSE Head of Procurement informed Internal Audit that there was a request from SKILL administrative staff for technical assistance at the commencement of the tendering process. This request was specifically in respect of the use of e-tenders functionality and no request was made to the procurement function to assign an appropriately qualified Procurement Specialist to work on this major procurement project.

Internal Audit sought confirmation that relevant management of the SKILL Programme had signed the 'Statement of Compliance with HSE Procurement Policy, Protocols, Procedures and Guidelines'. The Head of Procurement, HSE could not confirm this.

Ranking Priority: High

Recommendation 1

1(a) There should be one individual with delegated responsibility for the day to day management of the SKILL Programme and all administrative functions pertaining to it.

1(b) Procurement requirements should be analysed under the various categories and a procurement plan devised in accordance with the NFR Purchase to Pay, paragraph 2.13.

1(c) The SKILL Programme Management should have access to the HSE Intranet where all relevant procurement rules regulations and procedures are located. Until this can be arranged management should ensure that the SKILL Programme management have hard copies of all relevant procurement rules, regulations and procedures.

SKILL management should ensure that all management and staff involved in procurement of

this nature are familiar with EU and international rules that may apply.

HSE management should ensure that there are no other similar programmes/offices which were subsumed into the HSE that may be in a similar situation regarding regulations and policies as the SKILL Programme.

1(d) As above and at 5(a)(iii) below.

In addition HSE Management should ensure that all management/staff of Grade VIII level and above have signed and returned the 'Statement of Compliance with HSE Procurement Policy, Protocols, Procedures and Guidelines'.

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 2

2(a) Internal Audit ascertained that there is no paper based or electronic procurement trail within the SKILL Programme for day to day procurement.

Day to day procurement is done mainly on the basis of verbal arrangements. For example:

- There is no formal written local procurement procedures
- No formal 'recognition of need' is documented
- No formal written manual or electronic requisitions are produced
- No formal written manual or electronic purchase orders are produced
- Orders are usually phoned in to suppliers
- Delivery dockets/service notes are not retained on file

There was a lack of written evidence to ensure separation of duties in accordance with paragraph 2.11 of the NFR Purchase to Pay, lack of written evidence of goods receipts leading to the possibility of duplicate payments. With a lack of a logical procurement sequence and effective audit trail and as purchase orders are not produced there is no basic contractual arrangements.

2(b) Internal Audit further ascertained that the expenditure authorisation/approval form is only completed after an invoice is received.

The expenditure authorisation/approval form is used to indicate that the expenditure has been authorised and payment approved.

Ranking Priority: High

Recommendation 2

2(a) The SKILL Programme should have access to the HSE SAP procurement system. Until this can be arranged management should ensure that the SKILL Programme management introduce a paper based manual procurement system consisting of all necessary documentations required from recognition of the need to placing of purchase orders as required by the HSE New Financial Regulation – Purchase to Pay.

All delivery dockets should be retained on file with the corresponding purchase documentation.

2(b) The purchase approval should be signed before orders are placed and before invoices are received (NFR-Purchase to Pay).

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 3

Internal Audit ascertained that the Management of the SKILL Programme continued to operate with suppliers arrangements which existed in the former Office for Health Management (OHM) prior to the OHM and the HSEA being subsumed into the HSE on the 01/01/2005.

These arrangements have continued to the present day.

The reason given by SKILL Management for this was Section 63 of the Health Act 2004:

“Every contract, agreement or arrangement made between a specified body and any other person and in force immediately before the establishment day—

(a) continues in force on and after that day,

(b) is to be read and have effect as if the name of the Executive were substituted in the contract, agreement or arrangement for that of the specified body, and

(c) is enforceable by and against the Executive.”

However, there is no evidence that Management of the SKILL Programme sought to ascertain the termination dates of any contracts that may have existed.

In general, a competitive process carried out in an open, objective and transparent manner can achieve best value for money in public procurement.

Public Procurement Guidelines require that purchasing profiles are examined to minimise casual or once off purchases.

Ranking priority: Medium

Recommendation 3

Management of the SKILL Programme should review current procurement arrangements with suppliers and verify compliance with existing HSE National Financial Regulations – Purchase to Pay and National Public Procurement Guidelines.

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 4

4(a) Sample of Invoices and Payments.

Internal Audit selected a total of twenty invoices totalling €786,957 for extensive analysis. The results are as follows:

- Tax clearance certificates were evident for suppliers where these were required.
- There was an expenditure approval/authorisation for all twenty payments (See finding 2(b) above, which highlighted that expenditure/approval forms are only signed after the invoice is received)
- Eighteen (90%) of the invoices were stamped and approved. Two invoices (10%) were not stamped and approved.
- There were no purchase orders or requisitions for any of the sample. Purchase orders were not created, nor were requisitions.
- Four (20%) invoices had no invoice numbers.
- No delivery/service dockets were kept on file.
- One invoice/payment (5%) with a value of €20,000 was approved by an officer of a grade below that required for an expenditure of this nature (non-routine) and value.
- From the invoices examined Internal Audit ascertained that existing HSE contracts were not utilised in the areas of:
 - Taxis
 - ICT
 - Office stationary and supplies

4(b) Internal Audit also ascertained that the required number of quotations (where required) were not always sought. Fourteen (70%) of the purchases examined which would normally required two or more quotations had only one on file.

(See also finding 3 above, continuation of existing contractual arrangements with suppliers).

Ranking Priority: High

Recommendation 4

4(a) As at 2(a) and 3 above.

4(b) As at 3 above.

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 5

5(a) Contract for Education, Training and Development Initiative for Support staff in the Irish health service (Estimated value €60M)

- Internal Audit reviewed the documentation provided in respect of the above contract. The contract was for non-priority services as defined in Annex IIB of the EU Procurement Directive 2004/18/EC and was therefore not subject to the full requirements of this directive. Contracts for non-priority services are subject to Articles 23 and 35(4) which deal with technical specifications and the sending of the award notice to the official journal of the EU (OJEU).

However, even in the case of non-priority services, the EU Commission and the European Court of Justice (ECJ) have ruled that the Treaty principles of non-discrimination, transparency, freedom of movement, freedom to provide goods and services must be observed. ECJ case law implies a requirement to publicise and advertise such contracts of significant value to a degree which allows parties in other member states the opportunity to express an interest or to submit tenders.

- The contract was also still subject to the HSE and the national public procurement guidelines on public advertisement, transparency and equality of treatment of potential suppliers.
- Publication on e-tenders generally meets national and HSE advertising and publicity requirements.
- Given the type and complexity of the requirements it was unlikely that tenders would have been forthcoming from other EU countries.
(However with the possibility of delivering these types of educational services via inter/intranet and video technology, this could not have been entirely ruled out from the start).
- In addition the use of criteria such as “Knowledge of the Irish Health Services” and “FETAC Accreditation” may have been construed as restricting competition.
- Had the entire process been handed over at the outset to the relevant Procurement Specialists in the HSE (or the former Health Board) the time taken to award contracts may have been considerably shorter. The need for legal advice and advice from the DOF (see KF 5(d) below) may not have transpired. Management of the SKILL Programme stated that they believed that the former General Manager of SKILL had made contact with the Head of Procurement HSE.

The HSE Head of Procurement informed Internal Audit that contact had been made with them by the former General Manager of SKILL. At the time of contact the current Head of Procurement was fulfilling a role as Acting Director of the eProcurement & Materials Management Programme with the Health Boards Executive (HeBE). This role involved coordinating the procurement activity of the former Health Boards. It was in this context that the current Head of Procurement understood that the General Manager of the SKILL

Programme had made contact out of courtesy to inform him that the SKILL Programme was proceeding with the project. At that time the Procurement Directorate and organisational structure were not in place. Notwithstanding this the Head of Procurement is satisfied that at no time did the former General Manager of the SKILL Programme request professional Procurement support for the SKILL Procurement project.

SKILL Management did request information/instruction on the use of the e-tenders website. This was provided by the Procurement Directorate HSE.

5(b) Internal Audit ascertained that:

- A pre-qualification and selection process had already been underway in January 2005 prior to the official e-tenders advertisement in April 2005.
- This process had already been concluded, prior to the advertisement above, from which thirteen potential providers had been selected and requested to discuss their “expressions of interest” on February 7th and 9th 2005. Letters were sent out to unsuccessful candidates in January 2005.
- Management provided Internal Audit with evidence that this process was publically advertised.
- The tender competition was notified by way of a contract notice on the e-tenders web site in April 2005.
- The procedure selected for award was the Open Procedure (negotiation is not permitted)
- The notice indicated that ‘lots’ may be awarded although full details of the specific lots was not provided.
- The notice indicated that short listing would apply.
- Award criteria was Most Economically Advantageous Tender (MEAT) based on criteria as stated in the tender documents.
- Deadline for receipt of Tenders was 3rd June 2005.
- After short-listing, two lots were awarded, one to a training college and one to a university for sector specific services. A further call for tenders was made to the remaining three short listed providers with a closing date of 21st October 2005. There were changes to the second “Request for Tender” documentation particularly in the “Provider Selection Criteria” Part A and B.
- Internal Audit ascertained that a Selection Board consisting of nine members from the Steering Group and the Programme Team was formed 10th June 2005. However, in correspondence with an unsuccessful candidate it was indicated by the former General Manager of SKILL, that the short listing was done by only two members of the programme team, the former General Manager and one of the existing Managers of SKILL.
- There is some evidence that post tender negotiation on price may have taken place
- The contract was awarded on 20th December 2005, eight months after first advertising. The letters of award did not state that the award was ‘Provisional’.
- A contract award notice was dispatched to OJEU on the 13th January 2006, within the required time limit.

- The entire process took approximately twelve months to complete. It appears that there was confusion from the start as to what procurement strategy to adopt to best progress the process.

5(c) The estimated value of the contract as advertised was €60M. This was equal to the entire approved exchequer funding for the SKILL Programme for 2004 to 2008 (5 year period).

The total amount spent up to December 2009 on Training Providers was €15,715,720. This indicates an overestimation of the contract value of €45m. Management could not provide information to support this estimation.

5(d) Internal Audit ascertained that:

- Legal advice was sought late in the procurement process (August 2005) and after tenders had been received.
- The SKILL Programme Team sought further advice from the Public Procurement Unit of the Department of Finance in September 2005. Following this advice the two lots (mentioned above) were awarded to a training college and university and a competitive dialogue entered into with the three remaining candidates. Tenders were then requested from these three candidates. This process was not indicated in the contract advertisement on e-tenders.
- Under existing policy and regulations at the time such a procurement process should have been referred to the relevant professional procurement specialists.

5(e) The procurement options open to the SKILL Programme Team were:

Open Procedure: This is a one stage process.

All interested parties may submit tenders. Only tenders of those deemed to meet minimum levels of technical and financial capacity and expertise are evaluated. This was the process that was advertised in the contract notice.

Restricted Procedure: A two stage process where only those parties who meet minimum requirements in regard to professional or technical capability, experience, expertise and financial capacity are invited to Tender.

Competitive Dialogue: Designed to provide more flexibility for more complex contracts. Candidates are pre-qualified as for the restricted procedure and a process of dialogue can be entered into with a range of candidates.

Given the scale and complexity of this contract Internal Audit is of the opinion that a pre-qualification stage would have been preferable. Therefore the restricted or competitive dialogue process may have been the more effective and efficient method in this case.

As noted earlier, the procurement was not referred to the relevant procurement specialists as required by HSE National Financial Regulations and existing Procurement Policy.

5(f) Internal Audit ascertained that although the SKILL Programme Team commenced with an Open Tender Procedure they effectively ended up in competitive dialogue with a small number (five) of the original fifteen suppliers who tendered and were short listed.

A second round of Tenders was called for from three of these remaining tenderers in October 2005.

5(g) Public and EU Procurement requires that programme specifications and criteria should be as open and generic as possible in order to avoid favouring any one solution or restricting competition. The EU Directive also requires that contracting authorities apply clear and objective criteria and use broadly based non discriminatory technical specifications. When a contract is being awarded on the basis of the most economically advantageous basis (MEAT), the notice, or the tender documents must state all of the criteria being applied in the award process, giving the relative weightings for each. If it is not possible to indicate criteria weightings in advance, they must be listed in descending order of importance. New or amended criteria must not be introduced in the course of the contract award procedure. There must be a distinction between the “selection” and “award” stages of a procurement process and the criteria which must be applied at each of these stages. “Selection” criteria such as suppliers’ capability and experience must not be used at the “award” stage.

Internal Audit reviewed the tender documentation provided by SKILL Programme Team and determined:

- The specification was very broad and vague.
- Although this was an Open Procedure, the tender documentation contained “Provider Selection Criteria” which appears to have been confused with ‘Tender Award Criteria’ (refer to finding 5(e) above)
- The provider selection criteria was not in accordance with that laid down in articles 47 to 52 of EU Directive 2004/18/EC, or para 3.11.5 of HSE NFR Purchase to Pay.
- The Award criteria was not weighted in the Tender documentation.
Internal Audit ascertained that a “Weighting System” for the scoring and selection of tenders/providers was only discussed and approved at the SKILL Provider Selection Board meeting of 30th September 2005, three months after the closing date for receipt of original tenders.
- The Award criteria was not listed in descending order of importance.
- Tender documentation did not contain a statement indicating the need for an appropriate interval after the award decision is notified and before a formal contract is put in place, to allow an unsuccessful tenderer to seek a review
- In an Open Competition (which is to be awarded on the basis of Tenders received) a contract should accompany the tender documentation.
- Management of the SKILL Programme were unable to provide Internal Audit with all the Tenders received in relation to this competition. Only the three successful tenders were made available. It was stated by SKILL Management that as far as they can recall *“there would have been one copy of the provider tenders filed on a master file and if this cannot*

be located they may have been shredded by the Management Services Officer at that time, now retired". A list of fifteen Tenderers was provided to Internal Audit at the time of audit but this list is unsigned, undated and not stamped.

- Management of the SKILL Programme were unable to provide Internal Audit at the time of audit with all of the Selection Groups documentation/ files including evaluations/ workings in relation to this tender competition. Some documentation was provided but this is unsigned, undated and does not provide sufficient evidence.
- Management of the SKILL Programme were unable to provide Internal Audit at the time of audit with sufficient documentary evidence of the Tender Receipt, custody, and opening procedures.
- Internal Audit cannot determine from the documentation provided the exact number of tenders received. The HSE solicitors referred to fifteen to eighteen in their correspondence.

Internal Audit was informed by SKILL Programme Management that it was fifteen of which five were short listed.

- There was no tender evaluation report on file.

IA Comment:

Following completion of the audit, staff in the SKILL Programme informed Internal Audit that documentation relating to the procurement procedures had been located in a storage facility in a voluntary HSE hospital which SKILL staff were unaware of at the time of audit. The lack of SKILL staff knowledge of this, and perhaps, other facilities and the non-compliance with HSE's record management policy is a matter of concern. Knowledge of such facilities should be clearly documented and approved, and proper records of archived files should be maintained and the HSE record management and retention policy adhered to.

5(h) The process resulted in three contracts being awarded for various lots:

- The main contract for the Provision of an Education, Training and Development Initiative for Support Staff in the Irish Health Service (Contract 1).
- Contract to address the competencies of HCAs in the Radiotherapy Services (Contract 2).
- Contract to address the competencies of HCAs in the Intellectual Disabilities Sector (Contract 3).

5(i) Contract for the Provision of an Education, Training and Development Initiative for Support Staff in the Irish Health Service - The Main Contract - (Contract 1).

Internal Audit ascertained that:

- The award of this contract for a three year period with an option to extend for one further year “effective immediately” was approved by the Board of the HSE at its meeting of the 1st December 2005.
- The Chairman of the SKILL Steering Group wrote to the VEC on 20th December 2005 confirming the award of the contract (date of award not stated)
- The Contract Award Notice states 20th December 2005 as the contract award date and that the agreement and approval of the HSE Board was given on the 1st December 2005 to award the contract.
- According to Article 14 of the signed contract the duration of the contract was for the “*initial period of the pilot stage after which the engagement shall be extended in respect of each module that is approved in writing by the HSE, to continue until June 2009 (with, at the HSE’s option, a one year extension)*”.

IA Comment:

The SKILL office did not comply fully with the HSE Board approval. Had the Board approval been complied with, the duration of the contract would have been from 20th December 2005 to 20th December 2009. The actual contract implemented by SKILL had a termination date of June 2009 with a one year option to extend i.e. to June 2010.

- The estimated contract value was €60m.
- The contract was not formally signed until February 2007. It was stated to Internal Audit by SKILL Management that “*negotiations on the contract content was sought by the contractor’s legal advisors and HSE’s legal advisors*”.
- The contract was signed by the chairman of the SKILL Steering Group, who is not an officer of the HSE and has no executive functions
- The contract was co-signed by the then General Manager of the SKILL Programme whose grade was that of an Assistant National Director, who would not have the authority to sign a contract of this value
- The contract, although approved by the Board, was not signed by a designated officer (i.e. Board Sec, CEO, National Director) as required where a contract exceeds €10m.
- Payments to the successful contractor commenced in March 2006.

5(j) Contract for Intellectual Disability Sector (Contract 3)

Letter of award sent on 20th December 2005. The letter of award did not state that the award was ‘Provisional’.

The contract was not signed until May 2007. It was stated to internal Audit by SKILL Management that the delay was necessitated by “*Negotiations between both sets of legal advisors*”.

Payments to the successful contractor commenced in August 2006.

The value of the contract is based on the pricing schedule I contained in the contract document.

The duration of the contract was for the *“initial period of the pilot stage after which the engagement shall be extended in respect of each module that is approved in writing by the HSE, to continue until June 2009 (with, at the HSE’s option, a one year extension)”*. (Article 14).

5(k) Contract for Radio Therapy Services (Contract 2)

Letter of award sent on 20th December 2005. The letter of award did not state that the award was ‘Provisional’.

The Contract was not signed. It was stated to Internal Audit by SKILL Management that the delay was due to *“internal and restructuring issues in contractors location and non-agreement on some elements of the contract”*.

Payments to the successful contractor commenced in March 2007. The value of the contract is based on the pricing schedule I contained in the contract document.

The duration of the contract was for the *“initial period of the pilot stage after which the engagement shall be extended in respect of each module that is approved in writing by the HSE, to continue until June 2009, subject to there being an adequate number of participants, (with, at the HSE’s option, a one year extension)”*. (Article 14).

Ranking Priority: High

Recommendation 5

5(a)(i) HSE management should ensure that all management and staff involved in procurement of this nature are familiar with EU and international rules that may apply.

5(a)(ii) Management of the HSE should ensure that all existing and future project teams have an appropriately qualified and experienced procurement specialist assigned to or available to the project team where it is envisaged that the programme will involve significant procurement of materials goods and services and contract awards.

5(a)(iii) Management of the SKILL Programme should ensure that all procurements likely to exceed the EU procurement thresholds are referred in writing to the HSE National Directorate of Procurement utilising the appropriate Procurement Support Request (PSR) form.

In addition, all procurements likely to exceed the threshold laid down in section 2.11.4 of the National Financial Regulation – Purchase to Pay (currently €25,000) should be referred (in writing) for professional procurement input. The Procurement Directorate has developed a standard process for requesting Procurement support.

5(b)(i) Letters of award should contain a statement that the award is provisional.

Sample letters are contained in the Appendices to the National Public Procurement Regulations and on the HSE Intranet site which can be adapted for this purpose.

5(c) Management of the SKILL Programme should retain all documentation, workings, and references in relation to contract estimations so that they are in a position to support such estimations if required to do so.

5(d) As at 5(a) above.

5(e) As at 5(a) above.

5(f) As at 5(a) above.

5(g)(i) Management of the SKILL Programme should ensure that all procurement documentation is retained on file as required by HSE, and National Public Procurement Regulations.

5(g)(ii) Management of the SKILL Programme should ensure that there is a robust and documented Tender Receipt and Handling process as required by HSE and National Public Procurement Regulations and that satisfactory evidence of all Tender Competitions is retained.

5(g)(iii) Management of the SKILL programme should ensure that staff are aware of HSE's record management and records retention policy

5(i)(i) Management of the SKILL Programme should ensure that

- All contracts are signed in a timely manner to ensure that there are written Terms and Conditions which can be relied upon.
- Under no circumstances should award and drawdown against a contract commence without even the most basic of terms and conditions being agreed and signed off.

5(i)(ii) Management of the SKILL Programme should ensure that all contracts which commit the HSE should be signed by an appropriate officer of the HSE with appropriate delegated authority on behalf of the HSE.

5(j) As at 5(b)(ii) and 5 (i)(i) above.

5(k) As at 5(b)(ii) and 5(i)(i) above.

Responsible Officer: AND HR, Leadership, Education and Development, National HR

Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 6

6(a) **Contract to Evaluate The SKILL Programme including Pilot Modules.**

Internal Audit reviewed the documentation provided in respect of the above contract.

There was no written evidence provided to Internal Audit to support the contract valuation for this competition. It was stated to Internal Audit by SKILL Management *that "It was not possible to put a precise figure on costings"*

The successful tender for the contract was €74,868 (incl VAT), which is below EU Competition Thresholds.

The total expenditure with this contractor up to the end of December 2009 was in excess of €180,000.

The contract was still subject to the HSE and the national public procurement guidelines on public advertisement, transparency and equality of treatment of potential suppliers.

The procurement options open to the SKILL Programme Team were:

- Formal Tendering with advertisement on e-tenders website or a national newspaper. (Publication on e-tenders generally meets national and HSE advertising and publicity requirements.)

- Direct invitation to tender which may include:
Invitation to firms deemed appropriately qualified
or
Invitation to tender to firms on a list established in an open and objective basis.

Internal Audit ascertained that this competition was not publically advertised

6(b) Internal Audit ascertained:

- A process of invitation to tender to firms on a list was used. Three responses were received by the deadline.
- A list of ten potential providers was provided to Internal Audit.
- No evidence that this list was put together as a result of public advertisement was provided by SKILL Programme management or that prequalification had taken place. It was stated to Internal Audit by SKILL Management that *"A list of potential providers existed in the OHM and that potential providers were agreed by the Evaluation subgroup"*.
- There was no public call for expressions of interest or prequalification phase.
- Request for Tenders was transmitted to the list of suppliers on 27th June 2005. Deadline for receipt of Tenders was 22nd July 2005.
- Tender documentation indicated short listing would apply.

- The tender documentation contained “Provider Selection Criteria” but no “Tender Award Criteria”. It appears that the criteria listed under the heading “Provider Selection Criteria” were also used as the “Award Criteria”. It was stated to Internal Audit that *“Tender Award Criteria and the Provider Selection Criteria were the same”*.
- Criteria was not weighted in the Tender documentation.
- Criteria was not listed in descending order of importance
- Tender documentation did not state whether the award would be on the basis of lowest price or most economically advantageous tender (MEAT) based on criteria as stated in the tender documents. The successful tender was not the lowest tender.
- The final score sheet provided to Internal Audit was headed *“Evaluation Provider Selection Criteria and Scores”* not *“Tender Award Criteria”*.

The criteria for scoring was not consistent with that in the Tender Document.

- Tender documentation did not contain a statement indicating the need for an appropriate interval after the award decision is notified and before a formal contract is put in place, to allow an unsuccessful tenderer to seek a review.
- Award letter was sent to successful tenderer on 12th August 2005. The letter of award did not state that the award was ‘Provisional’.
- There are no signed copies of regret letters to the unsuccessful candidates on file.
- There is no Compliance Statement in respect of the successful Tenderer regarding their compliance with Government Regulation in the areas of Health and Safety, and employment legislation. This was not sought by SKILL management.
- Internal Audit could not determine from the documentation provided if the HSE standard terms and conditions of contract accompanied the tender documentation, as no mention is made of them. Management of SKILL confirmed to Internal Audit that the HSE standard terms and conditions did not form part of the contract.

The standard terms and conditions of the successful tenderer formed the basis of the contract.

It contained an exclusion clause which states *“the contract will be on these conditions to the exclusion of all other terms and conditions (including any terms and conditions which the client purports to apply under any purchase order, confirmation of order, specification or other document)”*. It also included a price escalation clause.

The contract including the Statement of Work (SOW) was only signed by the parties in July 2007.

- Internal Audit also ascertained that at no time was this process referred to the Directorate of Procurement, HSE. It was stated to Internal Audit that *“the tendering processes of the OHM guided the approach”*.
- Management of the SKILL Programme were unable to provide Internal Audit with all the Tenders received in relation to this competition. Only the successful tender was made available. It was stated that *“one copy of each proposal was put on a master file and this cannot be located”*.
- Management of the SKILL Programme were unable to provide Internal Audit with all of the Selection Groups documentation/files including evaluations/workings in relation to this

tender competition. It was stated to Internal Audit that *“these were filed on a master file and that this cannot be located”*. It was further stated that the technical evaluation to ensure that proposals agreed with the specification were *“cross matched against the Provider Selection Criteria – written record of this cannot be located”*.

- Management of the SKILL Programme were unable to provide Internal Audit with sufficient documentary evidence of the Tender Receipt, custody, and opening procedures.
- There was no tender evaluation report on file.

Ranking Priority: High**Recommendation 6**

6(a)(i) Management of the SKILL Programme should ensure that all reasonable effort is made to assess the likely value of contracts and that all documentation, workings, and references in relation to contract estimations are retained so that they are in a position to support such estimations if required to do so.

6(a)(ii) All procurements likely to exceed the threshold laid down in section 2.11.4 of the National Financial Regulation – Purchase to Pay (currently €25,000) should be referred for professional procurement input.

6(a)(iii) All contracts above the tender threshold laid down in HSE and National Public Procurement Guidelines should be publicly advertised.

6(b)(i) Lists of pre-qualified suppliers maintained should be established in an open and objective basis and refreshed and updated on a regular basis.

Where direct invitation to tender is used management should ensure that the list is a good representative sample of all potential bidders. At least five firms should normally be invited to tender.

6(b)(ii) There should be a clear distinction between the Tender Award Criteria and the Supplier Selection Criteria.

6(b)(iii) Tender documentation should state whether the award will be based on the lowest price or MEAT basis. Award criteria should be weighted or where this is not possible it should at least be listed in descending order of importance. This should be made clear in the tender documentation and/or the public advertisement.

6(b)(iv) Evaluation of tenders should be recorded and retained on file. Sample score sheets are provided at Appendix III to the National Public Procurement Guidelines which can be adapted for this purpose.

6(b)(v) Sample award letters are contained at Appendix V of the National Public Procurement

Guidelines and HSE Intranet site which should be adapted for this purpose.

6(b)(vi) All tenderers should be notified without delay of the result of a tendering process. Sample letters are contained at Appendix IV of the National Public Procurement Guidelines and HSE Intranet site which should be adapted for this purpose.

6(b)(vii) Compliance Statement should be sought in respect of the successful Tenderer regarding their compliance with Government Regulation in the areas of Health and Safety, and employment legislation.

6(b)(viii) Where no bespoke contract is provided by the buyer the HSE standard terms and conditions should form the basis of the contract together with any other terms that may be deemed necessary. The HSE should not rely solely on terms and conditions provided by the contractor.

6(b)(ix) Management of the SKILL Programme should ensure that all procurement documentation is retained as required by the HSE, and National Public Procurement Regulations.

6(b)(x) Management of the SKILL Programme should ensure that there is a robust and documented Tender Receipt and handling process as required by the HSE and National Public Procurement Regulations and that satisfactory evidence of all Tender Competitions is retained.

6(b)(xi) Management of the SKILL Programme should review current procurement arrangements with suppliers and ensure compliance with existing HSE National Financial Regulations – Purchase to Pay and National Public Procurement Guidelines and Guidelines on the engagement of Consultants in the Civil Service.

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 7

7(a) Research Contract UK University (2008)

The total value of this contract was Stg£29,200 (VAT Excluded).

Internal audit ascertained that there was no call for other quotations in respect of this contract.

It was stated by management of SKILL that “...*(individuals name) had been previously commissioned by the OHM to undertake rostering, nursing and related development work.....the SKILL Programme Steering Group was satisfied that engaging with them for this specific piece of work would deliver on the requirements*”.

7(b) Contract for web design (2005)

The total value of this contract was Stg£68,686 (VAT Included). Internal audit ascertained that there was no call for tenders in respect of this contract. It was stated by management of SKILL that “[*Company*] had previously been commissioned by the OHM to develop and design a website...giving the similarities in the requirements for SKILL... [*company*] was commissioned to carry out this work...”

Ranking priority: Medium

Recommendation 7

7(a) As at 3 and 6(a)(ii) above.

7(b) As at 3 and 6(a)(ii) above.

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Audit Finding 8

8. Local Asset Register

As the SKILL Programme Administrative office does not have access to SAP and evidence exists of the purchase of assets locally Internal Audit reviewed the process for recording these assets.

8(a) Internal Audit ascertained that a local asset register was only compiled in late 2009. A review of this asset register revealed:

- 1 x HP Colour Laserjet printer was not recorded
- 1 x Laptop computer was not recorded
- None of the assets held are asset tagged
- None of the assets held have been notified to the Asset Management Accountant, HSE.
- Product numbers instead of Serial numbers were recorded
- Insufficient information is recorded in respect of assets. Refer to section 6.14.2 of HSE NFR 06.
- Equipment held by the former General Manager, now retired, was not returned to the HSE.

This equipment includes 1 x Compaq PC
1 x Epsom Printer and 1 x Laptop computer.

8(b) Internal Audit ascertained that ICT equipment is held in the private residences of management and staff of the SKILL Programme. Internal audit was informed by SKILL Programme management that the allocation of equipment and the work at home facility was approved by the former General Manager of the SKILL Programme to facilitate SKILL management and staff with out of hours work as necessary.

Management of SKILL cannot provide written approval of these arrangements.

Internal Audit ascertained that the type of equipment held at home includes PCs, Laptops and Printers. (4 x home PCs, 3x Printers, 4 x laptops (home & office use))

Internal Audit further ascertained that the media storage devices are not protected by encryption software.

Internal Audit is particularly concerned that the equipment retained by former employees was not returned for data cleansing.

Ranking Priority: Medium

Recommendation 8

8(a) Management of the SKILL Programme should ensure that a local record is maintained of all assets held by the SKILL Programme.

Where the value of assets held meets the threshold value as detailed in the HSE National Financial Regulations number 6 (Fixed assets and Capital Accounting) and 7 (ICT) notification should be sent to the relevant HSE officer in the Region with responsibility for Fixed Assets.

8(b)(i) HSE Equipment issued to management and staff of the HSE should be returned when the manager or staff member leaves the employment of the HSE.

Management of the SKILL Programme should identify all equipment issued to former employees and request its return.

All computer devices should be returned to ensure that all HSE data is removed from the devices.

Disposal of assets should be in accordance with the contents of NFR 6 and NFR 7.

8(b)(ii) All portable ICT devices should be protected in accordance with the HSE's ICT Security Policies.

8(b)(iii) All e-working (work from home) arrangements should be documented and be in accordance with written HSE Policy.

The HSE Shared Service Policy issued 19/4/2005 should form the basis of this policy across the HSE.

Responsible Officer: AND HR, Leadership, Education and Development, National HR Directorate, HSE

Implementation Date: 31st March 2011

Agreed Action Plan for Implementation of Recommendations

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
1	<p>(a) There should be one individual with delegated responsibility for the day to day management of the SKILL Programme and all administrative functions pertaining to it.</p> <p>(b) Procurement requirements should be analysed under the various categories and a procurement plan devised in accordance with the NFR Purchase to Pay, paragraph 2.13.</p> <p>(c) The SKILL Programme Management should have access to the HSE Intranet where all relevant procurement rules regulations and procedures are located. Until this can be arranged management should ensure that the SKILL Programme management have hard copies of all relevant procurement rules, regulations and procedures.</p> <p>SKILL management should ensure that all management and staff involved in procurement of this nature are familiar with EU and international rules that may apply.</p> <p>HSE management should ensure that there are no other similar programmes/offices which were subsumed into the HSE that may be in a similar situation regarding regulations and policies as the SKILL Programme.</p> <p>(d) As above and at 5(a)(iii) below. In addition HSE Management should ensure that all management/staff of Grade VIII level and above have signed and returned the 'Statement of Compliance with HSE Procurement</p>	<p>High</p>	<p>AND HR- LED (Leadership, Education and Development), National HR Directorate, HSE</p>	<p>31st March 2011</p>	<p>(a) Agreed National Director HR</p> <p>(b) Agreed National Director HR</p> <p>(c) Agreed National Director HR</p> <p>(d) Agreed National Director HR</p> <p>In addition the Head of Procurement informed Internal Audit that the</p>

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
	Policy, Protocols, Procedures and Guidelines’.				Statement of Compliance is included within the scope of the Control Assurance Statements which are now rolled out to General Manager level across the HSE.
2	<p>(a) The SKILL Programme should have access to the HSE SAP procurement system.</p> <p>Until this can be arranged management should ensure that the SKILL Programme management introduce a paper based manual procurement system consisting of all necessary documentations required from recognition of the need to placing of purchase orders as required by the HSE New Financial Regulation – Purchase to Pay.</p> <p>All delivery dockets should be retained on file with the corresponding purchase documentation.</p> <p>(b) The purchase approval should be signed before orders are placed and before invoices are received (NFR-Purchase to Pay).</p>	High	AND HR, Leadership, Education and Development, National HR Directorate, HSE	31st March 2011	<p>(a) Agreed National Director HR</p> <p>(b) Agreed National Director HR</p>
3	Management of the SKILL Programme should review current procurement arrangements with suppliers and verify compliance with existing HSE National Financial Regulations – Purchase to Pay and National Public Procurement Guidelines.	Medium	AND HR, Leadership, Education and Development, National HR Directorate, HSE	31st March 2011	Agreed National Director HR
4	<p>(a) As at 2(a) and 3 above.</p> <p>(b) As at 3 above.</p>	High	AND HR, Leadership, Education and Development, National HR Directorate, HSE	31st March 2011	Agreed National Director HR

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
5	<p>(a)(i) HSE management should ensure that all management and staff involved in procurement of this nature are familiar with EU and international rules that may apply.</p> <p>(a)(ii) Management of the HSE should ensure that all existing and future project teams have an appropriately qualified and experienced procurement specialist assigned to or available to the project team where it is envisaged that the programme will involve significant procurement of materials goods and services and contract awards.</p> <p>(a)(iii) Management of the SKILL Programme should ensure that all procurements likely to exceed the EU procurement thresholds are referred in writing to the HSE National Directorate of Procurement utilising the appropriate Procurement Support Request (PSR) form.</p> <p>In addition, all procurements likely to exceed the threshold laid down in section 2.11.4 of the National Financial Regulation – Purchase to Pay (currently €25,000) should be referred (in writing) for professional procurement input. The Procurement Directorate has developed a standard process for requesting Procurement support.</p> <p>(b)(i) Letters of award should contain a statement that the award is provisional. Sample letters are contained in the Appendices to the National Public Procurement Regulations and on the HSE Intranet site which can be adapted for this purpose.</p>	<p>High</p>	<p>AND HR, Leadership, Education and Development, National HR Directorate, HSE</p>	<p>31st March 2011</p>	<p>(a)(i) Agreed National Director HR</p> <p>(a)(ii) Agreed National Director HR</p> <p>(a)(iii) Agreed National Director HR</p> <p>(b)(i) Agreed National Director HR</p>

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
	<p>(c) Management of the SKILL Programme should retain all documentation, workings, and references in relation to contract estimations so that they are in a position to support such estimations if required to do so.</p>				(c) Agreed National Director HR
	<p>(g)(i) Management of the SKILL Programme should ensure that all procurement documentation is retained on file as required by HSE, and National Public Procurement Regulations.</p>				(g)(i) Agreed National Director HR
	<p>(g)(ii) Management of the SKILL Programme should ensure that there is a robust and documented Tender Receipt and Handling process as required by HSE and National Public Procurement Regulations and that satisfactory evidence of all Tender Competitions is retained.</p>				(g)(ii) Agreed National Director HR
	<p>(g)(iii) Management of the SKILL programme should ensure that staff are aware of HSE's record management and records retention policy</p>				(g)(ii) Agreed National Director HR
	<p>(i)(i) Management of the SKILL Programme should ensure that all contracts are signed in a timely manner to ensure that there are written Terms and Conditions which can be relied upon. Under no circumstances should award and drawdown against a contract commence without even the most basic of terms and conditions being agreed and signed off.</p>				(i)(i) Agreed National Director HR
	<p>(i)(ii) Management of the SKILL Programme should ensure that all</p>				

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
	contracts which commit the HSE should be signed by an appropriate officer of the HSE with appropriate delegated authority on behalf of the HSE.				(i)(ii) Agreed National Director HR
6	<p>(a)(i) Management of the SKILL Programme should ensure that all reasonable effort is made to assess the likely value of contracts and that all documentation, workings, and references in relation to contract estimations are retained so that they are in a position to support such estimations if required to do so.</p> <p>(a)(ii) All procurements likely to exceed the threshold laid down in section 2.11.4 of the National Financial Regulation – Purchase to Pay (currently €25,000) should be referred for professional procurement input.</p> <p>(a)(iii) All contracts above the tender threshold laid down in HSE and National Public Procurement Guidelines should be publicly advertised.</p> <p>(b)(i) Lists of pre-qualified suppliers maintained should be established in an open and objective basis and refreshed and updated on a regular basis.</p> <p>Where direct invitation to tender is used management should ensure that the list is a good representative sample of all potential bidders. At least five firms should normally be invited to tender.</p> <p>(b)(ii) There should be a clear distinction between the Tender Award</p>	High	AND HR, Leadership, Education and Development, National HR Directorate, HSE	31st March 2011	<p>(a)(i) Agreed National Director HR</p> <p>(a)(ii) Agreed National Director HR</p> <p>(a)(iii) Agreed National Director HR</p> <p>(b)(i) Agreed National Director HR</p> <p>(b)(ii) Agreed National Director HR</p>

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
	<p>Criteria and the Supplier Selection Criteria.</p> <p>(b)(iii) Tender documentation should state whether the award will be based on the lowest price or MEAT basis. Award criteria should be weighted or where this is not possible it should at least be listed in descending order of importance. This should be made clear in the tender documentation and/or the public advertisement.</p> <p>(b)(iv) Evaluation of tenders should be recorded and retained on file. Sample score sheets are provided at Appendix III to the National Public Procurement Guidelines which can be adapted for this purpose.</p> <p>(b)(v) Sample award letters are contained at Appendix V of the National Public Procurement Guidelines and HSE Intranet site which should be adapted for this purpose.</p> <p>(b)(vi) All tenderers should be notified without delay of the result of a tendering process. Sample letters are contained at Appendix IV of the National Public Procurement Guidelines and HSE Intranet site which should be adapted for this purpose.</p> <p>(b)(vii) Compliance Statement should be sought in respect of the successful Tenderer regarding their compliance with Government Regulation in the areas of Health and Safety, and employment legislation.</p> <p>(b)(viii) Where no bespoke contract is provided by the buyer the HSE</p>				<p>(b)(iii) Agreed National Director HR</p> <p>(b)(iv) Agreed National Director HR</p> <p>(b)(v) Agreed National Director HR</p> <p>(b)(vi) Agreed National Director HR</p> <p>(b)(vii) Agreed National Director HR</p> <p>(b)(viii) Agreed</p>

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
	<p>standard terms and conditions should form the basis of the contract together with any other terms that may be deemed necessary. The HSE should not rely solely on terms and conditions provided by the contractor.</p> <p>(b)(ix) Management of the SKILL Programme should ensure that all procurement documentation is retained as required by the HSE, and National Public Procurement Regulations.</p> <p>(b)(x) Management of the SKILL Programme should ensure that there is a robust and documented Tender Receipt and handling process as required by the HSE and National Public Procurement Regulations and that satisfactory evidence of all Tender Competitions is retained.</p> <p>(b)(xi) Management of the SKILL Programme should review current procurement arrangements with suppliers and ensure compliance with existing HSE National Financial Regulations – Purchase to Pay and National Public Procurement Guidelines and Guidelines on the engagement of Consultants in the Civil Service.</p>				<p>National Director HR</p> <p>(b)(ix) Agreed National Director HR</p> <p>(b)(x) Agreed National Director HR</p> <p>(b)(xi) Agreed National Director HR</p>
7	<p>(a) As at 3 and 6(a)(ii) above.</p> <p>(b) As at 3 and 6(a)(ii) above.</p>	<p>Medium</p>	<p>AND HR, Leadership, Education and Development, National HR Directorate, HSE</p>	<p>31st March 2011</p>	<p>Agreed National Director HR</p>
8	<p>(a) Management of the SKILL Programme should ensure that a local record is maintained of all assets held by the SKILL Programme.</p>	<p>Medium</p>	<p>AND HR, Leadership, Education and Development, National HR</p>	<p>31st March 2011</p>	<p>(a) Agreed National Director HR</p>

KF	Recommendation	Ranking of Key Finding	Responsible Person	Implementation Date	Management Comment
	<p>Where the value of assets held meets the threshold value as detailed in the HSE National Financial Regulations number 6 (Fixed assets and Capital Accounting) and 7 (ICT) notification should be sent to the relevant HSE officer in the Region with responsibility for Fixed Assets.</p> <p>(b)(i) HSE Equipment issued to management and staff of the HSE should be returned when the manager or staff member leaves the employment of the HSE. Management of the SKILL Programme should identify all equipment issued to former employees and request its return. All computer devices should be returned to ensure that all HSE data is removed from the devices. Disposal of assets should be in accordance with the contents of NFR 6 and NFR 7.</p> <p>(b)(ii) All portable ICT devices should be protected in accordance with the HSE's ICT Security Policies.</p> <p>(b)(iii) All e-working (work from home) arrangements should be documented and be in accordance with written HSE Policy. The HSE Shared Service Policy issued 19/4/2005 should form the basis of this policy across the HSE.</p>		<p>Directorate, HSE</p>		<p>(b)(i) Agreed National Director HR</p> <p>(b)(ii) Agreed National Director HR</p> <p>(b)(iii) Agreed National Director HR</p>