

Appendix 1 is the form we use if somebody needs to use a sole supplier.

The acceptable reasons for using a sole supplier are:

They provide a unique service.

They have sole rights to service and maintain the equipment.

They have sole rights to the use of the item.

No other supplier would quote for the product.

There is a section on the form to be filled out with the reason for use of a sole supplier, there may be other reasons we haven't come across which would be judged on merit at the time.

Dundalk Institute of Technology (DkIT) has been recruiting international students since 2002. Students are recruited mainly from China, Malaysia, Indonesia, Vietnam, India, Nepal, Saudi Arabia, and Oman. The Institute's total number of International students currently is 510 or approximately 11% of the student population. The Institute is financially vulnerable, carrying a deficit since 2104/15. The income generated through international student recruitment is therefore a crucial factor in sustaining DkIT financially in the short term and restoring the Institute to financial stability in the longer term.

Over the past 15 years approximately 4,000 students have been recruited to DkIT and over 2,300 of these have been Chinese.

International student recruitment to DkIT began in the Chinese market in 2002, guided by Enterprise Ireland (EI) and Education Ireland. DkIT participated in EI Trade Missions to China in the early part of the decade and met various student recruitment agencies at that time. Such agencies recruited Chinese students for Universities in the US, the UK, Australia and New Zealand predominantly. Ireland was largely unknown as a market and was not prioritised by these agents.

Successful business relationships in Asia are built on mutual trust¹ and respect and are developed over time. This is especially true of China and it took more than five years to establish a relationship with a Chinese recruitment agency which could recruit more than 2-3 students per semester/annum. In some instances, agencies who had agreed to represent DkIT in the Chinese market failed to recruit any students to DkIT in a given year. In addition, these agencies rarely recruited students from outside of their own urban base.

EBI International Limited was founded in 2005 by Ms Lina Dong, who had up to that time worked with another student recruitment agency in Beijing and who through her work had come to know DkIT. EBI International was contracted by DkIT to recruit students across China for DkIT and not just from within the Beijing area. EBI International Ltd. built their own relationships with a network of agencies throughout China and has been very successful from the onset. The company has established a reputation as an honest broker, professionally representing those higher education institutions they work with and just as importantly ensuring that the students who apply to DkIT through their offices are appropriately qualified academically and can comply with Irish study visa requirements. This is attested to by their success rate in student recruitment and by the academic achievements at DkIT of those students. EBI International Ltd. is the Institute's primary agent in China.

¹ <https://hbr.org/2015/02/understanding-trust-in-china-and-the-west> [downloaded 16/06/2017]

Through the relationship with EBI International Ltd., DkIT has also developed direct links with Universities in China. International Income has grown and accounted for some 8.5% of total revenue for the Institute in 2015. The Institute is very dependent on this as part of its basic funding.

Commission

Student Recruitment agencies charge commission in respect of each student recruited. Enterprise Ireland has provided much valuable advice to DkIT and other Irish HEIs in relation to doing business in China over the years and continues to do so. This advice includes information in relation to commission rates payable to agents. In the early 2000s, commission payable to student recruitment agencies varied from 10% - 15% of the first year undergraduate fees per student recruited. This figure has now grown to 25% with some agencies receiving this percentage fee for each year the student is registered at an institution. DkIT pays EBI International 20% of the first year fee per student recruited for the first year of study only. DkIT continues to monitor the market to ensure that the commission paid represents value for money to the Institute.

The table below shows the International Fee Income as a % of total fee income from 2009 to 2015.

Income	2015	2014	2013	2012	2011	2010	2009	
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	
Note 2	18,749	17,651	16,986	16,891	17,462	17,136	14,340	
Fees paid by State	3,591	4,345	5,350	6,248	8,079	8,035	7,802	
Non- EU Fees	4,071	2,935	2,273	1,675	1,323	1,571	1,429	
Fees paid by Students or on behalf of Students	47	67	50	102	110	163	241	
Life Long Learning and Other Fees	469	779	590	816	1,128	1,114	1,245	
Student Contribution Income	10,171	9,525	8,723	8,050	6,822	6,253	3,623	
Student Facilities Fee	400	0	0					
	18,749	17,651	16,986	16,891	17,462	17,136	14,340	
								Average
Non Eu as % FEESs	22%	17%	13%	10%	8%	9%	10%	13%

As was explained at the Public Accounts Committee,

Ms Ann Campbell: On supplier C, this is a student recruitment agency based in Beijing. It has recruited international students since the mid-2000s for DkIT. It would be very difficult logistically to find an agent in China through public procurement. One of the reasons for that is that business relationships in China are built very much on trust and getting to know people. We have been recruiting in China since 2002. When we went out to that market the first time, we were very unfamiliar with the market. We met a lot of agents that we gave temporary or short-term contracts to and they simply did not deliver students in the numbers that we need them to deliver on. We were very fortunate to meet this company around 2002-03 and we formed very good relations with it. It now recruits students for us. It is our-----

Deputy Shane Cassells: DkIT has had a 15-year relationship with this company.

Ms Ann Campbell: Yes, we have had a 15-year relationship with this company.

Deputy Shane Cassells: How many students are coming to DkIT as a result of that relationship?

Ms Ann Campbell: *We have about 150 Chinese students but that is only a fraction of the international students. We have somewhere in the region of 480 international students in total, of whom I think about 150 or thereabouts are from China.*

Deputy Shane Cassells: *I ask the Comptroller and Auditor General for his opinion on the processes in place in this regard.*

Mr. Seamus McCarthy: *With any individual procurement, there are obviously circumstances around it. Many of the colleges are recruiting students internationally. The question that arises is how one knows if one has had a relationship for 15 years that one is getting the service at the best value. It is normally done by some form of competitive procurement, or at least even if one cannot do that, one can benchmark. We still need to see that there is evidence 54 Dundalk Institute of Technology : Financial Statement 2015 that this is a good value way of doing it, whether it be in terms of the cost per student recruited or whatever. It needs something to provide assurance.*

Deputy Shane Cassells: *Given the comments of the Comptroller and Auditor General, does Ms Campbell accept the criticism in this regard as valid?*

Ms Ann Campbell: *Absolutely, it is valid. We are aware, because of our work in the market over the years, of what the going rate is, if one likes. Generally speaking, the agents charge between 20% and 25% for students recruited into first year. They have different arrangements with different providers all over the world. In some countries, they may also pay a fee for students going into second year. We have been able to hold it at a fee for the first year. Our strategy is that we get students who will stay for the entire degree and the only outlay is in the commission paid to the agent for the students in the first year.*

Deputy Shane Cassells: *I wish the president and staff of Dundalk Institute of Technology the very best.*

Chairman: *Before I call Deputy Cullinane, Ms Campbell referred to international students. Does Dundalk Institute of Technology have many students from Northern Ireland?*

Ms Ann Campbell: *We have comparatively few students from Northern Ireland. We take about 48 or 49 annually. It is very sad to say that we have more students from Beijing that we do from Newry.*

Summary

In summary, DKIT has successfully built a business relationship with EBI International Ltd. which generated some 8.5% of total revenue for the Institute in 2015, at a time when the Institute was financially vulnerable. This relationship has been built on mutual trust and respect and has developed over the years. Due to the longstanding nature of this relationship, DkIT is assured that this company safeguards its reputation in China; professionally advises potential applicants of the academic and visa requirements needed to study in Dundalk Institute of Technology; will continue to recruit students for the Institute and also build relationships between DkIT and Chinese university partners.

It is the Institute's view that such a successful relationship takes time to develop and as such cannot be arrived at through the issuing of a tender, which by its nature is a time limited process. The Institute is mindful of the need to achieve value for money and does not exceed the commission norms in any international market. In fact, given that the Institute pays commission on first year fees only, whereas others pay commission for each year of study, the Institute is doing very well.

Appendix 1

Sole Source Approval
(Items above €1500 quote threshold)

This form must be completed where a single source purchase is required. The purpose of the form is to justify the decision not to use the quotation or tender procedures and must be retained for audit purposes.

Vendor Information

Company Name	Address
Contact Name	Supplier ID
Telephone Number	Email Address

Description of Goods or Service to be supplied

Estimated Value	VAT amount

Justification for sole supplier – Mark as appropriate

Sole Supplier	
Repair of original equipment	
Other (please specify)	

Detail of reason for use of Sole Supplier

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**If necessary please supply backup documentation.*

Department	Subaccount
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Approved By

Budget Holder	
Procurement Office	

