



Ceannoifig / Head Office
Pobal, 2ú Urlár, Foirgneamh Ormond,
31-36 Cé Ormond,
Baile Átha Cliath 7, D07 N5YH, Éire.
Pobal, 2nd Floor Ormond Building,
31-36 Upper Ormond Quay
Dublin 7, D07 N5YH, Ireland.

T: 01 511 7000
F: 01 511 7981

E: enquiries@pobal.ie
W: www.pobal.ie
Twitter: @pobal

9 February 2021

Ms Eilis Fallon
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

RE: Ref S0171 PAC33

Dear Ms Fallon,

Please find attached a reply to your recent request for an information note in tabular form to include contracts or otherwise that were non-compliant with procurement guidelines in 2019, the associated expenditure, goods/services, suppliers(s), and the reason(s) for the non-compliance.

If you require any further information, please do not hesitate to contact me.

Yours sincerely,

Anna Shakespeare
Chief Executive Officer

Enc. Tabular Response

Pobal Procurement Information Response as per request received from the Committee of Public Accounts REF SO171 PAC33
10th February 2021

Background and context

Pobal works on behalf of the Irish Government to support communities and local agencies toward achieving social inclusion outcomes. Pobal does this by managing funding and providing supports for relevant Government funded programmes. In 2019, Pobal managed the allocation of over €744 million of funding on behalf of the Irish Government to beneficiaries across 28 different programmes. Pobal is committed to providing highly effective services both internally and externally.

A limited number of instances of noncompliance with public procurement requirements for the period 2019-2020 occurred. These arose, primarily, from very intense development work required to be undertaken in relation to significant national projects.

Where these non-compliances occurred they have been fully disclosed in Pobal's annual financial statements consistent with the requirement to comply or explain as set out in the Code of Practice for the Governance of State bodies.

During 2019, Pobal had to increasingly rely on external ICT providers to meet the business requirements of delivering on elements of critical national projects. Attracting and recruiting in-house ICT specialists was proven to be a challenge, given labour shortages in the sector and the high private market salaries available. In this context, a limited numbers of providers were available with the requisite knowledge and skills. This resulted in instances of procurement non-compliance in a small number of cases. In each instance, Pobal always sought to work with those providers to ensure value for money.

As an organisation, Pobal has invested in governance, financial management, programme design, monitoring, ICT and audit systems, to provide assurances to Government Departments, that Pobal meets high standards of accountability, relating to the expenditure Exchequer funding.

Pobal acknowledges that all relevant procurement regulations must always be applied to ensure that genuine competition is promoted, value for money secured, equal access to publicly funded contracts is afforded to all taxpaying suppliers and openness and transparency are assured. Where relevant, Pobal procurement decisions also take account of prevailing social and environmental ethical standards.

The primary objectives of Pobal's procurement policy is to ensure that all transactions:

1. Give best value for money

2. Are transparent and proportionate
3. Are formally contracted
4. Fully comply with Government Guidelines, Legislation and EU Directives applicable to State Bodies

In order to strengthen and improve our procurement process significant changes have been made in this area since 2019, including,

- the appointment of a Procurement Manager in April 2019
- – the development of a Procurement Compliance Plan completed in June 2020 that addressed the non compliance between 2019 – 2020 outlined below The presentation of a comprehensive procurement update report to the Board of Pobal at each Board meeting to keep them apprised on progress towards achieving compliance .
- A revised Procurement Policy and Procedure which was implemented in 2020.
- The approval and implementation of a Corporate Procurement Plan (2021-2023) commencing Q1 A key objective of the plan is to facilitate, where possible, social engagement objectives through procurement. All these actions have ensured that the role of procurement is fully understood within Pobal and also the importance of working to ensure that all relevant guidelines, legislation and EU Directives are complied with.

Areas of Procurement Non- Compliance and Explanations

2019 – Non Conformances

Pobal expended €9.9m (including Vat and Professional Services Withholding Tax) from January to October 2019 that fell within the scope of public procurement rules. Of this €1,04m (ex vat) did not fully meet the required procurement rules. Many of these engagements were from current suppliers working on the National Childcare Scheme (NCS¹) project. It had been expected that these contracts would not be extended or renewed, however the NCS project was significantly delayed. Due to the national importance of the project, contracts for critical roles were

¹ On the 8th April 2019 the then Minister for Children and Youth Affairs, Dr Katherine Zappone, officially appointed Pobal as scheme administrator for the National Childcare Scheme (NCS), under section 3 of the Childcare Support Act 2018. The National Childcare Scheme is a national scheme of financial support for parents towards the cost of quality childcare which was launched in November 2019. It was developed to replace other pre-existing targeted childcare subsidisation schemes with a single, streamlined and more user-friendly scheme. Pobal oversees the management of NCS on behalf of the Department of Children . Equality Disability, Integration and Youth and is responsible for providing a professional, cost-effective and efficient service which aligns with the Scheme's policy objectives. In this context, Pobal is responsible for managing a large scale contact centre, processing applications, making payments, maintaining and supporting the ICT system, as well as facilitating reviews and independent appeals. In addition to providing assistance and support to parents, children and families, Pobal also works directly with childcare services providers and the early learning and care, and school age childcare sector, through training and knowledge transfer processes.

extended on the basis of a sole supplier. The rationale supporting this extension was that a change in these suppliers would represent a high risk to the delivery of this key project.

1. Expenditure on Software Development - €274,500

Service	Supplier	Value (ex vat)	Reason	Current Status
Software Development for Early Years(EY) Projects	Tana Software	€51,000	Supplier was originally procured in 2018 to provide software development services on Early Years platforms. Non-compliant expenditure was committed to guarantee continuity of services whilst projects were at a key juncture.	A tender was completed for these services in December 2019. The expenditure is now compliant
Software Development for NCS Projects	Ergo	€60,000	Quotations were originally sought from a number of suppliers for this service. Non-compliant expenditure was committed to guarantee continuity of services whilst this project was at a critical stage.	A tender was completed for these services in December 2019. The expenditure is now compliant.
Software Development for Early Years(EY) Projects	Glob-Com	€163,500	Supplier was originally procured via an advertisement. However services were extended as the resource was deployed on a key project. This resulted in expenditure being non-compliant.	A tender was completed for these services in December 2019. The expenditure is now compliant.

2. Expenditure on ICT Business Analysis - €344,400

Service	Supplier	Value (ex vat)	Reason	Current Status
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Business Analysis for NCS Project	Gill Warehouse	€72,000	Quotations were originally sought from a number of suppliers for this service however a full procurement process should have been completed.	A tender was completed for these services in December 2019. The expenditure is now compliant
Business Analysis for NCS Project	Reperio Human Capital	€132,000	Quotations were originally sought from a number of suppliers for this service however a full procurement process should have been completed.	A tender was completed for these services in December 2019. The expenditure is now compliant.
Business Analysis for NCS Project	Symera	€140,400	Quotations were originally sought for these services. However services were extended as the resource was deployed on a key project. This resulted in expenditure being non-compliant.	A tender was completed for these services in December 2019. The expenditure is now compliant.

3. Expenditure on System testers - €103,250

Service	Supplier	Value (ex vat)	Reason	Current Status
System Tester on Leader Project	Reperio Human Capital	€24,000	Expenditure is under tender value however Pobal included it as non-conformant due aggregated category expenditure with other suppliers.	Services discontinued with this supplier in December 2019. Services are no longer required
System Tester on NCS	Harvey Nash	€39,000	Services were an urgent requirement which did not allow time for an individual tender.	Services discontinued with this supplier in December 2019. Services are no longer required
System Tester on NCS	GCS Recruitment	€40,250	Services were an urgent requirement which did not allow time for an individual tender.	Services discontinued with this supplier in February 2020. Services are no longer required.

4. Expenditure on ICT Support - €45,000

Service	Supplier	Value (ex vat)	Reason	Current Status
Helpdesk support	GCS Recruitment	€45,000	Due to an unplanned staff unavailability there was an urgent requirement to backfill a position to maintain system functionality.	Services discontinued with this supplier in January 2020. Services are no longer required

5. Expenditure on ICT Infrastructure - €105,600

Service	Supplier	Value (ex vat)	Reason	Current Status
ICT Infrastructure Support	WTEC	€105,600	This resource rose out of an urgent requirement to fill a Pobal vacancy. Due to delay of NCS, the resource was required for a longer period than envisaged.	Services were tendered in June 2020 and are now compliant

6. Expenditure on Project Management Services - €162,000

Service	Supplier	Value (ex vat)	Reason	Current Status
Project Management NCS	Samos	€162,000	This was a continuation of a 2018 contract. To guarantee continuity of services for the overall NCS project, a procurement process was not completed.	Services discontinued with this supplier in April 2020. Services are no longer required.