



By email to pac@oireachtas.ie

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

8 February 2021

Dear Ms. Fallon,

Ref: S00172 PAC33

I refer to your letter of 26 January 2021 regarding the 2019 financial statements of Louth and Meath Education and Training Board (LMETB) and welcome the opportunity to provide context and clarity on the issue of non-compliant procurement as it existed in LMETB during that period and to provide reassurance regarding the current position.

In 2019 LMETB operated sixteen second level schools including one with PLC components, two standalone PLC colleges, three community national schools, one centre for European schooling, one training centre, nine Youthreach centres and a range of further education and training centres delivering education and training programmes. LMETB provided education and training to over 37,000 participants and beneficiaries and incurred expenditure of over €128 million. Since then LMETB has expanded provision at both primary and post primary and in the further education and training sector. LMETB has also expanded into a new training area for the sector, advanced manufacturing, designed to respond to the impact of Brexit on high end manufacturing nationally. In effect, despite our increased level of activity, we have continued to significantly reduce the levels of non-compliance in procurement.

LMETB continues to focus on achieving full compliance with public procurement rules and can report significant progress in this area. There have been structural challenges to achieving full compliance which LMETB is addressing. LMETB is widely dispersed across counties Louth and Meath and, unlike other patrons in the sector, is required to take an aggregate approach to procurement rather than treating each school as a procurement entity in its own right. The existing dual financial management systems present a very real impediment to compliance. To counter this LMETB, and all other ETBs, are moving to a shared service finance solution hosted by the Department of Education and Skills' ESBS team. This will provide aggregate procurement spend information. LMETB will commence transition from both our legacy system, and the training centre's SAP system, to the new Sun based financial management system (FMS) at the end of quarter 1, 2021. This is a further step in a suite of actions to strengthen governance in ETBs. LMETB has already migrated to a shared service payroll solution in 2020 and sees these crucial enhancements to our infrastructure as paving the way to strengthening and deepening compliance across all of our activity.

The new FMS will facilitate the aggregation of value across the entire ETB so as to allow informed and fully compliant decision making in this critical area. This functionality is not well developed in the legacy system. Interim solutions such as supplier spend updates and reports, whilst a snapshot in time only and subject to rapid change, have already impacted on this area as you will see from the table below. The new FMS will

build further on this. The new system will include a catalogue database and the functionality to limit local ordering which would breach procurement thresholds. Both of which will assist in procurement compliance efforts.

The table shows the value of goods and services procured in each of the last three years which were not fully compliant with national procurement guidelines. The members of the Committee have rightly asked for an explanation of the position on procurement as set out in 2019. I am pleased therefore to be in a position to include the updated position for 2019 which is OC&AG certified and represents a significant improvement on 2018. I am pleased also to report that LMETB expects to further reduce non-compliant procurement in 2020/21 and is forecasting non-compliant expenditure of less than €500,000 to be reported in the 2020 annual financial statements.

Year	Amount €	% reduction
2017	2.8m	
2018	2.6m	7%
2019	1.2m	54%

Note

The figures above are extracted from LMETB's audited financial statements.

While there has been a significant reduction in non-compliance over the three years, LMETB acknowledges that there is room for further improvement and is continuing its focus on achieving this. As a sectoral response to procurement, the Internal Audit Unit has commenced audits of procurement in all ETBs. LMETB's audit of the procurement function is in its final stages and I fully anticipate that the findings will be a validation of the efforts being made in LMETB to drive compliance in this area. I will forward the finding of the audit to the Committee as soon as it becomes available.

Strengthening of capacity in procurement continued during 2019 and 2020 through the assignment of additional staffing to the central procurement department, formal public procurement training and consistent and persistent messaging from the senior management team regarding issues of compliance. The board continues to ensure that there is an appropriate focus on good practice in procurement through approval of policies and procedures designed to ensure compliance with all relevant guidelines. A number of significant improvements have been made in this area which have, and continue to have, a positive impact on the non-compliant figure.

Central management intervene actively to direct a cessation in engagement where it is becoming apparent that expenditure is approaching procurement thresholds. The deficiencies in quality and timeliness of information available from the legacy accounting system are being offset by the production of bespoke monthly procurement reports. These reports are issued to schools and centres to assist local budget holders in the making of procurement decisions in the context of an aggregate spend rather than a local view of procurement. However, as highlighted, these reports do have the limitation of being a snapshot at a point in time rather than the real time information necessary for decision making on procurement.

Two staff completed a Certificate in Procurement Management course in May 2019. A member of the procurement department is also due to undertake an Advanced Diploma in Public Procurement Law. Sessions to brief school and centre staff on procurement are regularly provided. These supplement the ongoing daily support and direction provided by procurement staff to schools and centres. LMETB staff are active in ETBI procurement fora. A specialist procurement consultancy firm has been procured and provides training, assistance and advice when necessary to promote compliance.

LMETB engages actively in procuring through frameworks wherever possible including through the ETBI

Legal Services Support Unit, Office of Government Procurement, Education Procurement Service and in partnership with other ETBs. ETBI launched the ETB Corporate Procurement Plan template in April 2019 in conjunction with the Education Procurement Service and the Department of Education and Skills. LMETB had already made significant progress in this area and submitted, what is its fourth Corporate Procurement Plan and the associated Multi Annual Procurement Plan for 2020 to 2022, to ETBI in September 2020 as required. It is hoped that this process will provide the Office of Government Procurement with a detailed list of the ETB sector's defined future requirements over a three-year period and that this will inform the development of OGP sourcing strategies which will further drive compliance and value.

Areas where work has been ongoing include the following where compliance has been achieved at this point: school books and journals, bus transport, IT, contract cleaning, insurance, mobile phones, repairs and maintenance, stationery, photocopier supply and maintenance, catering and printing. Work is ongoing to achieve compliance in the area of fixed line phones. As a result of this ongoing work, LMETB expects to record a further significant reduction in non-compliant procurement in 2020 as referenced above.

Details on progress in relation to the non-compliant procurement referenced in your letter are set out in Appendix 1. In summary the total overall non-compliant figure of €1,186,935 comprised 11 separate categories ranging in value from €345,389 for bus transport/trips to €27,291 for printing. LMETB can confirm that €1,110,571 or 94% of the total has been moved to a compliant footing and that the balance of €76,364 or 6% is expected to become compliant in 2021.

LMETB recognises and accepts fully the imperative to achieve compliance in full in its procurement of goods and services. I do hope that the evidence presented above, and as attached, demonstrate real and substantial change in this critical area. A debt of gratitude is owed to the staff of OC&AG and to the Committee in that regard for bringing a much needed focus on the area of procurement.

In conclusion, and following significant efforts by head office staff, Principals, Coordinators, and other staff, we anticipate ongoing progress towards the achievement of full procurement compliance in LMETB and would like to thank the Committee for the opportunity to elaborate on the non-compliant procurement set out in the SSIC.

Yours sincerely



Brian Murphy
Director of Organisation Support and Development

Appendix 1 - Analysis of non-compliant expenditure in 2019 and measures implemented in response

No.	Heading	Non compliant in 2019 €	Reasons for non-compliance	Measures taken	Date compliant from	Now compliant €	Not yet compliant €
1	Bus Transport/Trips	345,389.00	A non aggregated approach focused on small local suppliers was used in schools and centres. The complexity of the procurement process, both in terms of qualitative and quantitative assessment, meant that additional technical support from the EPS and OGP was required to complete it. The process was one that ran a significant risk of ETBs losing small local providers of school transport. This was countered by bidders briefings and wide circulation of the competition details to existing and prospective suppliers. LMETB was the second ETB nationally to enter the process to regularise this complex area of procurement. LMETB is now fully compliant in this area.	ETBs nationally undertook to tackle this area of non compliance through a sectoral collaborative project in 2018. The group commenced work with a detailed survey, the results of which were presented to the Procurement Network on 4th October 2018. The Procurement Project Working Group recommended an ETB by ETB framework to deal with the particular local complexities in this area. This approach was agreed to on 10th October 2018 so as to facilitate maximum participation by SMEs and local suppliers. Given the scale of the project nationally competitions were to be staggered over the following 2 years, with the first competition commencing in January 2019 and a subsequent 5 competitions to take place in 2019. OGP advised that they were not in a position to assist with this project however the Education Procurement Service (based in UL) agreed to support the project and commenced preparatory work by the end of 2018. The order of competitions was based on spend and the capacity of each ETB to provide project leadership, resources and data. In this regard, Cork ETB, as senior sponsor of the project was the initial framework project with LMETB as the second ETB to commence the procedure. To facilitate maximum participation by local companies in the SME sector, LMETB, assisted by EPS, held a "Bidders Briefing" on 17th June 2019. The qualitative evaluation took place in LMETB on 1st August 2019 with the cost evaluation completed by the Education Procurement Services. LMETB issued contract documentation to successful bus companies in December 2019 for signing and the multi supplier framework agreement for hire of buses commenced on 6 January 2020. LMETB is now fully compliant in this area.	6 January 2020	345,389.00	-
2	Cleaning	283,693.42	LMETB carried out procurement through etenders in 2016 however the level of spend in 2019 exceeded the national threshold of €209,000, resulting in the entire spend in 2019 being declared non-compliant. LMETB is now fully compliant in this area.	At the end of 2018 LMETB engaged with OGP to run a mini-competition under their framework for Commercial Cleaning Services. A contract with the successful provider commenced on 1 September 2019. LMETB is now fully compliant in this area.	1 September 2019	283,693.42	-
3	IT	146,282.54	LMETB carried out procurement through etenders in 2016 for ICT Service Delivery and Management, however the level of spend in 2019 exceeded the national threshold of €209,000, resulting in the entire spend in 2019 being declared non-compliant. LMETB is now fully compliant in this area.	In March 2019 LMETB advertised on etenders using the OJEU Open Procedure. The deadline for submissions was 30 April 2019, evaluation was completed on 29 May 2019 and a contract with the successful provider commenced on 1 July 2019. LMETB is now fully compliant in this area.	1 July 2019	146,282.54	-
4	Stationery	97,627.82	The contract for the supply of stationery procured through OGP expired on 30 June 2019. It was extended by LMETB for 6 months under the same terms and conditions to provide time for a new contract to be put in place. Expenditure during this extension period was deemed non-compliant. LMETB is now fully compliant in this area.	Noting that a new contract was not yet available, LMETB decided in January 2020 to conduct its own procurement process. LMETB established a framework agreement for six months with an option to extend for one month subject to a maximum of three extensions to allow the OGP to complete their procurement process. The contract under this framework commenced on 25th February 2020 and expired on 24th November 2020. The OGP contract for the supply of stationery commenced on 7th January 2021. LMETB is now fully compliant in this area.	24/02/2020	97,627.82	-
5	Phones - fixed line	76,363.91	The contract for the provision of this service had expired rendering all expenditure under this heading as non-compliant.	This amount comprises payments to two providers. In 2017 LMETB issued a request for quotation to 5 suppliers for a Hosted VOIP Solution for a number of schools and centres. On 28th July 2017 a provider was appointed as the preferred supplier to roll out the solution in a number of sites. As phone systems in other schools and centres were deemed to be end of life they were added to the Hosted VOIP Solution. As the sector were engaged in a procurement process for a Hosted VOIP Solution which once awarded would be made available to other ETBs across the country LMETB did not have an option to return to the market whilst this progress was ongoing. On 25th November 2020 ICT Systems Manager for ETBI advised the procurement network group that the current position is that HEAnet (Ireland's National Education and Research Network) currently has a procurement process for a VOIP solution for the Education Sector underway. HEAnet anticipate that tender documents will be issued by the end of February 2021 and that a contract should be in place in the second quarter of 2021. Once the VOIP solution is in place it is anticipated that there will be scope to reduce the number of fixed lines. LMETB intend to carry out procurement of fixed line rental in in the second half of 2021 with a view to having a contract in place by end of 2021.	End of 2021	-	76,363.91
6	Phones - mobile	59,388.64	The contract for the provision of this service had expired rendering all expenditure under this heading as non-compliant. LMETB is now fully compliant in this area.	LMETB engaged in a procurement process with the OGP under the Framework Agreement for the provision of Mobile Voice and Data Communications and Associated Products and Services and submitted a Supplementary Request for Tender (SRFT) on 4 November 2019 for review. The SRFT was published on etenders by the OGP on 18 February with a deadline for response of 4 March 2020. Evaluation took place on 8 May 2020, chaired by the OGP. Outcome letters were issued on 16 June 2020 and the contract commenced on 3 August 2020. LMETB is now fully compliant in this area.	3 August 2020	59,388.64	-

Appendix 1 - Analysis of non-compliant expenditure in 2019 and measures implemented in response

No.	Heading	Non compliant in 2019 €	Reasons for non-compliance	Measures taken	Date compliant from	Now compliant €	Not yet compliant €
7	Repairs and Maintenance	51,443.54	Schools traditionally entered into local arrangements with suppliers of this service. However taking an aggregate approach resulted in the spend in this area being declared non compliant. LMETB is now fully compliant in this area.	In 2019 LMETB collaborated with CMETB and issued tender documents to establish a framework for general construction and maintenance related services. The deadline for receipt of submissions was 16 December 2019. Following evaluation and signing of contracts the framework commenced on 6th March 2020. LMETB is now fully compliant in this area.	06/03/2020	51,443.54	-
8	Student Personal Accident insurance	37,313.00	Schools traditionally entered into local arrangements with suppliers of this service. However taking an aggregate approach resulted in the spend in this area being declared non compliant. LMETB is now fully compliant in this area.	LMETB liaised with its insurer, Irish Public Bodies (IPB), who made a school activity policy available to us from the start of the 2019/20 school year. This met with the requirements of some schools, but most schools required 24/7/365 cover for their students including for non school activities. Once IPB made such a policy available it was rolled out to all schools and centres. LMETB is now fully compliant in this area.	1 September 2019 and 1 September 2020	37,313.00	-
9	Photocopier supply and maintenance	34,594.00	Schools traditionally entered into local arrangements with suppliers of this service. However taking an aggregate approach resulted in the spend in this area being declared non compliant. LMETB is now fully compliant in this area.	In the case of one location the agreement expired on 31 August 2019 and the LMETB print managed services contract for the supply and maintenance of photocopiers and printers is being utilise since then. The agreement in the second location expired on 31 December 2020 and the LMETB print managed services contract for the supply and maintenance of photocopiers and printers is now in operation. LMETB is now fully compliant in this area.	1 November 2019 and 1 January 2021	34,594.00	-
10	Catering services	27,547.98	Schools traditionally entered into local arrangements with suppliers of this service. However taking an aggregate approach resulted in the spend in this area being declared non compliant. LMETB is now fully compliant in this area.	Procurement was carried out in 2019. LMETB is now fully compliant in this area.	01/06/2019	27,547.98	-
11	Printing	27,291.43	In many cases, printing was procured locally in line with the procurement policy. Responding to the 2017 audit LMETB moved to an aggregated approach for the calculation of non-compliant procurement. These purchases were non-compliant based on that calculation, as their aggregated value across the entire organisation meant that expenditure exceeded the national tendering threshold for goods and services of €25,000. LMETB is now fully compliant in this area.	On 27 November 2018 LMETB submitted a completed Supplementary Request for Tender to OGP for the Multi Supplier Framework Agreement for the Provision of Printed Matter over €25,000 which had an indicative lead time of between 10 and 20 weeks. On 8 January 2019 OGP issued a Letter of Engagement and it quickly became apparent that the OGP framework would not meet LMETB's requirements. LMETB commenced its own procurement process and issued tender documents on tenders on 12 November 2019 using the Open Procedure - National Threshold. The deadline for submission was 3 December 2019. Evaluation took place in December 2019 and outcome letters were issued on 20 December 2019. A Multi Party Framework Agreement for the supply of Printed Matter in 8 Lots commenced on 7th February 2020 for 2 years with an option to extend the term for a period of 12 months subject to a maximum of 2 such extensions. LMETB is now fully compliant in this area.	7 February 2020	27,291.43	-
Total		1,186,935.28				1,110,571.37	76,363.91
						94%	6%