



An Roinn Oideachais
Department of Education

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

Ref: S0354 PAC33

28th May 2021

Dear Ms. Fallon,

I refer to your letter of 14 May 2021 in which the Committee requested an information note on the steps being taken by the Department to assist Education and Training Boards (ETBs) in addressing non-compliant procurement

This letter presents an opportunity to provide the committee with details of the measures put in place to support the sector in improving procurement compliance and the particular challenges faced by ETBs in this regard.

The Department supports both ETBs and Education and Training Boards Ireland (ETBI) in improving procurement compliance in the sector through a range of different approaches.

Central Procurement and related supports/challenges

In relation to central procurement, ETBs schools and the various organisational units within ETBs are high users of central contracts through the ETB structure and are supported in this by a central procurement support function in ETBI. The Department funds a dedicated resource (a Public Service Reform (PSR) Manager) within Education and Training Boards Ireland (ETBI) to provide leadership and coordination of procurement reform within the sector.

It is worth noting that ETB schools have close to 100 per cent participation in Office of Government Procurement (OGP) electricity and natural gas contracts and ETBs are key education sector users of the OGP contracts and frameworks for stationery, paper, ICT consumables, PCs, laptops and school notebooks.

Over recent years, additional central and ETB-specific procurement arrangements have been developed and put in place in areas such as bus hire, ICT devices, catering services for training centres, legal services and school payment solutions (i.e. solutions that enable electronic and online payments from parents), all of which had previously been procured individually. In the past year during the COVID-19 pandemic, ETBs have benefitted from the national approach taken for procurement of goods such as PPE and laptops/portable devices for students.

ETBs also input on an ongoing basis at national level to the OGP model through representation on Category Councils (Facilities Management, Marketing, Print & Stationery, and ICT) as well as participation in OGP Sourcing Teams.

However, it is acknowledged that while participation in available national contracts and frameworks is high, ETBs still face some challenges in achieving comprehensive procurement compliance. OGP frameworks provide many of the common goods and services required by ETBs but there are some areas of expenditure that OGP frameworks do not meet. For example, classroom and training equipment such as woodwork and metalwork supplies etc. are not met through OGP frameworks, and also some OGP frameworks are unsuitable for ETB requirements. Furthermore, additional challenges arise for ETBs as a result of having numerous sites in dispersed geographic locations, legacy financial systems with assorted functionality and capability and due to aggregation reaching the threshold of €25,000 at a very early stage of the financial year.

Corporate Procurement Planning (CPP) and Multi Annual Procurement Planning (MAPP)

Having regard to the sector specific difficulties and on the basis of work done in the higher education sector, a significant recent measure aimed at driving compliance has been the development, during 2018 and into 2019, of an agreed approach to Corporate Procurement Planning (CPP) and Multi Annual Procurement Planning (MAPP) across ETBs.

CPP sets the strategic objectives and KPIs for the ETBs, whilst MAPP forecasts spend/requirements across all major categories for the next three years based on previous years' spend. CPP and MAPP data production for ETBs was implemented in 2019 and 2020. This practice is now firmly established as an annual process, with the data compiled used to identify areas of aggregation for ETBs where the use of central frameworks is required.

All 16 ETBs submitted their CPP and MAPP data to the ETBI on schedule in 2019 and 2020, and the data was then collated, anonymised and checked by ETBI before onward submission to the Education Procurement Service (EPS) for analysis and reporting. This data is being used by the EPS to engage with colleagues in the OGP on the development of second- and third-generation frameworks that can more comprehensively serve the requirements of the ETBs and thereby drive improved compliance.

The MAPP data shows that use of centralised contracts and frameworks by ETBs increased from 23 per cent usage in 2019 to 41 per cent utilisation in 2020 according to data compiled by EPS (38 per cent OGP, 3 per cent ETB sectoral). MAPP data review suggests that use of national framework agreements increased in 8 out of 12 categories in 2020 when compared with 2019. Building on the high level of engagement in 2019 and 2020 and the success in advocating with OGP on future generation frameworks, this process will continue annually in order to help drive further achievement of compliance.

Areas of expenditure which OGP frameworks do not meet have also been analysed as part of the MAPP processes, providing ETBs with information at an individual and national level to

assist in identifying both areas of aggregation and also areas where no suitable frameworks have been identified. This MAPP data can also be used to inform engagement with OGP, identifying the ETB sector's needs and ways to improve compliance. Whilst OGP has worked to increase the number of direct drawdown facilities, public procurement remains a labour-intensive process when drawing together technical data from each ETB where a mini-competition is required.

Summary of Key Developments

A summary of key developments in recent years is set out below:

- Since 2017 the PSR Manager has led a significant programme of work to facilitate the standardisation and professionalisation of procurement in the ETBs in line with best practice including:
 - Development of a suite of ETB tender templates for use on all procurements of supplies and services below EU Threshold (€25K- €221K). These templates aim to support a compliant, proportionate best practice approach to the procurement of goods and services not already covered by centralised contracts and frameworks. A review of the ETBI suite of tender templates for below-EU-threshold tenders took place in 2020 with updated versions circulated to all ETBs;
 - A Sectoral Procurement Policy for all ETBs was developed by the Procurement Policy Working group led by the PSR Manager. This policy aimed to bring a standardised and compliant approach to all procurement practice across the ETB Sector including below-threshold procurement. A review of ETB Procurement Policy was completed in 2020 and agreement reached on updated sectoral policy;
 - An NFQ Level 8 Certificate in Procurement Management has been developed in conjunction with UCC, and delivered in ETBI to ETB procurement personnel in 2018/19, equipping ETB personnel with the knowledge, skills and strategic approach to lead procurement best practice within ETBs while facilitating greater collaboration and cooperation across the ETB community.

- Ongoing training is delivered to all ETBs, with sessions covering areas such as Managing a Full Tender Process (May 2017); Effective Contract Management (Oct 17); ETB Procurement Clinic (April 2018). A cohort of 18 participants from 13 ETBs on the NFQ Level 8 Certificate in Procurement Management graduated in Autumn 2019. A Working Group is currently reviewing the next level of training required for the sector following the successful completion of this course. A further Contract Management session with in-house and external experts was delivered (May 2020), and training on Updated ETB Tender Templates for Below-EU-Threshold was provided (Nov 2020).

- An ETB Buildings Group has been established in 2020 to support procurement compliance in this area.

- In 2021, terms of reference were agreed for the establishment of an Education Procurement Programme Board to provide high-level strategic oversight for procurement across the education sector, with representation from ETBI, this Department and the Department of Further and Higher Education, Research, Innovation and Science amongst a wide range of other stakeholders. This Board replaces the informal Education Procurement Network and will oversee the development and implementation of public procurement services for the education and training sector, supporting the ongoing development of the OGP-led procurement model and the sector's achievement of procurement compliance.

Shared Services

In addition to progressing the targeted measures above, the Department has continued to prioritise the development of shared services initiatives and publicly procured solutions to drive standardisation and efficiency across the ETB sector. Ongoing implementation of projects to stabilise finance and other systems allows for greater consistency and transparency in reporting, facilitating more effective aggregation and analysis of data on spending and procurement. Examples of shared service projects that will particularly support procurement compliance include:

- **ETB Payroll and Payments Systems:** ETB payroll shared services has been operational since 2019 and nine ETBs have now migrated to the service. In addition, a centralized payroll has been established for apprentices in 2020 and a learner payment system was also set up in 2020 with a further wave of learners due to migrate to the service this year.
- **Financial Management System (FMS) Shared Service Solution:** Education Shared Business Services (ESBS) is supporting ETBs to upgrade finance systems. Six ETBs finance systems were upgraded in 2020. Plans are being implemented to upgrade finance systems in nine ETBs by mid-2022. This increases capacity for improved and standardised accounting and financial reporting with the upgrade involving the roll-out of a standard Purchase to Pay system which includes the ability to implement catalogues of contracts for purchasers to use. The Purchase to Pay system also includes a Request for Quotation module that implements business rules to require a specific number of quotes for orders valued above €500, following procurement guidelines.
- **Tender & Contract Management System:** Requirements gathering is underway to support the development of a standard Tender & Contract management solution for all 16 ETBs. It is expected that the implementation of this system will facilitate strengthening of internal controls for tendering and contracting processes, aiding transparency and comprehensive reporting. It is envisaged that the contract management system will enable users to monitor and manage contracts, providing one central repository for all contract management activity. Integration with their finance

systems will further support compliance management for ETBs. This will enhance overall performance in the tendering and management of contracts which in turn will support improved procurement compliance.

Staffing of ETBs

Over recent years the Department has increased head office staffing levels in ETBs as resources allowed. In that regard, head office staffing has increased, on average, by 21% from 2015 to the end of 2020 as additional resources became available to the Department in order to support good governance and compliance in general.

Since late 2016/early 2017, all ETBs have had senior manager positions immediately below the level of Chief Executive across three key organisational pillars, a Director of Schools, a Director of Further Education and Training and a Director of Organisation Support and Development (OSD). The post of Director of OSD is particularly relevant in relation to the issues touched on in this correspondence as it is the senior management support within the ETB with lead responsibility for corporate governance matters including procurement compliance. This senior post reflects the importance the Department has placed on strengthening governance including in relation to procurement compliance within ETBs.

Additional funding was also provided to ETBs in 2018 and 2019 to support particular areas such as GDPR, pensions and procurement where there was an acknowledged need for assistance at that point in time. Some ETBs used this funding to secure expertise in these areas while others used them for temporary staff. The Department is of the view, that the ETBs themselves were best placed to make those decisions in line with the business needs of their organisation.

Conclusion

While a considerable amount of supports and resources have been put in place, there is still work to be done. As the Committee is aware a number of the recently submitted 2019 audited Annual Financial Statements for ETBs disclose that the ETBs concerned were still not fully compliant with procurement guidelines.

Those ETBs have provided the Department with information outlining improvements that have been, or are being, made to achieve compliance in relation to the contracts concerned, with a number of contracts already progressed with the OGP and others to follow. Procurement frameworks are not available for all of the areas but are used when available.

As referred to earlier, one of the main issues for ETBs continues to be the aggregation of contracts on an ETB-wide basis. ETBs have indicated that while procurement is taking place at local training centre or school level within internal guidelines, when viewed on an aggregate

basis across the ETB this may be deemed to be non-compliant with national guidelines. Compliance on an aggregate basis can be a challenge for ETBs; ETBs have a large number of different schools and centres spread across sometimes large geographical areas of up to three counties. In this context it can be difficult to aggregate or to contract for single suppliers offering services which are sufficiently flexible and available to serve all schools and centres equally. On a related note, the issue also arises of striking a balance between achieving economies of scale and not ruling local suppliers out of the market. This is a pertinent issue in the ETB and wider education sector where local enterprises can offer quality and good value services, suitably flexible for an organisation's needs and where local businesses often support and promote education in their local communities.

I trust this information will be useful to the Committee. The Department will continue to actively work with the sector to address the challenges and to improve compliance levels.

Yours sincerely,



Seán Ó Foghlú
Secretary General
Department of Education