

# Department of Finance and Personnel

## Review of Centres of Procurement Expertise Status and Policy Implementation

Final Report

September 2009



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# Contents

- 1 Introduction .....2
- 2 Our Approach .....4

# 1 Introduction

## Background

- 1.1 In 2001, a review team completed a Review of Public Procurement with recommendations consisting of a combination of policy and institutional reform initiatives. This led to the creation of a Procurement Practitioners Group (PPG) to provide a forum for the Central Procurement Directorate (CPD) to interact with Centres of Procurement Expertise (CoPEs) organisations in Northern Ireland.
- 1.2 Against this context, PricewaterhouseCoopers LLP (PwC) was engaged in 2005 to assess the level of competency of each of the CoPEs against agreed criteria as detailed in the CoPE Assessment model and identify areas where improvement was required as well as developing action plans for CoPEs that did not meet the required standard.
- 1.3 The CoPEs that were assessed as part of the initial review included:
  - CPD – Construction & Advisory Division; (CPD Construction)
  - CPD – Supplies & Service Division; (CPD SSD)
  - Roads Service;
  - Northern Ireland Water (NIW);
  - Health Estates;
  - Procurement and Logistics Service (BSO) formerly called RSS;
  - Education and Library Boards; and
  - Northern Ireland Housing Executive (NIHE).
- 1.4 The findings of the PwC Report concluded that five of the CoPEs met the basic requirement to be accredited with CoPE status. Three CoPEs were classified as 'Good' and were considered as passing with merit. None of the CoPEs achieved exemplar level.
- 1.5 Since that review was completed, Translink has been assessed against the diagnostic benchmarking tool and awarded CoPE status in 2007.

## Terms of Reference

- 1.6 Against the requirement that CoPEs should satisfy the Procurement Board of their competency every three years against set criteria, PwC was engaged by the DFP to conduct the Review of CoPE Status and Policy Implementation.
- 1.7 The terms of reference for the 2009 review included the following:
  - Conduct an assessment of the status of each CoPE to identify how each CoPE meets the criteria using the agreed methodology;
  - Analyse how procurement policy has been implemented and embedded across the CoPEs and if the arrangements have been effective and provide an electronic copy of the methodology which CoPEs can use to conduct periodic self-assessments to map and monitor competence levels;
  - Produce a first draft report by 1 July 2009;

- Produce a final report by mid September 2009 that will:
  - Specify the level of competency of each of the CoPEs against the agreed criteria;
  - Identify areas where improvement is required;
  - Include action plans for any CoPEs that do not meet the required standard to retain CoPE status; and
  - Detail the resources required to support the action plans, target dates for achievement and review dates for when progress should be evaluated.

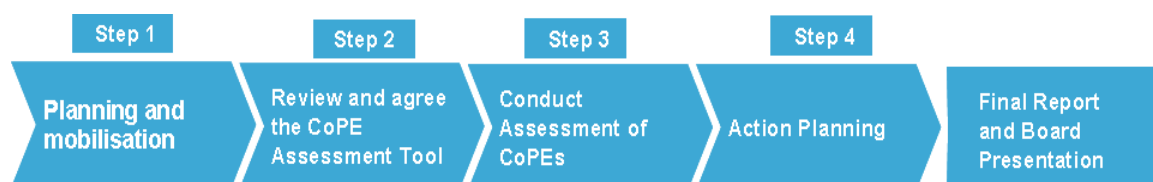
1.8 Following a Project Initiation meeting it was agreed that the 2009 assessment would be carried out using the 2005 methodology. However it was also decided that a separate assessment would be carried out to determine the status of the CoPEs around Sustainability, Socially Responsible Procurement (SRP) and the Integration of Social Considerations into Public Procurement in line with the Sustainable Procurement Action Plan for Northern Ireland document.

## 2 Our Approach

### Introduction

2.1 The approach used was a focused and comprehensive five step approach, as outlined in Figure 2.1.

**Figure 2.1: CoPE Assessment Project Process**



### Methodology

2.2 In conducting this review, the Heads of Procurement of all the Centres of Procurement Expertise (CoPEs) were invited to attend a workshop to review and confirm the current CoPE assessment tool. The Heads of Procurement collectively discussed the content of the assessment tool and the weightings assigned to each of the criteria.

2.3 It was agreed at the workshop that the current 2005 CoPE assessment tool would again be used during this 2009 review. The use of the current tool would provide a direct, like-for-like comparison against the 2005 assessment results.

2.4 The CoPE assessment tool allows for a maturity profile on a scale of 1 to 5 and was used to determine the scores to be allocated during the assessment exercise, as detailed below in Table 2.1.

**Table 2.1: CoPE Assessment Maturity Profile**

Maturity Level	Traits Identified
1	Performed informally
2	Planned and tracked
3	Standardised
4	Quantitatively controlled
5	Continuously improved

2.5 Where a category was not identified as applicable, in agreement with DFP, a standard score of 3 was applied consistently to all CoPEs.

2.6 To be recognised as a CoPE each procurement organisation must have a procurement expenditure of at least £80m. This criterion was assessed on a Yes/No basis. The remainder of the evaluation model has a maximum score of 1000 and the table below outlines the high level criteria and a summary of the scores assigned. Further sub-sections within the assessment criteria are described in more detail in our findings below (Table 2.2).

**Table 2.2: CoPE Assessment Criteria**

CoPE Assessment Criteria	Max Score
Strategy: Spend	Y/N
Strategy: Unique Portfolio	50
Use of Appropriate Excellence Model	100
Best VFM	175
Best Practice	175
People Procurement Expertise & People Procurement Competency	100
Process Quality Assurance Systems & Regulations	75
Contract Management	100
Customer /Supplier /Operational Complaints	75
Process: Customer Service	150
<b>Total</b>	<b>1000</b>

2.7 As part of this review, we have again used the previously recommended thresholds that reflect standards of good practice as detailed in the scoring matrix below (Table 2.3).

**Table 2.3: CoPE Scoring Matrix**

Level	Points
Meets requirements	650
Good	725
Exemplar	800

2.8 Preliminary meetings were set up with each of the CoPEs to discuss the logistics of the assessments and to provide an Information Request for all the supporting evidence required. Further meetings were arranged to conduct the assessments. During each assessment the tool was used to guide discussions around procurement in each of the CoPEs. Documents were also gathered to provide evidence of the current policies, processes and procedures in place within each of the CoPEs and to support statements made.

## Review Findings of CoPE Status and Policy Implementation

2.9 Following the assessment meetings the supporting evidence provided by each CoPE was assessed and scores were allocated based on the maturity profile appropriate to each criterion.

2.10 Our assessment established that in general, the CoPE members have made good progress since the 2005 review exercise. All have addressed the improvements that were suggested and have improved their overall procurement functions.

2.11 Below is a summary of the CoPEs that were assessed, and an overview of the overall findings. We have also set out common themes and areas of good practice identified.

2.12 The CoPE members that were assessed in this review included:

- CPD Construction Division;
- CPD Supplies and Services Division (SSD);
- Health Estates;

- Northern Ireland Housing Executive (NIHE);
- RSS (Now called the Procurement and Logistics Service (BSO));
- Road Service (DRD);
- Northern Ireland Water (NIW); and
- Translink

2.13 As detailed in the methodology, each element was scored on a 1 to 5 basis, where 3 out of 5 indicated that performance was being tracked and standardised, with 4 being quantitatively controlled and 5 representing continuous improvement. Based on the assessments, our findings reveal that most CoPEs are achieving Quantitatively Controlled scores in most areas. As a result the overall “scores” for the CoPEs were in the range of 802-866.

2.14 This indicates a generally improved level of capability, with each CoPE having most of the core competencies and processes in place. However, while there are specific opportunities for improvement, on the basis of the threshold matrix agreed in the methodology, all of the CoPE members are now above the exemplar level status.

2.15 Table 2.4 provides an overview summary of the CoPE scores in each area. This shows that all CoPEs have increased their assessment scores above the 800 point, ‘exemplar’ standard in relation to the current criteria.

**Table 2.4: CoPE Review Scores 2009**

	CoPE Assessment Criteria	Max Score	Procurement & Logistics BSO	Translink	Housing Executive	Roads Service	CPD SSD	CPD Construction	NI Water	Health Estates
1	Strategy: Spend	Y/N	Y	Y	Y	Y	Y	Y	Y	Y
2	Strategy: Unique Portfolio	<b>50</b>	44	45	38	39	43	43	44	40
3	Use of Appropriate Excellence Model	<b>100</b>	90	95	83	99	83	83	80	96
4.1	Best VFM	<b>175</b>	145	156	145	141	145	138	143	146
4.2	Best Practice	<b>175</b>	151	145	136	143	140	139	149	145
5 & 6	People Procurement Expertise & People Procurement Competency	<b>100</b>	80	94	76	78	88	85	87	83
7	Process QA Systems & Regulations	<b>75</b>	65	70	64	65	66	66	63	60
8	Contract Management	<b>100</b>	83	83	81	89	82	85	88	92
9	Customer /Supplier /Operational Complaints	<b>75</b>	60	63	59	54	60	60	54	54
10	Process: Customer Service	<b>150</b>	125	115	120	107	125	125	106	130
	<b>Total Score</b>	<b>1000</b>	<b>843</b>	<b>866</b>	<b>802</b>	<b>815</b>	<b>832</b>	<b>824</b>	<b>814</b>	<b>846</b>

2.16 In general, all CoPEs have seen improvements in their scores in this year's assessment, ranging from between 8% to 21 %, as can be seen in Table 2.5.

**Table 2.5: CoPE Scores Comparison (2005 against 2009)**

	2005/2006 score	2009 score	Variance	% change
Translink	747	866	119	16%
Procurement and Logistics BSO	749	843	94	13%
Roads Service	723	815	92	13%
Health Estates	723	846	123	17%
Housing Executive	742	802	60	8%
CPD Construction	718	824	106	15%
CPD SSD	736	832	96	13%
NI Water	670	814	144	21%

2.17 As the CoPE assessment is a benchmarking tool and designed as a mechanism to drive continuous improvement, the percentage change from the 2005/2006 score compared with 2009 is a reflection of the progress and improvement made by each individual CoPE in their area of expertise.

2.18 A detailed breakdown of strengths and areas for improvement are detailed for each CoPE in the action plans.

2.19 However, our review has again highlighted some areas that require continued attention from all CoPEs. This includes the following:

- There needs to be further improvements in knowledge sharing of best practice and greater interplay across all CoPE organisations to avail of collaborative procurement opportunities with support from the PPG (Procurement Practitioners Group);
- CoPE organisations are encouraged to continue to embed category management and further develop commodity group strategies;
- There is the need for a uniform tendering and contracting documentation across CoPEs where permissible. This initiative was identified as part of the last CoPE review and should be taken forward for implementation;
- Further embed e-technology plans and develop an integrated, CoPE-wide strategy to address e-procurement development to support integration among CoPE members; and where possible move to a common e-enablement platform;
- Develop specific KPIs that measure how Value for Money (VfM) in the procurement function is to be achieved in each CoPE. All CoPEs should aspire to KPI maturity levels for processes and people that are quantitatively controlled and continuously being improved;
- Improve upon quality accreditation awards and continue to review action plans from EFQM and similar awarding bodies to drive improvement levels;
- CoPE members should constantly monitor and conduct regular risk assessments for all contracted suppliers within their supply chain to establish their current economic status. Vendor rating mechanisms and supplier appraisal tools need to be put in place to continuously monitor performance of suppliers to assist contract management; and

- Develop knowledge sharing strategies on how to implement Socially Responsible Procurement (SRP) environmental goals. This can be achieved through policy dissemination and education.
- 2.20 As mentioned in the Introduction, there were also specific improvements identified for each CoPE organisation.
- 2.21 All CoPEs were debriefed on improvement areas. Currently, individual CoPEs are reviewing action plans and time scales for implementation.
- 2.22 As part of the ongoing improvement by the CoPEs, we recommend that each CoPE reports on progress on at least a 1 year basis to the PPG group.
- 2.23 In the following sub-sections, this report will define the areas evaluated across the CoPE organisations and highlight areas of good practice identified during assessments.

### Category Spend

- 2.24 All of the CoPEs have the minimum procurement spend set by the Procurement Board. CoPEs such as the CPD, Housing Executive and the Procurement and Logistics Service (BSO) also assist and advise other public bodies and non-profit organisations with procurement in their relevant fields.

### Procurement Strategy - Unique Procurement Portfolio

- 2.25 In this category, we reviewed the range of products and services that each CoPE organisation procures on behalf of their customer base. In addition to examining their unique spend items, CoPE's analysis and categorisation of their procurement spend was evaluated, as was the extent to which they have developed commodity group strategies. PwC also requested examples of shared purchasing of products or services with other CoPEs in order to reduce tendering costs and to improve pricing.
- 2.26 The evidence provided by the CoPEs confirmed that they have well defined procurement portfolios with each of the CoPEs procuring specific services or products to meet unique market needs.
- 2.27 Following on from the last review, there was strong evidence that all of the CoPE organisations reviewed have worked to strengthen their category management capabilities, improving the levels of analysis and categorisation of products to facilitate specialists procuring similar items. The Procurement and Logistics Service (BSO) and NI Water already have well defined category management structures in place. Translink for instance, has used the last CoPE review in late 2006 to drive the restructuring of the procurement function along category lines and employed additional specialist procurement resource. Similarly, the Housing Executive has restructured its procurement function and now has well defined plans in place which when fully implemented would drive the category management agenda forward and further embed the development of commodity group strategies. The CPD Construction, Roads Services and Health Estates have addressed this by managing their contracts and projects along category lines (maintenance and capital spend). The CPD SSD is now working to develop robust category management strategies in its contracting activities.
- 2.28 Another key area reviewed within this sub-category was the extent to which contracts set up by other CoPEs and other bodies such as Office of Government Commerce (OGC) were utilised. There were some clear examples of CoPEs buying from CPD SSD contracts, OGC and other National contracts. For instance, all CoPE members reviewed currently contract for the supply and delivery of office paper through ELB (Education Library Boards) existing contracts. Similarly, the Housing Executive has availed itself of the Procurement and Logistics Service (BSO) contract for

the supply of office furniture; NI Water and the Housing Executive currently buy vehicles together with one managing van procurement and the other managing procurement of lorries. However, further collaborative opportunities exist across CoPEs in using national procurement contract arrangements.

- 2.29 In addition, the review identified opportunities to optimise supply chains across the seven CoPEs through improved supply chain integration initiatives such as utilising the Procurement and Logistics Service (BSO) stores for holding and onward distribution of commodities for other CoPEs.

### **Use of an Appropriate Excellence Model**

- 2.30 The extent to which CoPEs have adopted an appropriate Excellence Model such as the European Foundation of Quality Management (EFQM) (a core criterion for CoPE status) was reviewed including whether or not they have pursued quality awards.
- 2.31 All CoPEs have actively pursued and achieved some form of excellence/quality awards since the last review. For instance, the Procurement and Logistics Service (BSO) has achieved the EFQM Silver Award status and ISO Accreditation; Roads Services has achieved the EFQM Mark of Excellence and ISO Awards and the CENI Achieving Excellence Awards; Health Estates possesses the EFQM Gold Standard and the Achieving Excellence Award; NI Water has achieved the EFQM Bronze award for their supplies and services division and an Achieving Excellence Awards for Capital projects division. Similarly, the CPD Construction has the EFQM Bronze award and Achieving Excellence Award, while the CPD SSD has achieved the EFQM Bronze award. Translink has the Achieving Excellence Award and is currently using the EFQM Procurement Excellence Pilot.
- 2.32 Within this criterion it is clear that some CoPEs have fully embraced Excellence Model philosophies and have used such models to drive improvement in areas such as customer service. It should also be noted that some CoPE organisations very much view the CoPE tool and accreditation status as an excellence model in its own right and use it to drive improvements.

### **Best Value for Money (VFM)**

- 2.33 The Best VFM assessment sub-category assessed the CoPEs against all the 12 principles guiding the administration of Public Sector Procurement which when abided by helps towards the achievement of Best VFM.

### **Accountability**

- 2.34 In assessing the level of accountability in public procurement within the CoPE organisations, an assessment of the existence of approval hierarchies to manage financial risk, payment of orders and payment authorisation was scrutinised. In addition, evidence of proper working procedures was examined, especially with regard to how a preferred/suitable method of procurement was decided as well as supplier and product selection including subsequent engagement and payment.
- 2.35 In general terms, a high level of accountability and traceability in the procurement and supply/contractor payment processes was demonstrated by all CoPE organisations reviewed, with three way matching principles in place through the Accounts Payable (Finance) function. Some CoPEs are transferring and processing all payment activities to Account NI which should provide a robust overview and control of the payment and authorisation process.

### **Competitive Supply**

- 2.36 In reviewing the CoPEs against competitive supply, a record of the whole procurement exercise

was reviewed in line with the rules guiding competition in public procurement regulations. As part of this review evidence of publically advertised tendering opportunities were sought and the reasons for employing a particular procurement route was discussed (e.g. Restricted, Open, Competitive Dialogue, Negotiated).

- 2.37 There was evidence of appropriate use of the various procurement routes in the contracts that were examined during this review, with the Restricted Procedure the most commonly used. There was some indication that the use of the Open Procedure may have been the default position (in order to allow as many organisations to be involved in tendering opportunities). Evidence now suggests that the choice of procurement route among all CoPEs is decided based upon the nature of the contracting opportunity, supply market and business needs.

### Consistency

- 2.38 There was clear evidence of a consistent approach to a documented procurement policy for all the CoPE organisations reviewed. Our review of the availability of standardised templates and policy document to drive procurement revealed that all COPEs had a documented procurement policy in place. Also, there was reference to the NI Public Procurement Policy Document. In addition, there were well documented procurement procedure and guidance documents to assist all procurement staff and the wider organisation, with mechanisms for updating these documents and disseminating them amongst staff. For example, CPD Construction issued Technical Notes to all procurement staff via the intranet updating them of changes to procurement policy and legislation.
- 2.39 Each CoPE had standardised templates (PQQ, ITT, Award and Regret letters and Debrief documents/letters) and consistent policy documentation bespoke to their organisation. However, there is scope to further develop conformity and uniformity in documentation, such as the pre-tendering, tendering and contract management documentation, and procedures across all the CoPEs. There was an inconsistent application of CPD policy guidelines across the CoPE organisations, particularly with regard to whether or when to conduct face to face feedback to suppliers.

### Effectiveness

- 2.40 CoPEs were assessed on how they met the Northern Ireland commercial, regulatory and socio-economic goals in a balanced manner appropriate to procurement requirements. These included elements such as assisting Small and Medium Enterprises (SMEs) to access existing contracting opportunities and effective debriefing policies.
- 2.41 There were examples of sound application of effectiveness policies across the CoPEs. In general, all CoPEs were actively involved in 'Meet the Buyer' events where advice and assistance was offered to SMEs in particular.
- 2.42 The CPD is actively involved with the CIFNI task group where SMEs are educated and encouraged on how to prepare for tendering opportunities. They also have a link on their website to help SMEs become more involved in the bidding process whilst not disadvantaging larger organisations.
- 2.43 The Housing Executive meet regularly with Trade Organisations to discuss the potential impact of new initiatives on suppliers and CPD SSD is taking a significant role in presenting to SMEs on public sector buying. In addition some of the CoPEs, such as the Road Service, through the development of contracts such as grass cutting and road marking contracts and Housing Executive have attempted to assist SMEs by encouraging them to form consortia with other similar companies and develop partnerships.
- 2.44 In terms of supplier feedback, all CoPEs currently issue a standard template regret letter to

unsuccessful bidders. However, there is a lack of consistency amongst the CoPEs as to the use of face to face debriefs.

### **Efficiency**

2.45 CoPE efficiency is discussed further in Best Practice Process Efficiency and Best Practice Systems.

### **Fair Dealing**

2.46 CoPE procurement mechanisms were reviewed against their ability to ensure the fair treatment and non-discrimination of all prospective bidders, whether they were SMEs or well established, larger organisations. In addition they had well documented criteria for selecting suppliers and criteria for pre-qualification, selection and award.

2.47 The CoPE organisations reviewed had clearly defined methods for enabling SMEs to access prospective opportunities, i.e. meet the buyer events, trade awareness days and website FAQs on available opportunities while ensuring that larger organisations were not excluded. Some CoPEs tried to encourage SMEs to form consortia when bidding. For example, CPD Construction encouraged SMEs to collaborate on joint venture initiatives for tendering opportunities.

### **Integration**

2.48 The CoPE review of Integration examined initiatives such as developing SMEs, sustainability, targeting the unemployed and people with disability.

2.49 All the CoPE organisations reviewed had standard equality and diversity clauses which were included in each contracting opportunity sent out to all prospective bidders early on in the process. Sustainability clauses were also included in tendering and used as part of the prequalification, selection and award process with weighting assigned to it. For instance, the CPD SSD uses a social enterprise company for the disposal of its obsolete ICT equipment. There is evidence of targeting unemployed and encouraging apprenticeships and training in contract documentations examined.

2.50 All CoPEs are aware of the Northern Ireland Sustainable Procurement Action Plan (NI SPAP) and some have developed strategies for addressing this government policy direction. For example, Translink has published its corporate environmental strategy on its website and works with its supplier's to measure and improve environmental performance.

### **Integrity**

2.51 Most CoPEs abide by the Northern Ireland Civil Service Standard Code of Ethics. There were nominated personnel dedicated to ensuring that tenders were received and stored until the deadline had passed where paper based tender returns were still accepted. All CoPEs have also now begun to use (or are moving towards) e-tendering systems (e.g. Bravo Solutions, Procon, Procure) and expect all prospective suppliers to respond electronically. This ensures that all suppliers receive the same information and communication, can be held to ITT deadlines and provides an accurate record of the entire end-to-end tendering process.

### **Informed Decision Making**

2.52 Best VfM requires the CoPE to ensure that information used to make decisions is accurate and contracts are KPI-monitored - monitoring supplier performance, conducting category reviews and applying adequate contract management mechanisms. Contract reviews are covered in more detail in section 8 of this report.

2.53 It was clear from the contracts reviewed across all of the CoPEs that contract and category reviews were conducted periodically based on good contract management. For instance, well documented quarterly and bi-annually reviews of contracts were scheduled and included in Service Level Agreements (SLA). Supplier and contract performance measures were conducted and used as part of the decision making process (e.g., Contract Renewals and Extensions). NI Water had good performance monitoring within its framework agreements, including benchmarking suppliers against one another.

### Legality

2.54 The extent to which CoPEs meet the EU Directives and UK regulations and how they document decisions for selecting restricted and negotiated contracts was reviewed. NAO audit reports, CoPE procurement procedures and evidence of contracts awarded were reviewed. This was an area where all the CoPEs performed well.

### Responsiveness

2.55 This principle assesses the extent to which the CoPEs endeavour to meet the aspirations, expectations and needs of the community - whether or not the CoPEs have Service Level Agreements (SLAs) with both internal and external customers/users in place, conduct customer satisfaction surveys and how complaints are reviewed. These areas are covered in more detail again in section 9 and 10 of the report.

2.56 Procurement and Logistics Service (BSO) have implemented SLAs and conduct customer satisfaction surveys on a Trust-by-Trust basis. The CPD SSD has SLA agreements with other CoPEs. Most CoPEs have well developed and established customer satisfaction reports as part of their overall organisation's complaints procedures. There were some examples of well developed and applied complaints procedures such as the Housing Executive mechanisms. Also, Translink have a clear escalation procedure of complaints review conducted. The Road Service uses information gathered on 'Road Stats' through its website.

### Transparency

2.57 The final area of Best VfM is focused on making information freely available to potential suppliers. In this area the CoPEs performed strongly and many of them provide useful background information on via their websites and provided clear guidance with tender documents. This area is covered in more detail in the consistency, fair dealing, integrity, and customer and supplier management sections.

### Best Practice

2.58 This section of the evaluation tool looked at several key areas of Procurement Best Practice such as Strategy, Key Performance Indicators (KPIs), Organisation, Process Efficiency, Systems and Supplier Development.

### Strategy

2.59 Best practice CoPE strategy assessment establishes how well-developed and communicated the CoPEs strategy is, including elements such as Vision and Mission statements, and how well communicated that strategy is.

2.60 All CoPEs have well documented procurement strategies in place with values and mission statements supported by senior management signoff and linked to their overall corporate business plan.

### Key Performance Indicators (KPIs)

- 2.61 The development of an effective application of appropriate KPIs within CoPEs acts as an important mechanism to monitor performance and drive continuous improvement. The review looked at evidence of financial, people, process, customer and supplier KPIs within each CoPE.
- 2.62 All CoPEs had general KPIs and a number had effective, working people and process KPIs in place. However there are opportunities across the CoPEs to improve in the areas of customer and supplier/contract management KPIs. Specifically, there needs to be more appropriate and focused purchasing and supplier performance KPIs to ensure continuous improvement in contract management and to measure in more detail the service levels provided.

### Organisation

- 2.63 This area of Best Practice focuses on organisational structures and responsibilities including the use of cross functional teams, commodity management structures and culture including the promotion of the departmental ethos.
- 2.64 Several of the CoPEs such as the NI Water, Translink and Housing Executive have recently initiated structural change in the procurement function – emphasising a level of fluidity in endeavouring to achieve Best Practice and continuously adapted organisational structures.
- 2.65 Translink has used the CoPE assessment strategically to restructure its procurement function in an internal customer focused way but with elements of category management being used providing the best ‘fit’ for the organisation. Procurement and Logistics Service (BSO) has in place commodity group strategies in line with Best Practice and were effective in terms of communication and team briefing. The CPD SSD procurement organisation structure has separate functional specialists responsible for Services and ICT Procurement. Construction related procurement organisations were effective in the application of cross functional teams to award contracts and monitor performance.

### Process Efficiency

- 2.66 This section of the evaluation model focused on the application of procurement efficiency improvement mechanisms such as low value ordering systems, framework contracts, benchmarking and e-procurement to reduce administration and drive efficiency.
- 2.67 Framework contracts have become widely used across all the CoPE organisations and this is especially true for NI Water, Health Estates and Road Service. CPD SSD and CPD Construction have set up framework contracts on behalf of its customers which are widely used. There has been mixed progress in the adoption of low value ordering systems, with a number of CoPEs hoping to deploy the use of Purchase Cards for low value items more widely in the near future or to rely on Account NI services for low value order processing and the payment of suppliers. Currently, NI Water only uses Purchasing Cards for processing its travel arrangements.
- 2.68 There has been good progress in the take up of e-procurement payment systems across the CoPEs with some now using the Oracle Electronic Purchase Systems for the development of Purchase Orders. It was evident that there were a variety of maturity levels across the CoPEs. For example, CPD SSD adopted small value order systems and use of e-procurement tools. The Procurement and Logistics Service (BSO) currently process its warehouse ordering via electronic purchase orders and 30% of its non-stock orders via electronic purchase orders. There remains further opportunities for this to be further embedded into CoPEs in order to drive process efficiencies in the procurement and accounts payable activities of the organisations.

## Systems

- 2.69 The appropriateness and effectiveness of CoPE procurement systems has a significant impact on CoPE efficiency and effective management. Technology plans, levels of systems integration, appropriateness of management information systems and e-business application were all assessed.
- 2.70 Several CoPEs including CPD SSD, CPD Construction, and NI Water have comprehensive e-procurement/technologies in place to support e-business activities such as E-Sourcing NI (Bravo Solutions), Procure and Procon. Health Estates and Housing Executive in particular have detailed technology plans in place to deploy the use of E-Sourcing NI to support e-business activities around tendering and contracting of opportunities.
- 2.71 Many of the CoPEs have implemented new systems: NI Water now use Cap-trax and Oracle, Housing Executive uses the Eros and Resus systems, while Health Estates has deployed RIPAC and TRIM. Management information reporting can now be obtained using these systems for most CoPEs. These have assisted in reducing the time to market cycle where they have been implemented. Procurement and Logistics Service (BSO) has significantly automated its purchase-to-pay process and achieved high levels of automation. It is hoped that CoPEs will continue to develop in this area and to continuously explore opportunities to reduce cycle times using existing technologies and to add on appropriate modules that will support increased internal integration and improve transactional processes.

## Supplier Development

- 2.72 This section of Best Practice examines how CoPEs monitor, manage, and work with suppliers (and developing suppliers where appropriate). The construction type CoPEs (such as Health Estates, CPD Construction and NI Water) have strengths in appointing contract/project managers who manage contracts and review supplier performance over the duration of the contracts using appropriate KPIs for both the design team and contractors. Contract Management is discussed in further detail in section 8.
- 2.73 In terms of vendor rationalisation, there is ongoing widespread usage of framework contract arrangements to reduce the numbers of suppliers and to drive competition and VfM within framework arrangements. NI Water also uses 'Super Bundles' as a tool for supplier rationalisation.
- 2.74 There are examples of CoPEs assisting supplier development, for example Housing Executive meets regularly with Trade Organisations and attends industry workshops to discuss mutually beneficial issues in the supply chain. A number of CoPEs organise 'meet the buyer' events and workshops to educate SMEs on how to access contracting opportunities. However, few CoPEs have run specific initiatives in conjunction with suppliers to reduce costs or to determine vendor ratings.

## People - Procurement Expertise & Procurement Competencies

- 2.75 The CoPE criteria for people "Procurement Expertise" and "Procurement Competencies" were combined into one section. This section of the evaluation examines the use of competency matrices, training and development plans, adequately qualified personnel, procurement courses taught and staff's knowledge of the market place.
- 2.76 All the CoPE organisations had well developed Personal Development Plans (PDP) with a high level of relevant, public sector procurement training courses attended both in-house and external to

the organisation. There was a minimal degree of cross functional staff development, an area which all CoPEs would need to improve upon to foster deeper and wide spread knowledge of public procurement among the CoPEs. The Housing Executive has, in line with the Procurement Competency Framework for Northern Ireland, well documented competency matrices in place with a responsible officer training booklet to guide its delivery and application. The Procurement and Logistics Service (BSO) also has a Competency Matrix for procurement staff which is mapped to grade levels. Other CoPEs have a procurement career path framework and training and development plans in place for all purchasers and buyers. However, recruitment, training and development within Procurement and Logistics Service (BSO) are currently limited by budgetary constraints.

- 2.77 Across CoPEs like CPD SSD, Translink and NIW with the exception of purely construction CoPE organisations a high proportion of both senior and junior level staff are Chartered Institute of Purchasing and Supply (CIPS) qualified with others being financially supported to attain the full qualification. In construction procurement organisations, procurement staff are qualified under one of the construction related professions such as chartered engineers, registered architects, chartered quantity surveyors, and there is a perception of limited advantage in having staff CIPS qualified. However, there is evidence that public procurement training courses are being attended by these people to enable them to function effectively in the procurement domain.
- 2.78 The market knowledge of staff across CoPEs was considered strong, exemplified by NIW benchmarking against, and working closely with major construction projects and water utility companies in England. The Procurement and Logistics Service (BSO) demonstrated sound supplier market knowledge through their application of national benchmarking and knowledge of customer needs through the Supply Boards with three year development plans in place.

## **Procurement Processes (Quality Assurance (QA) systems, Contract Management, Complaints and Customer Service)**

### **QA Systems**

- 2.79 Effective, working QA systems are important mechanisms in assisting consistent application of procedures and to help drive improvements. This evaluation looks at areas such as CoPEs having external accreditation for their QA systems, working quality procedures and use of systems to ensure adherence to EU Directives and UK Regulations.
- 2.80 Virtually all CoPE organisations are now ISO or EFQM accredited and have rigorous policies in place to ensure that the directives and regulations are met. The CoPEs with full ISO 9001 use their quality procedures to drive improvements.
- 2.81 All the CoPE organisations were seen to meet OJEU advertising requirements with opportunities published in OJEU, TED, and SIMAP on CoPE websites and in local newspapers. In general, there was widespread use of framework contracting arrangements and where the different procurement routes (Open, Restricted, Negotiated and Competitive Dialogue) have been used, they have been deployed appropriately within the rules and regulations of EU procurement. The adoption of e-Sourcing NI (Bravo Solutions) and other e-tendering technologies has also helped reduce timescales for some CoPEs. Specifications are developed in conjunction with end user teams and in all the contracts examined, the ideals of MEAT (Most Economically Advantageous Tender) and VfM were strictly adhered to.

## **Contract Management**

- 2.82 This area of the assessment evaluated how CoPEs prepared for contracts (including risk assessments), evaluated tenders and monitored contract performance.
- 2.83 The Construction CoPEs generally demonstrated effective contract preparation and appropriate use of the intelligent client function which was seen as critical to the success of the overall project. This was exemplified by NI Water and Health Estates – with a high level of involvement of suppliers/contractors and customers very early on in the life cycle of the project with procedures requiring the customer to identify their specific needs at the beginning of a project. The construction CoPEs also carry out risk assessments on all projects with well developed Risk Allocation Matrices. Health Estates uses a Gated Project Review Process, ‘Preferred Contractor’ status, and ‘Guaranteed Maximum Works Costs’ to manage both risk and costs in contracts as outlined in their PRP Project Manager’s Guide Document.
- 2.84 All CoPEs had robust evaluation and selection criteria which are developed with end-user representatives and based on the particular needs of a contract. However, greater clarity on the assessment and selection criteria and weightings used at both the PQQ and Invitation to Tender (ITT) stage is likely to be of benefit to CoPEs and bidders alike as discussed in the Effectiveness and Efficiency criteria (See section 6a). This may help mitigate the possibility of a legal challenge following the award stage by providing clear reasons as to why bidders are unsuccessful.
- 2.85 In general, all CoPE organisations appear to have an open and constructive relationship with their respective contractors and suppliers. Once contracts are in place, the CoPE organisations all have some form of monitoring in place to ensure compliance and to monitor performance. The Housing Executive has a ‘standing order/rule of work’ scheme with quarterly site visits and reviews conducted; there is also a risk register and a potential risk assessment done for each contract. CPD Construction participates in client ‘project progress’ meetings where issues are discussed and actions plans developed. CPD SSD relies on its client end-users to manage contracts.
- 2.86 In the months leading up to contract extensions and at the end of contracts, CoPEs discuss the suppliers’ performance with contractors/suppliers (following feedback from the end-user) enabling the CoPE to determine if contracts should be extended or to establish what should be included/amended in future contracts before re-tendering.
- 2.87 However, there is a clear need for CoPEs to improve on the existing monitoring system, with appropriate metrics and KPIs to continuously monitor performance of suppliers / contracts and ensure that this is enshrined in the Service Level Agreements (SLA) with agreed penalty clauses for non performance for each contract/ project.

## **Customer /Supplier /Operational Complaints & Customer Service**

- 2.88 The operational complaints assessment examines the complaints processes within the CoPEs, including how complaints are captured, escalated, and subsequently used to improve their performance. The customer service assessment examines how the CoPEs interact with customers; how they define their needs and monitor their satisfaction with the service being provided to them.
- 2.89 In general, CoPE organisations have good processes in the terms and conditions of contracts through which suppliers and contractors can escalate any issues that may arise. Most CoPE organisations have had a minimal number of successful complaints made against them, and where there has been a successful complaint, this has been used to drive improvements. All CoPEs had organisational complaints procedures in place to deal with complaints and to drive improvements.
- 2.90 CPD Construction has demonstrated good intelligent client approach by encouraging customer

focused group feedback and also holds regular customer communication events to engage with their customers and to clarify any issues.

## **Sustainability (integrating equality of opportunity & sustainable development into procurement)**

- 2.91 As part of this review, some elements of socio-economic and environmental sustainability were assessed under the CoPE assessment tool; however the current model does not take into full consideration the recommended policy in the Sustainable Procurement Action Plan for Northern Ireland. As such, it was decided at the project initiation meeting that the current status of all CoPEs in relation to sustainability and socially responsible procurement should be considered in a separate non-scoring summary.
- 2.92 Our assessment revealed that, in general, all CoPEs are fully aware of the Sustainable Procurement Action Plan for Northern Ireland and have shown their commitment by developing their own strategies and action plans to fall in line with government policy. During the assessment we evidenced mission statements on sustainability within corporate business plans, strategy and policy documents which were accessible on CoPE websites.
- 2.93 In addition, we evidenced working Corporate Social Responsibility (CSR) clauses within procurement procedures which sought to address a range of environmental, social and economic responsibilities covering environmental impact, social inclusion and training, removing barriers to business, encouraging SME access, reengaging the economically inactive and sustainable design quality.
- 2.94 Additionally, standard environmental, equality and diversity clauses are inserted into all contracting and tendering opportunities which were evidenced during the CoPE review. These were also used as part of the selection and assessment criteria for the award of contracts.
- 2.95 However, challenges were identified in terms of successfully implementing some socially responsible procurement clauses in government policy and this should be considered if it is to be scored in a future CoPE model.

## **Embedding the Career Path Framework (CPF)**

- 2.96 As part of our review, we were also required to report on the progress made so far by CoPEs in embedding the Career Path Framework (CPF) for the Northern Ireland public sector.
- 2.97 Our assessment revealed that, in general, the Career Path Framework is widely deployed and implemented by CoPEs. There is an increased appreciation of the role of procurement skills in public sector activity. All CoPEs had pursued an ambitious programme of procurement training and CIPS membership for its staff. Where CIPS was not actively pursued by some CoPEs, there was evidence of public sector procurement training courses attendance, as well as registered membership of construction related professional bodies.
- 2.98 We saw evidence of well trained and professionally qualified procurement staff working in the

procurement function. Even though the framework identified the Chartered Institute of Purchasing and Supply (CIPS) qualification as a possible qualification that enables procurement competency, there was evidence that procurement competency was being developed through in-house public sector related courses provided by subject matter experts.

## Recommendations

2.99 Following the completion of the assessment exercise for all the CoPE organisations, and a detailed review of supporting evidence and documents provided, we highlighted a number of areas of improvements applicable to each CoPE. Alongside these recommendations, PwC has also discussed with each CoPE their scores/performance during the review and suggested actions plans for future improvements. This section of the report highlights our general recommendations going forward.

- **Recommendation 1:** Further improvements are required in knowledge sharing of best practice and greater interplay recommended across all CoPE organisations so that they can avail of collaborative procurement opportunities with support from the PPG (Procurement Practitioners Group).
- **Recommendation 2:** CoPE organisations are encouraged to continue to embed category management and further develop commodity group strategies.
- **Recommendation 3:** There is the need for uniform tendering and contracting documentation across the CoPEs where permissible. This initiative should have been implemented as part of the last CoPE review and should be taken forward for implementation.
- **Recommendation 4:** Further embed e-technology plans and develop an integrated, CoPE-wide strategy to address e-procurement development to support integration among CoPE members and where possible move to a common e-enablement platform.
- **Recommendation 5:** Develop specific KPIs that measure how Value for Money (VfM) in the procurement function is to be achieved in each CoPE. All CoPEs should aspire to KPI maturity levels of processes and people that are quantitatively controlled and continuously being improved.
- **Recommendation 6:** Improve upon quality accreditation awards and continue to review action plans from EFQM and similar awarding bodies to drive improvement levels.
- **Recommendation 7:** CoPE organisations should constantly monitor and conduct regular risk assessments for all contracted suppliers within their supply chain to establish their current economic status. Vendor rating mechanisms and supplier appraisal tools need to be put in place to continuously monitor performance of suppliers to assist contract management.
- **Recommendation 8:** Develop knowledge sharing strategies on how to implement Socially Responsible Procurement (SRP) environmental goals. It is considered that this should be assisted through further support regarding policy dissemination and education on practical examples.
- **Recommendation 9:** CoPE organisations should consider appointing an in-house, dedicated resource to drive procurement compliance and conformity to CoPE requirements.

- 2.100 In general, the scoring and maturity levels demonstrated by all CoPE organisations against the assessment tool have improved commendably since the last review and this reflects the level of effort and commitment on the part of CoPEs to implementing continuous improvement following from the last review in 2005. There are still common areas for development and further progress.
- 2.101 However, in order for the tool to remain relevant in the future, there needs to be a review of the CoPE assessment tool to bring it up to date with procurement good practice and current standards at the present time. Scoring and maturity levels need to be reassessed and exemplar status reassigned to reflect required procurement standards from 2009 onwards.
- 2.102 As stated earlier, PwC discussed with each CoPE organisation their individual areas for improvement. Each CoPE is currently identifying actions and timescales for implementation which will then be included in the individual CoPE Action Plans. As part of the ongoing improvement by CoPEs, we recommend that each CoPE reports on its progress on at least a 1 year basis to the PPG group.