

**Department of Finance  
Departmental Response  
to recommendations in the Northern  
Ireland Audit Office's Report  
Public Procurement in Northern  
Ireland**

**Presented to the Northern Ireland Assembly  
by the Department of Finance**

**12 June 2023**



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# Glossary of Abbreviations

<b>CoPE</b>	Centre(s) of Procurement Expertise
<b>DoF</b>	Department of Finance
<b>NI</b>	Northern Ireland
<b>NIAO</b>	Northern Ireland Audit Office
<b>NICS</b>	Northern Ireland Civil Service
<b>ToR</b>	Terms of Reference

**DEPARTMENT OF FINANCE DEPARTMENTAL RESPONSE TO NORTHERN IRELAND AUDIT OFFICE (NIAO) RECOMMENDATIONS IN THE NIAO'S REPORT OF 25 APRIL 2023 ON "PUBLIC PROCUREMENT IN NORTHERN IRELAND"**

## **Department of Finance**

### **Public Procurement in Northern Ireland**

#### *Introduction*

The responses within this Departmental Response have been made at official level. Where specific recommendations relate to issues of policy these will require Ministerial decisions.

#### *NIAO Recommendation 1*

**The Department of Finance should commission a fundamental review to ensure that arrangements support effective strategy setting, policy development, governance and accountability for procurement. This should involve a detailed consideration of the role, responsibilities and composition of the Procurement Board. The review should also include an assessment of how the Board's role and responsibilities relate to those of other key stakeholders, including the NICS Board, the Executive, and CoPE.**

The Department of Finance (DoF) accepts this recommendation.

Public procurement is a key function which supports the delivery of essential public services. The Procurement Board develops policies to ensure that procurement effectively supports the Programme for Government and delivers best value for money. The Procurement Board, which was re-constituted by the Finance Minister in December 2020, brought together a range of experts from industry and the public sector to bring fresh thinking and knowledge of the significant challenges of contracting in today's global markets to policy development.

DoF will prepare a Terms of Reference (ToR) for the appointment of an independent panel of experts to review the current arrangements to ensure these support effective strategy setting, policy development, governance and accountability for procurement. This will include consideration of the role, responsibilities and composition of the Procurement Board and an assessment of how the Board's role and responsibilities relate to those of other key stakeholders, including the Northern Ireland Civil Service (NICS) Board, the Executive, and Centres of Procurement Expertise (CoPEs). The review will also consider the efficiency and effectiveness of the current operational structures for public procurement.

As public procurement policy and accountability is a cross-cutting matter, the ToR will require Executive approval and funding prior to the appointment of a review panel.

#### *NIAO Recommendation 2*

**The Department of Finance, in consultation with procurement practitioners, should develop a new strategy to underpin how procurement functions in Northern Ireland. This strategy should be time-bound and set out clearly the objectives and priorities that procurement authorities will work to deliver within this timescale.**

DoF accepts this recommendation.

DoF also accepts that the review of the current arrangements (referred to in recommendation 1) should review operational structures to ensure that current arrangements support an effective procurement function.

A new strategy for public procurement in NI will therefore be developed in consultation with procurement practitioners following the outcome of the review. The strategy will be time-bound and will set out clearly the objectives and priorities that procurement authorities will work to deliver within this timescale.

The development of the strategy will be initiated by the next Finance Minister and overseen by an incoming Executive.

*NIAO Recommendation 3*

**The Department and/or the Procurement Board should develop the strategic oversight of capacity and capability. This should involve agreeing baseline standards for CoPE and contracting authorities against which performance can be measured.**

DoF accepts this recommendation.

The Cabinet Office Commercial Skills and Competency framework sets out the skills, behaviours and competencies which public procurement functions, and in particular those undertaking procurement activities, should demonstrate in delivering highly efficient, dynamic and professional procurement and commercial roles that deliver value for money to the taxpayer within a regulated environment. This framework is recognised as an important component of driving up organisational and individual commercial capability.

The framework will be used as a baseline standard for capability and will provide the basis for measuring performance and strategic oversight by the relevant CoPE Accounting Officer and/or a future Procurement Board.

It is recognised that many CoPEs are experiencing difficulties recruiting and retaining the required number of procurement and construction professionals. As part of the review (referred to in recommendation 1) a capacity baseline will be developed to underpin the effective operational model for the NI procurement function.

When the capacity and capability baseline standards are set, these will be overseen by a future Procurement Board.

*NIAO Recommendation 4*

**The Board should establish arrangements to ensure that all bodies provide complete, accurate and timely procurement data to enable effective oversight of public procurement activity. This data should support meaningful assessment of the value for money of procurement activity by public bodies, and of the impacts of the expenditure incurred.**

DoF accepts this recommendation.

DoF agrees there is a need for a more comprehensive range of accurate and timely data across all procurement and spend activity to assess the effectiveness of procurement activity.

DoF will work with departments to agree a standard minimum data set that brings together data on tendering/contract award with the data required by the Dear Accounting Officer letter DAO (DoF) 05/21 – Contracts Register. This DAO requires departments to maintain data on all active contracts, including spend against awarded value, which is reviewed by departmental boards.

Whilst the data will demonstrate whether projects were delivered on time and within the estimated budget, the assessment of value for money of the procurement activity and the impacts of the expenditure incurred will be determined by the post project evaluations/reviews which are carried out for all projects, in accordance with Better Business Cases Northern Ireland guidance and the departmental delegations/requirements for DoF approvals set out in DAO (DoF) 08/21.