



An Coimisiún
um Rialáil Fóntas
**Commission for
Regulation of Utilities**

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Corporate Procurement Plan

2020 to 2021

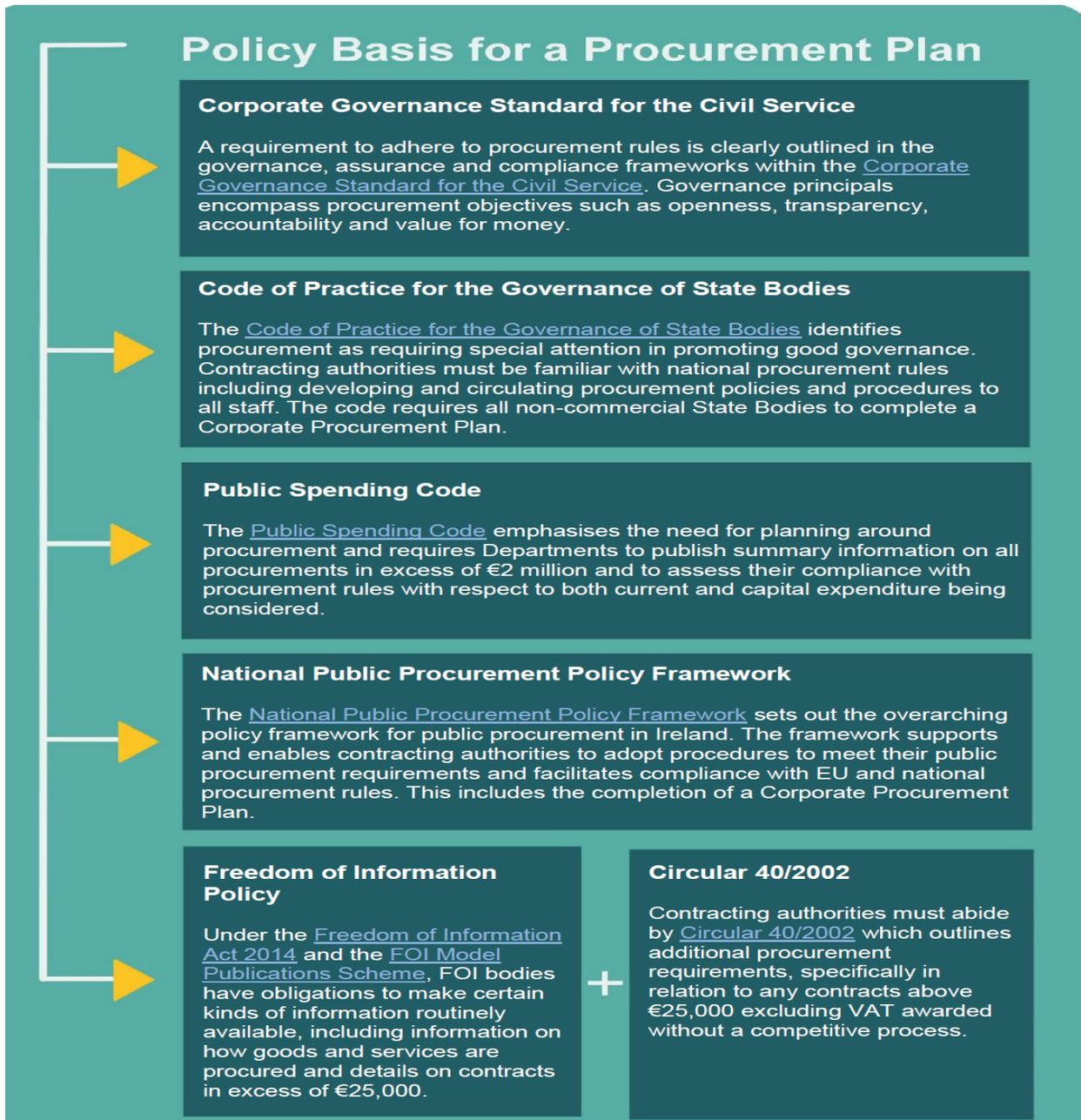
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1. Introduction

Procurement planning is an integral part of business planning for contracting authorities. A Corporate Procurement Plan (CPP) is based on key findings from analysis of both past and future procurement-related spend. To assist organisations in developing its' CPP, the Office of Government Procurement (OGP) have issued an Information Note (January 2019), which is used to inform the main elements that appear in this plan. The level of detail provided in the plan is proportionate to the procurement-related spend available to CRU and the associated risks. As extracted from the OGP Information Note, illustrated below is the policy basis for a CPP.



2. Purpose

The purpose of the CPP is to ensure that the organisation's procurement function operates in accordance with best practice public sector procurement regulations and supports effective value for money purchasing while ensuring openness, transparency and accountability. The CPP will seek to meet the obligations of the national procurement policy framework(s) and in doing so reinforce the CRU's commitment to effective and efficient resource allocation and service provision.

The CRU is committed to meeting its obligations as detailed in national and EU procurement laws. In addition to compliance to legislative requirements, the procurement function supports the organisations' business objectives and is focused on delivering the optimal outcome to tendering processes issued on behalf of the organisation. To ensure the CRU is focused on delivering value for money outcomes the procurement processes are reviewed on a regular basis to ensure purchasing personnel have the necessary capabilities to operate in line with best practice.

The common principles underpinning the CPP are:

- Carry out procurement in a manner consistent with EU and national procurement laws;
- Comply with procurement reform policy objectives set out by the OGP / DPER;
- To ensure value for money is being achieved; and
- To enable the strategic objectives of the CRU to be met.

This plan builds on the elements set out in the previous annual procurement plans (2009 to 2019) with consideration given to the following-

- An analysis of the past and future spend on goods and services.
- Procurement objectives.
- Identification of risk.
- Existing procurement practices.
- Affirm adherence to EU and national procurement legislation, circulars and guidelines.
- CRU procurement function resources and structures.

3. Scope

The scope of the CPP will cover a two-year period, 2020 to 2021, focusing on critical contracts and significant purchases. This period is specified to align with the current CRU strategic plan 2019 to 2021. It is intended to develop a three-year CPP to align with the overall corporate strategy going forward.

Analysing spend by category is the basis of the widely accepted category management approach to procurement. This approach has been adopted by the OGP so that spend from all public bodies can be aligned. There are 8 main categories within which spend is grouped by the OGP with comparable characteristics such as similarities in supply market profile, product / service type and

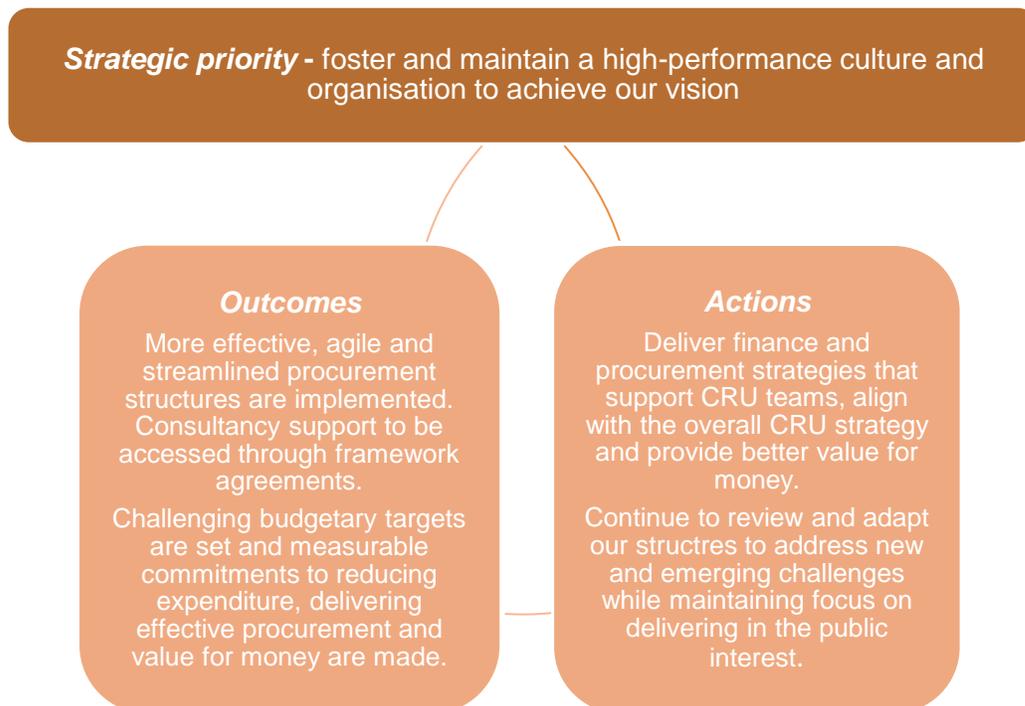
end use which align with the CRU's purchasing profile. The key categories of expenditure covered in the CPP are listed below:

1. Professional Services
2. ICT and Office Equipment
3. Facilities Management and Maintenance
4. Managed Services
5. Travel and HR Services
6. Marketing, Print and Stationery
7. Utilities
8. * Uncategorised (rent and capital expenditure)

The Multi Annual Procurement Plan per Category as referred to in the CPP is updated annually by the CRU Senior Manager – Finance and Governance, as part of the business planning cycle.

4. Procurement Objectives

One of the key objectives of this plan is to support the achievement of the CRU's strategic objectives and allow concentration of more resources both financial and staff time, on delivering core tasks. *The key strategic priority* set out in the CRU Strategy Statement for the period 2019 to 2021, relevant to the CPP is as follows;



The key objectives of the CPP to be achieved over the lifetime of this plan are set out in tabular format overleaf, including how these objectives will be realised. This information can be used to monitor and measure progress of the plan.

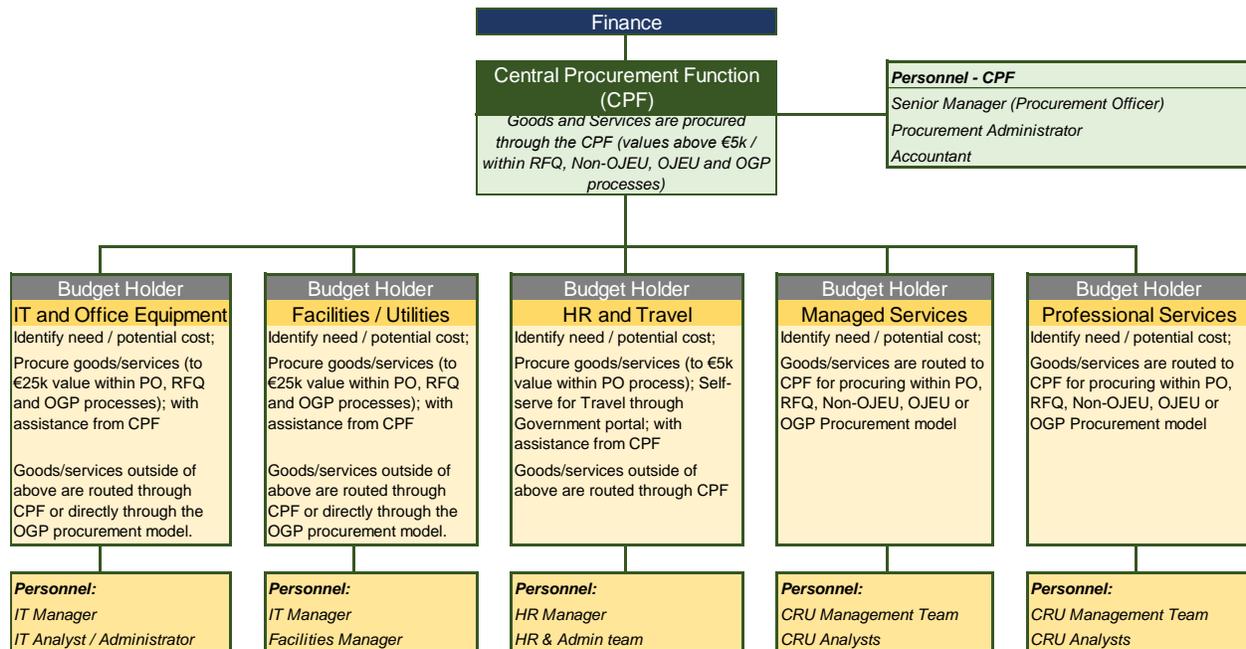
<i>Procurement Objective</i>	<i>How objective will be realised</i>	<i>Performance Measures</i>
<p>Take a strategic approach to procurement to achieve efficiencies and cost reductions through the procurement process.</p>	<p>Aligning the corporate objectives set out in the CRU strategic plan to procurement requirements which supports delivery of key work items, where applicable.</p> <p>Undertaking portfolio analysis using the supply positioning analytical framework to identify key areas of spend plus key suppliers.</p> <p>Establishing a framework agreement for consultancy support services.</p> <p>Identifying and informing budget holders of framework agreements and contracts that are available.</p>	<p>Use a practical set of performance measures for procurement which include measures relating to;</p> <ul style="list-style-type: none"> – cost of procurement function as a proportion of total procurement spend (~1%), – duration of the procurement process, – expenditure under written contracts as a proportion of total procurement spend, – proportion of procurement expenditure arising from framework or centralised agreements, – savings achieved through procurement.
<p>Ensure adherence to procurement policies and procedures; compliance with procurement Directives, legislation, circulars and other legal requirements.</p>	<p>Reviewing current procurement processes and contract regulations on a periodic basis to ensure compliance with legislative and policy requirements, embed transparency and accountability in procurement practices.</p> <p>Establishing and assigning clear roles and responsibilities. Adopting a consistent approach to procurement and the raising of purchase orders on the finance system.</p> <p>By Internal Audit review(s) of Procurement.</p>	<p>Annual review of Procurement Policies and Procedures completed. Periodic reports to the Finance and Governance Committee / the Commission i.e. compliance rates, update on implementation of plan etc.</p> <p>Effective and best practice governance structure in place.</p> <p>Internal Audit review completed in 2019; recommendations to be implemented in 2020.</p>

Procurement Objective	How objective will be realised	Performance Measure
Achieve greater value for money. Adopt a commercial approach, in line with best value principles, to all procurement decisions.	Evaluate all responses to request for tenders using quality as well as cost as part of the evaluation matrix. Preparing Output Reports (value for money) annually for all contracts with a value of greater than €100,000 (net).	Savings achieved through procurement. Benefits realised from expenditure quantified.
Develop scope for e-procurement	Availing of capabilities of e-tendering using the government portal www.etenders.gov.ie e.g. post-box facility, eESPD. Implementing the obligations under European e-Invoicing Directive (2014/55/EU) which obliges all Public-Sector Bodies to be able to receive electronic invoices (e-Invoices) by April 2020.	More effective, agile and streamlined procurement structures are implemented. E-Invoicing initiatives implemented by April 2020.
Enhance leadership, governance, awareness and skills within the procurement function.	Providing appropriate and periodic training to procurement staff and budget holders on procurement policies, procedures and best practice.	Annual training delivered.
Commit to continuous improvement of all procurement practices and procedures.	Utilising the procurement solutions and guidance put in place by the OGP. Implementing a multi-annual procurement plan.	Annual Review completed.
Ensure all suppliers are treated fairly and openly in the awarding of CRU contracts	Ensuring Conflict of Interest Declarations are completed for each formal procurement process.	Compliance rate at 100%
Facilitate economic, social or environmental objectives through procurement.	Developing a CRU Green Public Procurement (GPP) policy in terms of scope of procurement activities covered and how compliance will be monitored, and outcomes reported.	Policy in place by Q1 2021.

5. The CRU's procurement role

5.1 Structure

In CRU, the **procurement resource model** is primarily a centrally co-ordinated procurement model in that core procurement activities are performed by the procurement function for budget holders. This centralised back-office function minimises the transactional activity of strategic teams, it is proposed to retain this model as an effective service delivery model. Procurement is the responsibility of business units as depicted below subject to oversight and or service delivery by the Procurement Function.



Note: external procurement expertise can be availed of if necessary, subject to budget approval.

The procurement function has three **key objectives** (not ranked in any order):

- Obtain best value for money, competitive tendering is the norm;
- Ensure compliance with all procurement regulations i.e. EU, National and in-house;
- Manage contractual risks by utilising robust terms and conditions.

Details of Roles and Responsibilities are specified in Section 2 of the CRU Procurement Policies and Procedures for;

1. Procurement Function
2. Project (Contract) Managers (i.e. Budget Holders)
3. Procurement Evaluation Panel Members
4. Procurement Administration Support

5.2 Capacity and Governance

The position of “**Procurement Officer**”, as defined by the OGP, is assigned to the Senior Manager - Finance and Governance to support the Commission in meeting its various procurement obligations. Reporting arrangements are formalised through a Finance and Governance Committee structure with the Senior Manager providing monthly updates on procurement matters to both the Director of Operations and Organisational Development and the Chairperson. As first point of contact with the OGP, responsibilities for this position are listed below:

- **Governance and Planning**
 - Develop, refine and communicate the CRU’s CPP, for approval by the Commission, in consultation with key purchasing personnel and senior management.
 - Maintain a contract register to assist in forward planning and exercising appropriate internal control and arrange for the publication of relevant details where required.
 - Liaise with corporate functions regarding procurement governance obligations and risk management; provide updates on advice and guidance issued by the OGP.
 - Report to senior management as appropriate on procurement performance and compliance.
 - Prepare the 40/02 Annual Return for the Chairperson where required, for issue to the Comptroller and Auditor General and copied to the OGP.
- **Support**
 - Provide advice, as and when required, to staff procuring goods and services to assist them in complying with procurement rules and share OGP communications with staff.
 - Have strong knowledge of public procurement guidelines to support budget holders when requirements are out of scope for the OGP centralised arrangements and the CRU must go to market for these requirements.
- **Communication**
 - Inform budget holders of the overarching public procurement policy framework, the CRU’s procurement policy and the frameworks available through the OGP.
 - Review documentation issued by OGP and communicate onwards within the CRU. All persons involved in procurement should be made aware of changes to procurement guidelines, thresholds, regulations and circulars.
 - Develop a relationship with the OGP Customer Service Team, support@ogp.gov.ie and avail of various supports from OGP in relation to public procurement.

It is the responsibility of the **budget holder and each person involved in procurement**

- to keep up to date on changes to procurement guidelines/thresholds, regulations, circulars and to implement them ensuring compliance with public procurement guidelines;
- to utilise the OGP procurement model and the frameworks where available; and
- to retain all supporting procurement documentation.

5.3 Systems and Training

Systems: The CRU Finance software system is Opera3 which uses a Microsoft SQL Server database to record purchase order transactions processed on this system (Company C) through the Supply Chain Management, Purchases Ledger, and Fixed Assets modules.

The current finance system to be reviewed in 2020 to support operation of procurement within the CRU. IT systems required may include a contract management system as this would support the automation of records currently maintained for the contracts database / listing for all contracts (register) / payments in excess of €25,000; in addition to the obligations set out in DPER Circular 02/2016 and the e-Invoicing Directive.

Training: Training and staff development in good practice procurement methodologies will continue for both the Central Procurement Function (CPF) staff and those personnel (budget holders) within departments in order to strengthen the level of competencies and skills of purchasing personnel. A training needs analysis to be completed in Quarter 1 of 2020 to facilitate this skills development, training may include the following:

- How to operate under the OGP model and framework agreements;
- How to develop a goods / services specification;
- How to manage disclosures of interest and potential conflicts;
- What award and evaluation criteria to select;
- How to evaluate tenders, concept of whole life costing; and
- How to engage in the procurement process in a transparent, fair and equitable manner.

The CPF will continue to raise awareness of the complex regulatory framework associated with public procurement in addition to providing training to purchasing personnel within CRU departments.

5.4 Processes

A comprehensive set of purchasing policies and procedures is available for all staff with access to the Procurement Policies and Procedures and associated templates on the CRU Electronic Records Management System (ERMS) Folder, Ref: F/3244, also accessible on the CRU intranet.

The Templates are updated on a periodic basis as required; the Procurement Policies and Procedures of September 2018 to be updated in February 2020 to include a User Guide for the CRU Consultancy Services Framework Agreement.

Purchases may be made, only where provision has been made for the expenditure in the Commission's annual budget.

Thresholds: The *thresholds* (exclusive of VAT) which must be applied, and form part of the CRU Procurement Policies and Procedures, which are available on the ERMS folder Ref: F/3246 are as follows;

Contract Description	Low Value (min 1 quotation)¹	Intermediate Value (min 3 written quotations)²	High Value (Full Tender Process)
Goods and Services	Up to €5,000	€5,001 to €25,000	€25,000 to EU Limit

Note: All figures are net of VAT

Contracts for supplies and services with an estimated value of €25,000 or more should be advertised on the www.etenders.gov.ie website, using the Open procedure, for requirements out of scope for the OGP method.

Official Journal Threshold (OJEU): The EU Thresholds are set out below, contracts above these levels must be advertised on OJEU. This is obligatory. Thresholds are revised every two years³. CRU advertises contract notices using the Open Procedure.

Supplies and Services (applicable from 1 January 2020)		
Contract Notice	€214,000	Threshold applies to Local and Regional Authorities and public bodies outside the Utilities sector.
Contract Notice	€750,000	Threshold applies to light touch regime – social and other specific services listed in Annex XIV of the EU Directive 2014/24/EU

Purchase Order Limits:

Limits per Purchase Order, will apply to the approval of orders on the finance systems (Opera3) Purchase Order Processing application. Approval of Purchase Orders is limited to the cost category for which a Commissioner/ Member of staff has a certifying role; details of the approval limits are available on ERMS folder Ref: F/3246.

The advice of the CPF should be obtained prior to any tendering activity to determine whether it should be conducted in accordance with the OGP model, EU or national procurements rules and regulations.

Exceptions to the standard procurement practices will require the written approval of the CRU Chairperson.

5.5 Policy Reviews / OGP update

The OGP, together with four key sectors - Health, Local Government, Education & Defence, have taken over the responsibility for sourcing all goods and services on behalf of the public service. In January 2018, the OGP published the National Public Procurement Policy Framework⁴. Public Procurement is governed by EU and National Rules. The purpose of this document is to set out the overarching policy framework for public procurement in Ireland.

¹ A single written quotation may be accepted by means of a formal purchase order - verbal quotes from competitive suppliers

² A minimum of three written quotations must be invited from bona-fide tenderers

³ Full and up to date thresholds can be confirmed via the public procurement website http://simap.europa.eu/index_en.htm

⁴ <http://ogp.gov.ie/national-public-procurement-policy-framework/>

The National Public Procurement Policy Framework consists of 5 strands:

- 1) Legislation (Directives, Regulations)
- 2) Government Policy (Circulars etc.)
- 3) Capital Works Management Framework for Public Works
- 4) General Procurement Guidelines for Goods and Services
- 5) More detailed technical guidelines, template documentation and information notes as issued periodically by the Policy Unit of the OGP

The framework sets out the procurement procedures to be followed by Government Departments and State Bodies under national and EU rules. It supports and enables Public Bodies to adopt procedures to meet their Public Procurement requirements and facilitates compliance with EU and National Procurement Rules. As stated in the policy framework, procurement transactions and decisions must in all respects be fair, equitable and ensure Value for Money. CRU must be able to justify decisions made and actions taken.

As set down in DPER Circular 16/2013, once a centralised framework has been established for a sub-category of goods or services, it is Government policy that public bodies, where possible, should make use of all such arrangements. Where public bodies do not use centralised frameworks, they should be able to provide a Value for Money justification. To date, the specialist consultancy support required by CRU cannot be availed off from the Professional Fees Framework Agreements / Contracts established by the OGP therefore CRU go to market directly for these services. In some instances, CRU contract values are not high enough to avail of OGP arrangements.

Monthly Schedules of Contracts are published by OGP, these are held by CRU procurement.

Procurement practices are subject to audit and scrutiny under the Comptroller and Auditor General (Amendment) Act 1993 with Accounting Officers publicly accountable for establishing arrangements for ensuring the proper conduct of their affairs, including conformance to standards of good governance and accountability regarding procurement.

Refer to Appendix 4 for overview of the key Irish regulations applicable to the CRU Procurement Processes and Procedures.

6. Procurement profile

As the OGP, together with four key sectors - Health, Local Government, Education & Defence, have taken over the responsibility for sourcing all goods and services on behalf of the public service, a detailed review of the market is not required for commonly sourced goods and services. A market analysis is referenced at Section 6.2 below with respect to the CRU Professional Services category of spend, where CRU go to market directly for consultancy services.

6.1 Expenditure analysis of Past Goods and Services - Year 2016 to 2019

Analysing spend by category is the basis of the widely accepted category management approach to procurement. This approach has been adopted by the OGP so that spend from all public bodies can be aligned. There are 8 main categories within which spend is grouped by the OGP with comparable characteristics such as similarities in supply market profile, product / service type and end use which align with the CRU's purchasing profile. See below a summary of % spend for the period 2016 to 2019 per spend category (OGP classification of common categories).

Category Description	2016	2017	2018	2019
Professional Services	77.1%	71.7%	62.2%	65.5%
* Uncategorised	7.5%	8.6%	9.7%	9.4%
ICT and Office Equipment	4.0%	5.3%	7.6%	7.7%
Travel & HR services	4.3%	5.6%	7.6%	5.1%
Managed Services	3.7%	4.3%	6.1%	4.1%
Facilities Management & Maintenance	1.9%	2.0%	4.0%	4.9%
Marketing, Print & Stationery	1.3%	2.0%	2.5%	2.8%
Utilities	0.3%	0.4%	0.4%	0.4%

Analysed Spend by Category in years 2016 to 2019 - per OGP Common Categories - (* Uncategorised is primarily associated with rent (lease agreement) plus capital expenditure)

In the CRU, category spend analysis is performed on an annual basis using data extracted from the Finance system, OPERA3 (totals include VAT). A comprehensive review has recently been carried out in respect of actual expenditure incurred over the period 1 January 2018 to 31 December 2019. This analysis shows that overall category expenditure in the year 2019 of €6.7M (2018: €6.5M).

Procurement spend (inclusive of VAT) incurred per category is shown in the table below for the years 2015 to 2019 for comparative purposes;

Category	2015	2016	2017	2018	2019
Professional Services	7,157	6,638	5,228	4,071	4,417
Uncategorised	668	644	625	634	631
ICT and Office Equipment	368	340	389	497	522
Travel & HR services	360	370	407	495	346
Managed Services	267	319	317	396	279
Facilities Management, & Maintenance	131	160	149	263	329
Marketing, Print & Stationery	89	114	148	166	192
Utilities	29	29	30	27	26
Total	9,071	8,615	7,293	6,548	6,744

See below a summary of procurement methods used to procure the aggregated category of goods and services as referred to above:

Category	OGP	FA	Non-OJEU	OJEU	RFQ
Professional Services	5	20	14	21	2
Uncategorised	4				
ICT and Office Equipment	9	1	1	2	7
Travel & HR services	3			1	
Managed Services			2		4
Facilities Management, & Maintenance	3			1	2
Marketing, Print & Stationery	3				5
Utilities	1				
Totals: Year 2016 to 2019	28	21	17	25	20

*(OGP = OGP framework, contract; FA = CRU Framework agreement, Non-OJEU = national contract notice
OJEU = european contract notice; RFQ = Request for Quotation)*

As per the Template at Appendix 1 the procurement function maintains a Register of Contracts i.e. significant purchases – what and how much was purchased and from whom, procurement method, expenditure type; which is used to underpin the historic analysis.

As part of the procurement spend analysis, all expenditure categories are assessed in terms of relative value and the risk associated with their purchase. An analysis of spend per quadrant is performed as described at Appendix 2.

6.2 Proposed Spend on Goods and Services for duration of this CPP

The CRU's spend is predominantly on goods and services. Approximately 34% of spend is on goods and services used across all business units. The remainder of the procurement expenditure is on services specific to business units including economic, technical, legal, IT, financial and other specialist external expertise (Professional Services category).

Critical Contracts and Significant Purchases

In summary, total estimated procurement expenditure for the current corporate strategic period of 2019 to 2021 is €18M (excluding VAT); [2020 to 2021 is €12.6M]. Critical contracts and significant purchases form part of the Professional Services Category of Spend estimated at €11M (excluding VAT) over this three-year strategy period. In determining the approach to procure consultancy services over the next 4 years (2020 to 2023), a desk-top supplier analysis exercise was completed based on contracts awarded for consultancy services over the past 4 years. Based on this analysis the indicative market is considered sufficient without further market consultation to recommend that CRU establish a Framework Agreement divided into Lots, for Consultancy Services as the most effective procurement method. See summary below;

- Range of 9 to 129 suppliers accepting invitations to view CRU contract notices / registered as “interested parties”; response rates to contract notices for consultancy services in the region of 6% to 31%; number of suppliers awarded contracts over the past 4 years at a total of 29, demonstrates
 - the existence of sufficient suppliers to ensure effective competition;
 - market capacity to deliver on the required scale within the available budget;
 - terms and conditions usually applied to similar contracts and the capacity of the economic operators to meet standards well established;
 - recent market prices, structures, breakdown of costs for similar contracts (fixed and variable) within similar budgets; and
 - selection and award criteria – minimum requirements in similar contracts, relevant qualitative considerations, lessons learned from similar experiences.

Listed below in descending order of value, the proposed spend for the contract duration (4-year term) / procurement method for the Professional Services Category for the period 2020 to 2023.

Goods and Services	Estimated Cost € excl. VAT	Procurement Method	Timeline for Procurement (Target)	Contract Duration	Responsible Owner
Lot 1: Economic, Financial and Related Consultancy Services.	€6.0M	OJEU Notice	+ 9 Months: Framework Agreement Award March 2020	3 years plus option to renew (+1 year)	Directors
Lot 2: Technical and Related Consultancy Services	€5.4M	OJEU Notice	+ 9 Months: Framework Agreement Award March 2020	3 years plus option to renew (+1 year)	Directors
Safety Technical Consultancy Services /	€2.5M	OJEU Notice	+ 9 months before current contracts' expiry date.	2 years plus option to renew (+2 years)	Director of Safety and Customer Affairs
Legal Services	€1.2M	OGP Framework	+ 3 Months before current contract expiry date	2 years plus option to renew (+2 years)	Director of Legal
Lot 3: Expert Advice relating to Policy Development and Implementation, Estimated contract value €15,000 to €40,000	€0.8M	OJEU Notice	+ 9 Months: Framework Agreement Award March 2020	3 years plus option to renew (+1 year)	Directors
Communications Services	€0.6M	OGP Framework / OJEU Notices	+ 6 months before current contract expiry date.	2 years plus option to renew (+2 years)	Directors
IT Managed Services	€0.6M	OGP Framework or OJEU Notice	+ 9 months before current contract expiry date	2 years plus option to renew (+2 years)	Director of Operations and Organisational Development.
Pension Administration, Actuarial and Advisory Services	€0.4M	OJEU Notice	+ 5 months contract award on 1 January 2020	3 years plus option to renew (+1 years)	Senior Manager – Finance and Governance (Trustee)

Goods and Services	Estimated Cost € excl. VAT	Procurement Method	Timeline for Procurement (Target)	Contract Duration	Responsible Owner
Market Research & Survey Consultancy Services	€0.4M	OGP Framework	+ 3 Months before current contract expiry date	2 years plus option to renew (+2 years)	Director of Safety and Customer Affairs
Outsourced Managed Services (Customer Care)	€0.4M	OJEU Notice	+ 5 months contract award on 1 November 2020	2 years plus option to renew (+2 years)	Director of Safety and Customer Affairs
Designation of Electrical and Gas Safety Supervisory Bodies	N/A	OJEU Notice – Concessions Directive	+ 18 months before current contract expiry date.	7 Years	Director of Safety and Customer Affairs

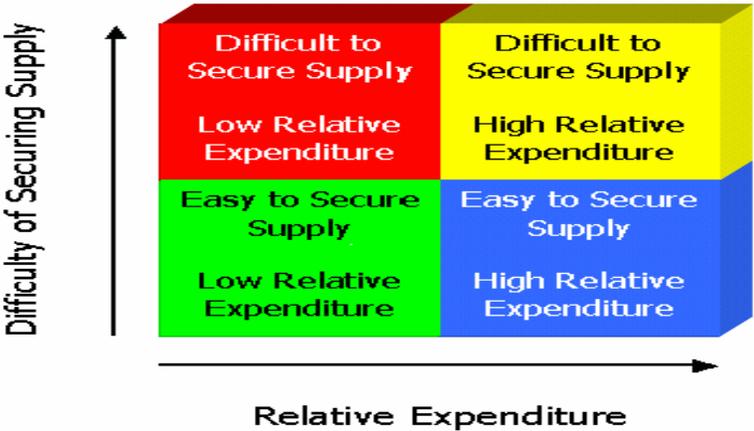
A full list of contracts awarded is maintained as set out at Appendix 1: Contracts Register for reference purposes.

Multi-Annual Procurement Plan

As described in Appendix 3 the Multi- Annual Procurement Plan for the year 2020 for all aggregated categories of spend with an estimated cumulative spend of €25,000 (excluding VAT) over the three-year period of 2019 to 2021, is maintained by the central procurement function. This multi-annual procurement plan should be completed on an annual basis for review and approval by the CRU chairperson, as part of the overall business planning process.

7. Procurement supply and risk

It is recommended that organisations avail of an analytical framework to assist the corporate procurement planning process through the creation of the supply positioning matrix. As per previous years the analytical framework applied to analyse expenditure is split into **FOUR QUADRANTS**, as depicted below.



This matrix provides a profile of the organisation's procurement activity in the context of the relative size of the expenditure in its various categories of goods and services and the difficulty in securing supply for these categories. Through supply positioning, critical areas of expenditure

and significant purchases can be identified. This is the starting point for further demand and supply market analysis, through which organisations can develop strategies to support their business objectives. The risks involved in the procurement function (difficulty of securing supply) are split into three types:

- External factors (nature of the supply market & probability of supply failure);
- Relationship factors (complexity of the procurement relationship); and
- Internal factors (strategic importance to the organisation & impact of supply failure).

Procurement of Professional Services – Framework Agreement

As a relatively complex procurement which commenced in Q3 of 2019 to conclude in Q1 of 2020; it has taken significant time and effort to consult with all members of the management team within CRU to develop the procurement documentation. In this context, the combination of many different factors and influences leads to a number of risks that need to be properly identified, assessed, mitigated and controlled during the course of the implementation of the framework agreement.

To identify risks and the corresponding mitigation measures;

- A critical analysis of the procurement documentation, has been completed by our legal advisors (independent from the project team directly involved in the preparation of the project);
- A critical analysis of the procurement documentation, in particular the specification of requirements completed by the Commission and Directors;
- An exercise has been completed by the project manager to gather feedback and “lessons-learned” from the implementation of previous similar contracts.
- **Procurement Project Risk register** prepared and maintained by the Senior Manager – Finance and Governance; identifying risks, potential consequences, impact, likelihood and mitigation.

8. Brexit

It is impossible to predict with any certainty the impact of Brexit. However, it has the potential to directly or indirectly affect most transactions between Irish and UK companies. CRU need to consider the possible impacts on our ability to use goods or services purchased under existing agreements (commercial contracts) and future agreements with a UK company; and will the price remain competitive. Some of the *potential effects of Brexit* on commercial contracts are outlined below:

- Brexit as a cause for termination of a contract; it is unlikely that Brexit will give rise to a lawful termination of a contract. It has however, been queried if Brexit would constitute a *material adverse change*. The force majeure clause in relevant contracts will need to be assessed and the exact wording used.
- Re-negotiation of contracts / future contracts, some of the issues we will need to consider
 - Adverse conditions which trigger re-negotiation, can be as broad as an increase in costs or as narrow as a material change in the requirement for a specified licence.

- Specific events and specified consequences e.g. an interest rate rise or certain currency fluctuations – adjust contract by a specific amount or %.
- Re-negotiation clause that includes a specific procedure for conducting negotiations, information rights and a timeframe.
- Termination Rights.
- For new commercial contracts, need to consider new tariffs, customs checks, non-tariff barriers or other increases in costs.

Note: In each instance legal advice has been sought to consider the matters outlined above in advance of issuing contract notices on OJEU over the past two years; this exercise to continue as required.

OGP Information Note / Guidance

The OGP regularly publishes information notes as part of Strand 5 of the National Public Procurement Framework. The most recent update (October 2019) highlights various steps a public body should consider, to prepare for the impact of Brexit. This information note is dynamic in nature and will be subject to amendment and review periodically. The OGP has established a dedicated Brexit contact point. For Brexit related queries please email Brexit@ogp.gov.ie.

Brexit information Note October 2019 – click here for access to report

- Section 11 - refers to Framework Agreements Companies that CRU has contracts with.
- Steps outlined at Section 13 will be considered when carrying out new procurement procedures and managing current contracts, to be performed by the Senior Manager – Finance and Governance, where relevant.

An assessment of the impact of Brexit on the CRU commercial contracts and other public procurement issues has been undertaken by initially;

- Gathering information (market and supplier dependencies);
- Assessing the supplier database to understand the CRU exposure to the UK Market; and
- Considering the possible mitigation steps.

See below a summary of the assessment of the supplier database with respect to supplier turnover for UK and Non-UK companies for a specified period to determine CRU exposure to the UK market.

Summary - Suppliers Cumulative Spend per UK and Non-UK Companies

Period: 1 January 2018 to 30 September 2019

Description	Number	Amount	Average per Supplier	% of Overall Total	
				Supplier	Expenditure
<i>Spend greater than €5k per supplier</i>					
UK Companies	27	€3,482,281	€128,973	8.3%	30.7%
Non-UK Companies	121	€7,544,637	€62,352	37.3%	66.5%
<i>Spend less than €5k per supplier</i>					
UK Companies	20	€44,476	€2,224	6.2%	0.4%
Non-UK Companies	156	€268,182	€1,719	48.1%	2.4%
Totals	324	€11,339,576	€34,999		

Of the 47 UK companies, 31% of the services procured relate primarily to professional services. The CRU has recently initiated a procurement process to establish a framework agreement to award consultancy services contracts, with 30 companies to be admitted to the framework overall for 3 separate Lots – this should mitigate against CRU over-reliance on any of the top 5 service providers (spend over the specified term) based in the UK.

It is recommended that contract managers keep in contact with key suppliers to assess continuity of supply matters as withdrawal issues evolve.

Some of the main risks identified are summarised below:

- Price inflation on imports from tariffs and increased administration costs
- Requirement for travel visas for services staff
- Contract Management, e.g. termination of contracts by UK suppliers due to uncertainty, foreign exchange fluctuations, etc.
- Logistical issues impacting on delivery e.g. customs clearance, application of tariffs
- Impacts on supplies shipped through UK – Landbridge issues and potential double border.

9. Measurement of results

The CRU central procurement function will collate data annually to conduct an evaluation of the success of the CPP. As set out at Section 4, performance measures are aligned to each objective to facilitate the annual review of the CPP. In addition, procurement will continue to collate data as follows:

- Number of centralised arrangements used (OGP).
- Number of contracts advertised on www.etenders.gov.ie (Non-OJEU and OJEU).
- Number of contract award notices issued.
- Number and percentage of tenders conducted using the different procurement procedures.
- Number of awards below the www.etenders.gov.ie threshold of €25,000 excluding VAT.
- Number of procurement training sessions held for staff and summary of topics covered.

10. Continuous improvement

Mechanisms for capturing improvements to the procurement processes include the following:

- Implementation of the recommendation of internal audits of procurement:
The most recent audit was completed in 2019 with the recommendations being addressed by management in 2020 with oversight by the CRU's Audit and Risk Committee. Examples of process changes to be formalised include;
 - publication of a multi-year procurement plan for the years 2020 to 2021;
 - updates to amending / adding supplier details on the supplier database and reporting on supplier cumulative spend;
 - review of e-Tenders platform i.e. user access rights, tools available for management of the CRU professional services framework agreement.

- Review of the CPP by the Finance and Governance Committee
Procurement is included as an agenda item at monthly meetings of the Committee. This includes processes for handling procurement breaches, if any.
- Feedback from staff
In 2019, in response to feedback from staff, the central procurement team have adopted the OGP evaluation procurement support model which has resulted in a more efficient and effective process. The procurement officer (senior manager) chairs evaluation committee meetings and records the recommendation to award a contract. The procurement reports and notification letters are prepared and issued by procurement on behalf of the evaluation committees thereby also protecting the integrity of the process.
- Recommendations from the Senior Manager – Finance and Governance
Over the past number of years, the central procurement function, under the guidance of the Senior Manager, has focused on the contract management arrangements in place with respect to contracts awarded for professional services (a high category spend area). The internal audit review 2019 on consultancy expenditure placed substantial assurance on the adequacy and operating effectiveness of the processes and procedures as implemented.
- Legal and Other Advices
On occasion, advice may be sought from legal advisers, the OGP or other procurement experts which inform future procurement processes. Advices in relation to provisions related to specific issues, for example intellectual property, management of agency workers and Brexit are all examples of areas where advice has been obtained for procurement processes in the CRU.

11. Governance and approval

The CPP is submitted to the Commission for approval, prior to implementation and dissemination to relevant staff at CRU.

<p><i>Approved by the Commission</i></p>

<p>Commission Meeting Reference Number: CM814</p>

<p>Date: 15.01.2020</p>

The CPP is subject to review by the Commission annually. Information from these reviews will feed into development of the next CPP for the period 2022 to 2024. This will be produced within three months of the preceding plan before the end of the period covered by this plan.

12. Implementation and Review

The Senior Manager – Finance and Governance is responsible for ensuring implementation.

The CPP will be subject to periodic review by the Director of Operations and Organisational Development and the Chairperson (at least twice per annum).

During the year, CRU priorities may change resulting in changes to procurement priorities, these changes will be maintained in the Multi-Annual Procurement Plan to ensure it remains relevant and up to date.

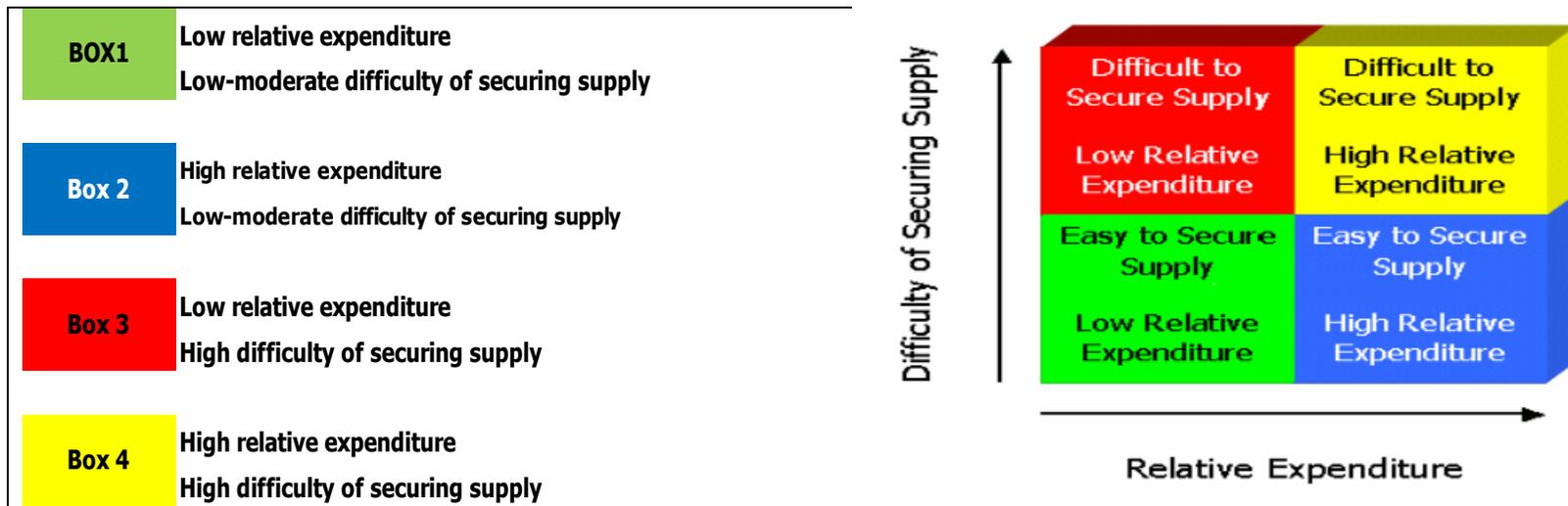
Appendix 1: Contract Register

CPP CRU Contract Register - Year 20XX											Date:	<INSERT DATE>
Ref	Start Date	End Date	Extension	Title	Service Provider	Contract Value	Procurement Method	Contract	Complete	Expenditure	Spend Category	
			Option - Term			(€ - excl.VAT)		Manager	(Yes/No)	Type		
			Where option to renew is provided for in the contract, details added.	Contract Title i.e. Service and/or Goods Description		Contract value for term including options to extend.	Select the procurement method i.e. OGP Framework Agreement, OJEU contract notice, Non-OJEU contract notice, Framework Agreement, Request for Quotation			Recurring or Once-off	The key categories of expenditure covered in the CPP are listed below: 1. Professional Services 2. ICT and Office Equipment 3 Facilities Management and Maintenance 4. Managed Services 5. Travel and HR Services 6. Marketing, Print and Stationery 7. Utilities 8. * Uncategorized	

The Contracts Register record is maintained by the Central Procurement Function, updated monthly.

Appendix 2: Supply Positioning Matrix

The purpose of the Supply Positioning Matrix is to assist organisations to profile their procurement activity in the context of the relative size of expenditure for the various categories of goods and services, and the difficulty in securing supply for these categories. Through Supply Positioning, critical areas of expenditure and significant purchases can be identified. This is the starting point for further demand and supply market analysis, through which organisations can develop strategies to support their business objectives. Supply Positioning should be conducted by officers with high level procurement planning expertise, with input from technical and other experts in some of the specialised categories of goods and services.



- **Q.1 Low relative expenditure /Low-moderate difficulty of securing supply**
 - These items collectively make up a relatively small proportion of the total expenditure on purchased items. However, they represent a high proportion of the purchasing transactions carried out by the organisation. Individual transactions are of low value and the goods and services are readily available. There is often little capability to meet aggregate demand to improve buying power. The transaction costs associated with purchasing these items are often high, relative to the value of the items themselves. These costs need to be contained to ensure value for money. As the goods and services are readily available, buying from competitive local suppliers is often an effective strategy for minimising transaction costs.

- **Q.2 High relative expenditure /Low-moderate difficulty of securing supply**
 - Goods and services in this category are generally commodity type items available from stable supply markets. They are items that are commonly used across the organisation, often in high volumes and with the individual transactions being of low value. Supply strategies often focus on aggregating demand with a few suppliers to gain volume discounts. As there are often many low value purchases made against the arrangements, having simple buying practices that reduce transaction costs is important.

- **Q.3 Low relative expenditure / High difficulty of securing supply**

- These items collectively make up a very small proportion of the total expenditure on purchased items. Goods and services in this category are usually highly specialised and there are often very few potential suppliers. Purchasing strategies for securing supply in this category generally focus on reducing the organisation's vulnerability in the market. Strategies for doing this include actively identifying alternative sources of supply, changing the demand requirements or developing stronger relationships with key suppliers.

- **Q.4 High relative expenditure / High difficulty of securing supply**

- Goods and services in this category are often a complex 'bundle' or 'package' of services and associated goods that are critical to the organisation's service delivery.
- **Long-term relationships with suppliers are common and therefore effective contract management practices are essential for obtaining full value from the arrangement.**

Appendix 3: Multi Annual Procurement plan per Category

The Multi Annual Procurement plan is maintained by the CRU Senior Manager – Finance and Governance. The plan is based on projected procurement for a rolling three-year period. All items with a projected cumulative spend of €25,000 (excluding VAT) over the three-year period 2019 to 2021 is included in the plan. Where spend is approaching the €25,000, the category is included in this plan. This plan should be updated no later than 1 November each year.

Circular 02/2016 indicates that ICT related spend take into account the whole of life cost and therefore estimates of all potential costs for any associated or follow-up projects should form part of the business plan. Changes to this plan will be made on approval of the IT strategy for the next 3 years for CRU.

The Multi Annual Procurement Plan to be updated

1. On establishment of the Framework Agreement for Consultancy Support Services in Q1 2020 i.e. contracts to be awarded for the period 2020 to 2021, which is subject to a Budget Change Control Process, for approval by the Commission.
2. On approval of the CRU IT Strategy.

Additional columns will be added to the spreadsheet for internal monitoring purposes.

For guidance of the category of spend, please contact CRU central procurement.

Appendix 4: National Public Procurement Framework- Legislation

<http://ogp.gov.ie/national-public-procurement-policy-framework/> - Full details of report available at web-link

A high-level summary of Legislation framework applicable is outlined below:

- ❖ Public Service Management Act (PMSA) 1997
- ❖ EU Procurement Directives
 - Directive 2014/24/EU
 - Directive 2014/25/EU
 - Directive 2014/23/EU
- ❖ Irish Regulations implementing EU Procurement Directives
 - S.I. No. 284 of 2016 (the “2016 Regulations”)
 - S.I. No. 286 of 2016 (the “2016 Utilities Regulations”)
 - S.I. No. 203 of 2017 (the “2017 Concessions Regulations”)
- ❖ Remedies Directives
 - S.I. No. 130 of 2010
 - S.I. No. 131 of 2010
 - S.I. No. 192 of 2015
 - S.I. No. 193 of 2015
 - S.I. No. 326 of 2017
 - S.I. No. 327 of 2017
 - S.I. No. 328 of 2017
- ❖ Government Policy on Procurement
 - Circular 13/2013: Public Spending Code
 - Corporate Governance Standard for the Civil Service
 - Code of Practice for Governance of State Bodies
 - FOI Code of Practice for Public Bodies
 - Freedom of Information Model Publication Scheme
 - Circular 10/2014: Initiatives to assist SMEs in Public Procurement
 - Circular 16/2013: Revision of arrangements concerning the use of Central Contracts put in place by the National Procurement Service
 - Circular 40/2002: Public Procurement Guidelines – revision of existing procedures for approval of certain contracts in the Central Government Sector
 - Circular 01/2016: Construction Procurement
 - Circular 6/10: Construction Procurement Reform