

# **Review of Irish Waters procurement and contract policies and procedures to ensure compliance against PD02 and PD03**

**20\_003**

**20 April 2021**

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# 1. Executive Summary

## 1.1. Background

A high-level review of Irish Water's (IW) procurement policies and procedures was carried out on behalf of the Water Advisory Board (WAB).

The Water Advisory Board (WAB) is an independent State Body established under the Water Service Act, 2017. The purpose of the WAB is to advise the Minister for Housing, Planning and Local Government on measures needed to improve the transparency and accountability of Irish Water. In addition to this, the WAB also reports to an Oireachtas Committee focusing on the performance of Irish Water on the implementation of its business plan.

The WAB has two main responsibilities:

1. The first role is to report on how well Irish Water is performing;
2. The second role is to help increase public confidence in Irish Water

To address the above, it was agreed between Irish Water and the Water Advisory Board that a review of IW's procurement policies and procedures should be carried out.

The main objective of the review was to cover:

- Irish Water procurement policies and procedures; and
- Irish Water procurement contracts management policies and procedures.

Detailed information about the objectives of this review are listed in Section 1.2 of this report.

On an annual basis, Irish Water manage between 300-500 tender competitions through the Supply Chain departments. There were 470 tender competitions in 2019 and of those circa 300 were mini competitions. Tendering activity is split between the Capital and Category functions with Category consisting of five key pillars – Indirect & Professional Services, Asset & Equipment, IT, Telecoms & Customer Care, Operational Consumables & Services and Utilities Logistics & Facilities.

**PD02 - Procurement Policy:** this Policy sets out the procurement procedures which Ervia and its subsidiaries, including Irish Water, must follow when engaging in procurement activities of any nature on behalf of Ervia Group. The Policy is reviewed annually and submitted to the Ervia Board for approval as required and at least every two years. The key aspects of this policy have been reviewed and discussed with Irish Water where clarifications were needed.

**PD03 - Authorisation Levels and Contract Approvals:** this Policy sets out the financial expenditure governance framework for activities within Irish Water and the contract approvals that need to be obtained in relation to each stage of the procurement process. As stated within the policy, the contract approval thresholds are as follows:

- Contracts up to €500k are approved by Business Managers
- Contracts from €500k to €3.5m are approved by the Water Contracts Approval Committee (WCAC)
- Contracts from €3.5m to €10m are approved by the Group Contract Approval Committee (GCAC)
- Contracts greater than €10m are approved by the Ervia Board.

### Tender sample selection

To support the review, Irish Water provided EY with a copy of the tender register for works undertaken between 2018 and 2020 with a value greater than €200k (187 tenders in total). To enable EY test that Irish Water were managing their procurement activities in accordance with their policies and

procedures a sample of projects was selected from the register. The criteria of the sample selection are outlined below:

- Tender values covering both above and below OJEU thresholds
- Tenders selected from across the different pillars (Capital Irish Water, Indirect & Professional Services, Asset & Equipment, IT, Telecoms & Customer Care, Operational Consumables & Services and Utilities Logistics & Facilities)
- Different procurement routes

Using the above criteria, the sample resulted in the following:

- 10 tenders were selected representing a 5% by volume and over 50% by estimated / award value;
- All procurement routes used (Negotiated, Framework, Mini competition, Below threshold and Open procedure);
- Tender values ranged from €2M to €104M.

The sample selected was informed by the information provided by Irish Water. Please see Appendix H for the sample selected.

### **Testing process**

To ensure each element of the scope of works was completed, EY developed a testing process similar to that used as part of an internal audit. This involved interviewing key stakeholders within Irish Water as well as carrying out a document review of the key controls for each of the sample tenders selected. Details of the controls template can be found in Appendix B. A further review of Irish Water's process maps was carried out and compared against EY's process data base specifically linked to the water industry and public sector.

## **1.2. Scope of work**

There are 6 areas of scope as part of this review of Irish Water procurement policies and procedures:

1. Irish Water's requirements and obligations regarding the procurement process.
2. Procurement contracts management policies and procedures in place and its execution of same.
3. Compliance and conformity with relevant EU Procurement Directives, relevant Framework Agreements, good practice for Governance of State Bodies and industry Peer and Best Practice from a Governance and Compliance perspective.
4. Processes and controls to support policies and the purpose of these policies, focusing on the following areas:
  - a. Preparation and issue of tender documentation and draft contract;
  - b. Process for issuing tender documentation, managing receipt of tender submissions and managing clarifications;
  - c. Process for appraisal of tenders, including competency and training of evaluation team and ensuring independence (managing conflicts of interest);
  - d. Management of the award process.
5. Market engagement and capacity of the market to deliver Irish Water's requirements.
6. Irish Water's (and Local Authority SLA) capacity to manage its procurement requirements from a governance and compliance perspective.

### 1.3. Conclusions

The main objective of this report was to understand whether Irish Water is compliant with its own Policies and Procedures (PD02 and PD03) within the following two areas:

- Irish Water procurement policies and procedures; and
- Irish Water procurement contracts management policies and procedures.

It is evident that Irish Water is in compliance with the fundamental controls as set out within PD02 and PD03 (e.g. Phase 1 Contract Strategy Approval, Phase 2 Contract Award Approval and Phase 3 Contract Execution and Board approval) following our review, which was based on a sample of tenders delivered by the Supply Chain team. Overall, Irish Water has a strong governance process in place with segregation of duties in the management of the procurement activities. In relation to the internal processes and controls, the report details a number of recommendations with respect to minor internal controls and enhancements which Irish Water should consider implementing.

Section 2 below provides detailed observations and recommendations as per the scope of works. In summary the recommendations relate the following areas:

- Developing a more formal and structured approach to identifying industry best practice in relation to procurement and governance with peer organisations across the country
- Updates to internal processes and controls

A review of control points and Category/Capital process maps has been included in Appendix B-D for further consideration.

#### Disclaimer

Our report has been prepared solely based on the data and policies provided by Irish Water to execute the scope of work as defined within the Report. Any other persons who choose to rely on our Report do so entirely at their own risk.

## 2. Detailed Observations and Recommendations

### 2.1. *Irish Water's requirements and obligations regarding the procurement process.*

**Context:** This section outlines Irish Water's requirements and obligations regarding the procurement process. The primary objective for Irish Water in relation to its procurement obligations is to be in compliance with 'The European Union (Award of Contracts by Utility Undertakings) Regulations 2016 (S.I. No. 286/2016) (the Utility Regulations) (implementing Directive 2014/25/EU)'. Irish Water have developed a number of different policies, procedures and templates to enable their procurement / supply chain team to deliver against these obligations. These documents include PD02, PD03, Category/Capital process maps and standard templates for tenders and have been provided as part of this process review. Furthermore, relevant Category Leads have been interviewed to address any queries that arose from the review of the documents provided.

**PD02 - Procurement Policy:** This Policy sets out the procurement procedures, which Irish Water staff must follow when engaging in procurement activities of any nature on behalf of Ervia Group. The Policy is reviewed annually and submitted to the Ervia Board for approval as required and at least every two years. The key aspects of this policy have been reviewed and discussed with Irish Water where clarifications were needed.

**PD03 - Authorisation Levels and Contract Approvals:** This Policy sets out the financial expenditure governance framework for activities within Irish Water and the contract approvals that need to be obtained in relation to each stage of the procurement procedure.

#### **Observations:**

##### **1. PD02 - Procurement Policy**

It has been observed that Irish Water follow the requirements of PD02. More specifically, section 5 (General principles of tendering process) and section 6 (The procedural rules) where the use of standard templates, evaluation and award processes, retention of records have been evidenced all of which leads to a consistent approach to tendering across both Category and Capital. It is a basic principle of the policy that a procedure based on competitive tendering should be used to determine the MEAT (Most Economically Advantageous Tender) supplier or the lowest cost supplier.

Detailed process maps support the implementation of PD02, which are under review by Irish Water to ensure good working practices are maintained as well as incorporating lessons learned.

An opportunity to further enhance the policy document would be to include the key controls as identified in the process maps. This would support the consistent approach to record keeping across the Irish Water portfolio.

#### **Recommendations:**

The key controls outlined in the process maps should be included as an Appendix to PD02 - Procurement Policy and should include reference to the necessary supporting documents required.

##### **2. PD03 - Authorisation Levels and Contract Approvals**

Where applicable, all Phase 1 (Contract Strategy Approval) and Phase 2 (Contract Award) CAC papers have been provided including extracts from the Board approval papers where the tender has been in excess of €10M.

All tenders within the sample selected have been in compliance with the contract approvals process in section 2 of PD03.

The CAC Phase 4 (Extension/Variations) process is not applicable for the sample selected.

**Recommendations:**

NA

## ***2.2. Procurement contracts management policies and procedures in place and its execution of same.***

**Context:** This section outlines the procurement contracts management policies and procedures in place and the execution of same. In summary, there are four governance phases set out in PD03 with oversight and approval being provided by the Contracts Approval Committees (CAC), as outlined below:

**Phase 1, Contract Strategy Approval.** Phase 1 requires the development of a Contract Strategy paper. This is then presented to the relevant Contracts Approval Committee. A new framework will also be presented for Phase 1 approval. However, any call off contracts from that framework once live will not require a Phase 1 paper as this will be detailed within the framework that is presented for approval.

**Phase 2, Contract Award Approval.** Phase 2 requires the development of a paper which outlines the end to end tender process including the preferred party/parties, the funding commitments, contingency and contract conditions.

**Phase 3, Contract Execution.** Once approval to award a contract is received, based on the delegation of authority in PD03, Phase 3 approval is required. This is the official approval from Irish Water to execute a contract. Project documentation goes through Legal, Insurance, Finance, Procurement, and depending on the project value, WCAC, GCAC and Board approval. Contracts are executed in-house and with the supplier via an online approval system. All digital records are stored on CMS (Contract Management System). Phase 3 approval is necessary in all cases, however, the authorization is dependent on the value of the contract / framework.

**Phase 4, Contract Changes.** Phase 4 is necessary when there is a variation to the contract / framework or if an extension is required over and above that previously approved at Phase 2.

The Supply Chain Governance & Training Lead, and Supply Chain CAC Specialist, were interviewed to describe the Irish Water Contract Governance Processes. A high-level explanation of the end-to-end process was provided as well as a walk-through of the key stages of the tenders identified for this review. Section 2 of PD03 covers in detail the procurement contract approval requirements.

### **Observations:**

All the tenders within the sample selected followed the contract governance requirements as described within section 2 of PD03. Supporting documentation has been provided to demonstrate how the requirement has been met.

### **Recommendations:**

NA

### **2.3. Compliance and conformity with relevant EU Procurement Directives, good practice for Governance of State Bodies and industry Peer and Best Practice from a Governance and Compliance perspective.**

**Context:** This section summarises Irish Waters compliance and conformity with relevant EU Procurement Directives, relevant Framework Agreements, good practice for Governance of State Bodies and industry Peer and Best Practice from a Governance and Compliance perspective. The Supply Chain Legal Service Manager, Supply Chain Business Partner and Supply Chain Operations Manager have been interviewed for this purpose.

**Compliance and conformity with the EU Utilities Procurement Directive:** It has been confirmed by the Supply Chain Legal Service Manager that all Irish Water contracts and tender documents are compliant with the relevant EU Procurement Directives, transposed into Irish law by the European Union (Award of Contracts by Utility Undertakings) Regulations 2016. In relation to 'Regulation 80: Electronic availability of procurement documents', the Supply Chain Legal Service Manager has confirmed that they discussed the regulation with external legal advisers when it was transposed into Irish law in 2016. Supply Chain Legal are of the view that the court would look favourably on its interpretation of this provision and thus Irish Water would be compliant with this provision.

**Tender document templates:** Irish Water have produced a document that lists all the contract templates currently in use (Appendix G), highlighting which template should be used according to the nature of the tender and threshold, including contract call-offs (Request for Mini Competition). Updates to the approved templates are tracked and managed via a template register. The Supply Chain Legal team is responsible for the register and making the necessary changes to the approved templates. Critical amendments (e.g. legislative amendments) are made immediately, while non-critical amendments are discussed with the legal team and are updated in an appropriate time frame.

#### **Good practice and other State Bodies and industry Peer and Best Practice from a Governance and Compliance perspective:**

Supply Chain Legal interact with all main procurement legal firms (via a panel) in the country on a regular basis and attend conferences as recommended by those lawyers. In terms of the other Semi States, communication channels have been established especially with the ones who have in-house lawyers. Throughout the year training is provided by the in-house legal team and members from the legal panel in relation to different procurement topics e.g. award and regret letters.

Supply Chain – Supply Chain have a number of relationships with the other Semi State Organisations in Ireland such as daa, ESB, EirGrid, Irish Rail as well as other water utilities in the UK. The different team members have met with these organisations over the years to understand their ways of working including governance processes, team structure and market insight. By way of example, Supply Chain is developing a sustainable procurement strategy for Irish Water where they are formally interacting with peer organisations such as ESB, Irish Rail, EirGrid, Dublin Bus, and more.

#### **Observations:**

##### **1. Compliance and conformity**

Irish Water currently manage their compliance and conformity in relation to the EU Procurement Directives through a number of different mechanisms, including:

- Legal controlled tender templates
- Register of updates
- Training
- Advice from external legal panel

**Recommendations:**

NA

**2. Industry and peer best practice**

Currently Irish Water have relationships with industry peers in relation to gathering best practice relating to procurement and governance activities.

**Recommendations:**

A more formal and structured approach to identifying industry best practice could be developed involving peer organisation across the country.

## **2.4. Processes and controls to support policies and the purpose of these policies relating to the procurement activities**

**Context:** This section reviews Irish Water processes and controls which support the PD02 and PD03 policies referenced previously. The tendering processes for both Capital and Category have been analysed in line with procedures set out in these policies and also against EY's process data base specifically linked to the water industry and public sector. Please refer to Appendix F for a detailed list of the documents provided by Irish Water for the purpose of this review.

This section focuses on the following areas:

- a. Preparation and issue of tender documentation and draft contract;
- b. Process for issuing tender documentation, managing receipt of tender submissions and managing clarifications;
- c. Process for appraisal of tenders, including competency and training of evaluation team and ensuring independence (managing conflicts of interest);
- d. Management of the award process.

### **Tender sample selection**

To support the review, Irish Water provided EY with a copy of the tender register for competitions undertaken between 2018 and 2020 with a value greater than €200k (187 tenders in total). To enable EY test that Irish Water were managing their procurement activities in accordance with their policies and procedures a sample of tenders was selected from the register. The criteria for the sample selection are outlined below:

1. Tender values covering both above and below OJEU thresholds
2. Tenders selected from across the different pillars (Capital Irish Water, Indirect & Professional Services, Asset & Equipment, IT, Telecoms & Customer Care, Operational Consumables & Services and Utilities Logistics & Facilities)
3. Different procurement routes

Using the above criteria, the sample resulted in the following:

1. 10 tenders were selected representing a 5% by volume and over 50% by estimated / award value;
2. All procurement routes used Negotiated, Framework, Mini competition, Below threshold and Open procedure;
3. Tender values ranged from €2M to €104M

### **Observations:**

#### **1. Process Maps review**

A recent review and update of the Category process maps has been carried out by Irish Water. This review has identified the processes and sub-process, decision points, documented steps and control points.

As part of this review a comparison of both Category and Capital maps was completed with observations recorded in Appendix C and D.

**Recommendations:**

Review and align the control points across both sets of process maps and update Capital processes template to align with Category

Review and update the process maps with the observations in Appendix C and D

Opportunity to combine both process maps into one as there is limited difference. Specific requirement relating to Capital or Category could be addressed in the swim lanes

**2. Reviewing of controls points**

As part of this review, a test script was developed to ensure a consistent approach was used when reviewing the key controls relating to sample tenders.

Please see Appendix B, Controls

It should be noted that all of the tenders reviewed as part of this project were commenced prior to the updating of the Category Process Maps.

It was observed that some supporting documentation was unavailable in the tender folder to support the control activity that had taken place:

- Meeting completed with BU to agree scope/timelines, team and training requirements & clarify roles and responsibilities
- Legal approval of PQQ documents (Category only)
- Evidence of evaluation training completed and held on the tender file
- Meeting completed with Evaluation Team, agree Roles & Responsibilities and Check Compliance with Minimum Requirements

**Recommendations:**

Updated the tender check list file to includes documents to be stored which align to the control points.

**3. Estimating tender values**

The Phase 1 CAC paper provides an estimated value of the proposed tender / framework which is also recorded at Phase 2 award stage once tenders are received. It was observed that a number of the tenders on the register had a variance between Phase 1 and Phase 2 and this may have an impact on tenders close to the OJEU threshold.

**Recommendations:**

Where an estimate is within 10% of an OJEU threshold, consideration should be given to not using the below threshold option. Furthermore, where the scope of work alters prior to the tender document being issued to the market a review of the estimated should be carried out.

## **2.5. Market engagement and capacity of the market to deliver Irish Water's requirements.**

**Context:** This section highlights Irish Waters market engagement and how Irish Water ensure that the market has the capacity to deliver their requirements. Supply Chain Capital and Category Managers were interviewed for this section.

Across Capital and Category Irish Water has a significant portfolio of work, delivering in excess of €1BN on an annual basis. Ireland has a limited number of suppliers that can deliver the requirements of Irish Water, with other organisation both public and private competing for the limited resources. The top 50 contractors in Ireland delivered circa €5.9BN worth of work during 2019. Of the top 50, only 22 have a turnover in Ireland of greater than €100M. This demonstrates the competitive market that Irish Water operates in. Irish Water must continuously change with the times both from a contractual and a project delivery perspective to ensure they remain an attractive client to this market. If the market feel that Irish Water is a difficult organisation to do business with, in comparison to other clients, then Irish Water will see the impact in the number of tenders being returned as well as the cost per unit going up.

The portfolio of tenders both for Capital and Category is carefully planned on an annual basis. Irish Water has a number of different delivery models to manage its portfolios of works. This includes major one-off tenders, engineering / professional services frameworks, major and minor capital frameworks just to name a few. Through the planning process Irish Water interacts with the market to understand its delivery constraints. This is done both on a formal and informal basis. Supply Chain and Irish Water Asset Delivery carried out a market briefing event in November where they communicated to the market its plan for 2021. The more the market is aware of the future pipeline the better prepared they can be to respond to tenders. For a variety of reasons Irish Water's investments can vary on an annual basis which, somewhat limits the investment the market will make in developing their resources to this workload.

Irish Water also leverage the support of external companies to research the market and have used these companies to analyse the market for some of this year's tenders (e.g. Telecoms – mobile application). The analysis focused on the Irish market, changes in the landscape, disruptors, new entrants, etc. The information gathered along with the existing knowledge of the different markets, has enabled Irish Water to issues tenders that are attractive to the market, which increase competition and meets the needs of the business.

The Category team has a KPI to carry out market engagement for 25% of all tenders for 2020 and currently the team is trending at over 60%. A meet the buyer event was held in 2019 with circa 60 different suppliers attending to discuss opportunities and the future pipeline with the Category team across the different pillars. Due to Covid-19 the event was not held during 2020, however it is intended to carry a similar event during 2021. This will help Irish Water maintain its presence in the Irish Market and both learn from and educate its suppliers on its plans.

### **Observations:**

Each year Irish Water carry out a consultation process with the market regarding their annual pipeline of Capital Works. The market engagement requirements for other standalone tenders are assessed on a case by case basis.

For some procurement requirements the frequency of market engagement is limited as a result of the use of frameworks by Irish Water that typically span 3 to 5 years. Circa 70% of all tenders over €200k are procured off a framework. However, meetings with framework suppliers are commonplace.

**Recommendations:**

Maintain the annual consultation process with the market regarding their annual pipeline. For standalone tenders, the process for determining if Market Engagement is required should be formally documented, possibly as part of the Demand Planning process.

## ***2.6. Irish Water's (and Local Authority SLA) capacity to manage its procurement requirements from a governance and compliance perspective.***

**Context:** this section reports on Irish Water's (and Local Authority SLA) capacity to manage its procurement requirements from a governance and compliance perspective. Supply Chain Capital and Category Managers and Supply Chain Planning & Analytics Manager have been interviewed for this section.

In terms of internal capacity, Supply Chain develops an annual demand plan which is reviewed on a quarterly basis. The agenda for this quarterly review meeting includes a review of what was planned for the previous quarter, what was accomplished, a review of the upcoming quarter, and an overall review of the pipeline. In Quarter 4, the Supply Chain team commence the tender planning process for the next year working with the various business units to gather information about which new tenders are in the pipeline for the following year including contracts that are expiring and will need to be tendered. All the information provided by both Capital and Category teams is stored on the central tender tracker database. On an annual basis, between new tender competitions and mini competitions, the Supply Chain team manage between 300-500 tenders (470 tenders in 2019). Among those, roughly 300 are mini competitions managed by transaction services.

Supply Chain also use the demand plan to manage their resource planning. On a quarterly basis the plan is used to manage the demand on resources by reallocating resources within teams first (Capital and Category) and then across teams. By proactively managing their resources in this way there is a very limited reliance on external resources to provide support.

### **Observations:**

The Supply Chain team has continuously developed over the years. There has been a focus to improve the accuracy of their tender pipeline and when tenders will be released to market. A new system (Service Now) for tracking and checking the accuracy of tender dates on a monthly basis has been developed and implemented. The new process has had a 14% improvement on accuracy between the start and end of 2020. Increased accuracy in the delivery of tenders helps to build confidence in the market surrounding the Irish Water pipeline of work. If tenders are issued in line with expectations it allows the market to proactively prepare rather than reactively, resulting in more responses and increased competition.

Irish Water's use of frameworks is another mechanism in place to manage their procurement obligations. The use of frameworks allows Irish Water access to prequalify tenderers based on a scope of work / services and a MEAT qualification process. There is no obligation for Irish Water to purchase from the framework, however, it reduces the burden on both internal staff and tenderers in preparing and responding to tenders, thus increasing the efficiencies of both parties.

### **Recommendations:**

Develop more dynamic dashboards for individual business units to allow them to check their tenders' status autonomously and maintain the accuracy of the tender pipeline.

### **3. Appendices**

**Appendix A – Detailed scope**

**Appendix B – Controls assessment**

**Appendix C – Process map review - L5 Category Management**

**Appendix D – Process map review - L5 Capital**

**Appendix E – List of personnel interviewed**

**Appendix F – List of key documents**

**Appendix G – Contract templates available**

## Appendix A – Detailed scope

### Scope of the review:

The review was performed in accordance with the scope of work (Tender Ref. 20/003), dated July 2020 and was limited to those described therein. The objective was to perform a review of the Irish Waters Procurement Policies and Procedures on behalf of the Water Advisory Board.

There are 6 areas of scope as part of this internal review of Irish Water procurement policies and procedures:

1. Irish Water's requirements and obligations regarding the procurement process.
2. Procurement contracts management policies and procedures in place and its execution of same.
3. Compliance and conformity with relevant EU Procurement Directives, relevant Framework Agreements, good practice for Governance of State Bodies and industry Peer and Best Practice from a Governance and Compliance perspective.
4. Processes and controls to support policies and the purpose of these policies, focusing on the following areas:
  - a) Preparation and issue of tender documentation and draft contract;
  - b) Process for issuing tender documentation, managing receipt of tender submissions and managing clarifications;
  - c) Process for appraisal of tenders, including competency and training of evaluation team and ensuring independence (managing conflicts of interest); and
  - d) Management of the award process.
5. Market engagement and capacity of the market to deliver Irish Water's requirements.
6. Irish Water's (and Local Authority SLA) capacity to manage its procurement requirements from a governance and compliance perspective.

The scope of the review did not include the following processes:

- Demand plan development and accuracy
- Post award variations and contract management

## Appendix B – Controls assessment

Detailed controls assessment for in scope areas in relation to section Processes and controls to support policies and the purpose of these policies relating to the procurement activities.

Review of control points.

Expected key controls	Observation reference
<b>Prepare Tendering Documentation</b>	
<ul style="list-style-type: none"> <li>Meeting completed with BU to agree scope/timelines, team and training requirements &amp; clarify roles and responsibilities</li> </ul>	Please refer to paragraph 2.4 for further information. As tenders commenced prior to process map update there needs to be clarity around meeting requirements for various types of tenders. .
<ul style="list-style-type: none"> <li>PQQ approval</li> </ul>	Only 2 tenders out of 10 under review needed an approved PQQ. The Category process has been designed to require legal approval of tender documents prior to issuing to the market.
<b>Evaluate PQQ and shortlist tenders</b>	
<ul style="list-style-type: none"> <li>Approval to issue documents to market (PQQ/ITT)</li> </ul>	Approval received for all the tenders that required it.
<ul style="list-style-type: none"> <li>Evidence of training completed at PQQ stage, including list of evaluation team members.</li> </ul>	Information not on tender file for some of the tenders but is in the training database.
<ul style="list-style-type: none"> <li>Chair consensus scoring meeting and agree bidder shortlist (PQQ/ITT)</li> </ul>	Information provided where applicable in accordance with PD02
<ul style="list-style-type: none"> <li>Implementation of lessons learned at PQQ stage</li> </ul>	Please refer to paragraph 2.4 for further information. As tenders commenced prior to process map update there needs to be clarity around meeting requirements for various types of tenders. .
<b>Issue ITT</b>	
<ul style="list-style-type: none"> <li>Review draft ITT and develop a draft contract for issue with tenders' documents. Approval from Legal needed.</li> </ul>	Legal approval of ITT documents (Category only) not available during this review. Supply Chain approval to release received.
<b>Evaluate offers and develop negotiations/clarification strategy</b>	
<ul style="list-style-type: none"> <li>Evidence of training completed at ITT stage, including list of evaluation team members.</li> </ul>	Information not on tender file for some of the tenders but is in the training database.
<ul style="list-style-type: none"> <li>Meeting completed with Evaluation Team, agree Roles &amp; Responsibilities and Check Compliance with Minimum Requirements?</li> </ul>	Information not provided for some of the projects
<b>Execute negotiations/clarifications strategy</b>	
<ul style="list-style-type: none"> <li>Develop CAC Phase 2 Award &amp; Board Paper if required</li> </ul>	All papers relevant to the threshold and type of tender have been provided.
<ul style="list-style-type: none"> <li>Have lessons learnt been carried out Award stage?</li> </ul>	Please refer to paragraph 2.4 for further information. As tenders commenced prior to process map update there needs to be clarity around learning requirements for various types of tenders. .

## Appendix C – Process map review - L5 Category Management

Process Steps	Observation reference
<b>Prepare Tendering Documentation (ref. process map 3.2.1)</b>	
<ul style="list-style-type: none"> <li>Meeting completed with BU to agree scope/timelines, team and training requirements &amp; clarify roles and responsibilities</li> </ul>	Need a standard agenda for this meeting to ensure consistency across all categories as a control point
<ul style="list-style-type: none"> <li>PQQ approval</li> </ul>	Record to be maintained
<ul style="list-style-type: none"> <li>General</li> </ul>	Review of controls points necessary through the process map and identify the documents to be storage to meet the control point
<b>Evaluate PQQ and shortlist tenders (ref. process map 3.2.2)</b>	
<ul style="list-style-type: none"> <li>Finalise PQQ Scorecard Template &amp; inform Tender Admin of Evaluation Team</li> </ul>	Record of training completed should be held on the tender file. This should be a control point.
<ul style="list-style-type: none"> <li>Implementation of lessons learned at PQQ stage</li> </ul>	This is an optional process. A template for capturing lesson could be developed and shared amounts the Supply Chain team.
<b>Issue ITT (ref. process map 3.2.3)</b>	
<ul style="list-style-type: none"> <li>Review draft ITT and develop a draft contract for issue with tenders' documents. Approval from Legal needed.</li> </ul>	This a control point.
<b>Evaluate offers and develop negotiations/clarification strategy (ref. process map 3.2.4)</b>	
<ul style="list-style-type: none"> <li>Evidence of training completed at ITT stage, including list of evaluation team members.</li> </ul>	This be a control point.
<ul style="list-style-type: none"> <li>Meeting completed with Evaluation Team, agree Roles &amp; Responsibilities and Check Compliance with Minimum Requirements?</li> </ul>	Need a standard agenda for this meeting to ensure consistency across all categories as a control point
<ul style="list-style-type: none"> <li>Distribute tender submission or grant access to evaluators</li> </ul>	Where does the separation between technical/financial requirements happen? This should be considered when developing the tender documents
<ul style="list-style-type: none"> <li>Is negotiation required?</li> </ul>	Process title change: Is negotiation required/applicable?
<ul style="list-style-type: none"> <li>Lessons learnt</li> </ul>	Should the lessons learnt exercise be moved to the end of section 3.2.6 to capture any updates during these processes?
<b>Execute negotiations/clarifications strategy (ref. process map 3.2.5)</b>	
<ul style="list-style-type: none"> <li>Signed off negotiation clarifications strategy</li> </ul>	This isn't an input to this process. E.g. decision paper / records for why negotiations are necessary
<ul style="list-style-type: none"> <li>General</li> </ul>	Include signoff of negotiations strategy in process map
<ul style="list-style-type: none"> <li>Initiate Negotiation Process</li> </ul>	This step is very high level and sub processes should be shown on the map for consistency across the doc

Process Steps	Observation reference
<ul style="list-style-type: none"> <li>Complete Negotiation Process</li> </ul>	<p>BAFO should be identified upfront during the initiate a negotiation process. Why is it represented as two steps after the completion of the negotiation process in the process map?</p>
<p><b>Execute suppliers' awards (ref. process map 3.2.6)</b></p>	
<ul style="list-style-type: none"> <li>Finalise Legal contract documents</li> </ul>	<p>1 - If sign off is completed at 'Obtain sign-off from legal an initiate PD/03' why is there a follow-on step of 'Finalise Legal contract documents'?</p>
<ul style="list-style-type: none"> <li>Work with business to develop Tender Specific Mobilisation Plan</li> </ul>	<p>Should this not be part of the previous step? 'Hand Contract over to Business for Go Live/Mobilisation/Guidance Document'</p>

## Appendix D – Process map review - L5 Capital

Process Steps	Observation reference
<b>Prepare Tendering Documentation (ref. process map 4.3.1)</b>	
<ul style="list-style-type: none"> <li>Agree on tender weighting and scoring requirements &amp; Confirm required documentation (highlighted in red)</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>Confirm required documentation</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>Facilitate discussion to develop scoring criteria</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>Business and Support functions (Finance, HSE...) to provide input on scoring needs</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>Commercial model if required</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>General</li> </ul>	As the last process, do the Business units have the final sign off on the tender package? Is the arrow in the wrong direction?
<ul style="list-style-type: none"> <li>General</li> </ul>	Review of controls points necessary through the process map
<ul style="list-style-type: none"> <li>General</li> </ul>	Capital process maps to be updated in line with category management map
<b>Evaluate PQQ and shortlist tenders (ref. process map 4.3.3)</b>	
<ul style="list-style-type: none"> <li>Update Scorecard</li> </ul>	Process flow seem incorrect - highlighted on Visio map.
<b>Issue ITT (ref. process map 4.3.4)</b>	
<ul style="list-style-type: none"> <li>Get Insurance Sign Off and Update/ finalise ITT documentation</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>Validate timeframe, develop and provide required additional technical descriptions, arrange availability</li> </ul>	Process flow seem incorrect - highlighted on Visio map
<b>Evaluate offers and develop negotiations/clarification strategy (ref. process map 4.3.5)</b>	
<ul style="list-style-type: none"> <li>If eval team has changed since PQQ refer to 3.2.3</li> </ul>	Reference is wrong - 3.2.3 refers to issue ITT in the category management process map
<ul style="list-style-type: none"> <li>Develop initial analysis and negotiation/ clarification strategy</li> </ul>	Where does the separation between technical/financial requirements happen? This should be considered when developing the tender documents
<ul style="list-style-type: none"> <li>Prepare and document clarifications strategy plan</li> </ul>	Should this process include negotiation? Text added to Visio map
<b>Execute negotiations/clarifications strategy (ref. process map 4.3.6)</b>	
<ul style="list-style-type: none"> <li>Signed off negotiation clarifications strategy</li> </ul>	Who signed off the strategy? Input should include the word 'negotiation'

Process Steps	Observation reference
<ul style="list-style-type: none"> <li>Receive and analyse clarification responses</li> </ul>	Additional flow included on vision map
<ul style="list-style-type: none"> <li>Draft scorecard</li> </ul>	Removal of flow line on vision map
<ul style="list-style-type: none"> <li>BAFO</li> </ul>	BAFO should be identified upfront during the initiate a negotiation process. Why is it represented as two steps after the completion of the negotiation process in the process map?
<ul style="list-style-type: none"> <li>Get approval CAC Phase 2</li> </ul>	Should Board approval text be included here?
<ul style="list-style-type: none"> <li>Lessons learnt</li> </ul>	Should this be removed as it is picked up in section 4.3.7?
<b>Execute suppliers' awards (ref. process map 4.3.7)</b>	
<ul style="list-style-type: none"> <li>Input process</li> </ul>	Following Standstill period text added
<ul style="list-style-type: none"> <li>Supplier challenge received + challenge addressed</li> </ul>	This process from Capital should be inserted in the Category process maps.
<ul style="list-style-type: none"> <li>General</li> </ul>	BPA CPA + mobilisation plan/training not included

## Appendix E – List of positions interviewed

The following sets out the names of the positions we met with or received information from during the course of our review.

Position
Supply Chain Category Strategy Manager
Supply Chain Governance & Training Lead
Supply Chain Business Partner GNI
Supply Chain CAC Specialist
Supply Chain Operations Manager
Supply Chain Business Partner Irish Water
Supply Chain Capital Delivery Manager
Supply Chain Legal Services Manager
Supply Chain CAC Specialist
Supply Chain Contract Management System Specialist
Supply Chain Planning & Analytics Manager

## Appendix F – List of key documents

The following sets out the documents were provided during the course of our review.

Ref.	Title
16-026-003 Water Treatment Sludge Management Services in Co Meath	<ul style="list-style-type: none"> <li>- Award and Regret Letters</li> <li>- ITT documentation</li> <li>- Tender Clarifications</li> <li>- Submissions</li> <li>- Tender Checklist</li> </ul>
16-174-001 RFQ Mini Comp - Aggregates – Rates for each Local Authority (not by distance)	<ul style="list-style-type: none"> <li>- Before Extension Submissions 20.02.19</li> <li>- Cancellation of Tender</li> <li>- ITT documentation</li> <li>- Submissions</li> <li>- Tender Clarifications</li> <li>- Board Approval Extract</li> </ul>
17-170-002 Wastewater Treatment Plant Upgrades Contract 1	<ul style="list-style-type: none"> <li>- Award and Regret Letters</li> <li>- BAFO documentation</li> <li>- COI forms</li> <li>- Contractor Briefing Session</li> <li>- HSC</li> <li>- ITT documentation</li> <li>- ITT Submissions</li> <li>- Tender Clarifications</li> <li>- Tender Checklist</li> </ul>
18-107 Lough Talt WTP Upgrade	<ul style="list-style-type: none"> <li>- ITT Clarifications</li> <li>- Ph2 Single Source Amended Lough Talt WTP Upgrade</li> <li>- Ph2 SS 18-107 Amended Lough Talt RWSS WTP Upgrade DBO</li> <li>- Tender Checklist</li> <li>- Award Letter</li> <li>- BAFO documentation</li> <li>- ITT approval</li> <li>- Submission Summary</li> <li>- GCAC Minutes</li> <li>- WCAC Minutes</li> </ul>
18-141 Cork City water Network Projects	<ul style="list-style-type: none"> <li>- ITT Clarifications</li> <li>- ITT Submissions</li> <li>- PQQ Clarifications</li> <li>- PQQ Submissions</li> <li>- Training and Evaluation forms</li> <li>- Ph2 18-141 Cork City WSS Networks Upgrade Contract</li> <li>- Tender Checklist</li> <li>- ITT approval</li> <li>- OJEU &amp; PQQ approval to issue</li> <li>- GCAC minutes</li> <li>- IW and MP approval items</li> <li>- Phase1 Major Civils Category Paper</li> <li>- PQQ scorecard</li> <li>- WCAC minutes</li> </ul>
18-177	<ul style="list-style-type: none"> <li>- ITT Clarifications</li> </ul>

<p>Framework for Contact Centre Services</p>	<ul style="list-style-type: none"> <li>- ITT Submissions</li> <li>- PQQ Clarifications</li> <li>- PQQ Submissions</li> <li>- Ph1 18-177 Contact Services Single Supplier Framework</li> <li>- Minutes of Consensus meeting</li> <li>- ITT Approval</li> <li>- PQQ Award and Regret Letters</li> <li>- Call Centre Contract PQQ Consensus Meeting Report</li> <li>- Final Call Centre Contract ITT Consensus Meeting Report</li> <li>- Approval to award single supplier framework for the provision of contact services to Irish Water</li> <li>- Master Scorecard Supply Chain Review</li> <li>- PQQ Final Scorecard Commentary</li> <li>- PQQ and OJEU sign off from Business</li> <li>- Board Approval paper</li> <li>- Tender Checklist</li> <li>- WCAC Minutes</li> </ul>
<p>18-240 Service Reservoir Major Repairs Programme 2019-2021</p>	<ul style="list-style-type: none"> <li>- CAC Papers</li> <li>- ITT documentation</li> <li>- Award and Regret Letters</li> <li>- Post Tender Clarifications</li> <li>- Tender Submissions</li> <li>- Tender Clarifications</li> <li>- OJEU documentation</li> </ul>
<p>18-242 Meath WWTP upgrade-Kells-Trim-Carlingford-Blackrock WWTP Aeration Upgrade</p>	<ul style="list-style-type: none"> <li>- Approved ITT Clarifications</li> <li>- ITT Clarifications issued</li> <li>- ITT Submissions</li> <li>- Ph2 Meath WWTP upgrade</li> <li>- Award and Regret Letters</li> <li>- ITT approval from Business</li> <li>- Phase1 Major MEICA Category Paper</li> <li>- Tender Checklist</li> <li>- Tender Evaluation Template (Post BAFO)</li> <li>- WCAC Minutes</li> </ul>
<p>18-255 Pumps and associated fittings FW</p>	<ul style="list-style-type: none"> <li>- Award and Regret Letters</li> <li>- ITT Evaluation Consensus Meeting</li> <li>- Scorecards</li> <li>- CAC papers (Board Approval; CAC phase1, CAC phase2, GCAC)</li> <li>- ITT documentation (clarifications and post tender clarifications)</li> <li>- OJEU documentation (OJEU Award; OJEU issue approval; OJEU Notice; PIN approval)</li> <li>- Tender Checklist</li> <li>- COI form</li> </ul>
<p>19-100 Provision of Land Agency Services to Irish Water</p>	<ul style="list-style-type: none"> <li>- ITT Clarifications</li> <li>- ITT Submissions</li> <li>- PQQ Clarifications</li> <li>- PQQ Submissions</li> <li>- PQQ Scorecard sign off checklist</li> <li>- Ph2 19-100 Amended Multi Supplier Framework</li> <li>- PQQ evaluation scorecard</li> <li>- Tender Evaluation Request</li> <li>- ITT approval form Business</li> </ul>

	<ul style="list-style-type: none"> <li>- Minutes for ITT Evaluation Meetings</li> <li>- PQQ approval by Business</li> <li>- Awards approval by Business</li> <li>- ITT Pricing Scoresheet</li> <li>- Evaluation Training Report</li> <li>- Ph1 19-100 Land Agency Services</li> <li>- Tender Checklist</li> <li>- WCAC Minutes of meeting</li> </ul>
PD03 Sample Documents	<p>PD03 Approval</p> <ul style="list-style-type: none"> <li>- 18-177 IW Call centre FW PD03 approval</li> <li>- 18-240 Service Reservoir major repairs PD03 approval</li> <li>- 18-242 PD03 Approval</li> <li>- 18-255 Pumps FW PD03 Approval</li> <li>- 19-100 PD03 Approval</li> <li>- PD03 approval 18-107 Lough Talt</li> </ul>
WAB Data Masterfile	280920_WABData
CAC Approval Structure	CAC Approval Structure
L5 Processes Capital	L5 Processes Capital rev5
L5 Processes Category Management	L5 Processes Category Management
PD 02	PD2 Procurement Policy Rev26 – 04.02.2020
PD 03	PD3 – Authorisation Levels and Contract Approvals Rev 35 20.03.2018 (approved by the Board 27.02.2018)

## Appendix G – Contract templates available

<b>IW Capital</b>
13-108 Leak Detection
14-003 Archaeological and Ecological
16/030 Major MEICA - Minor Works
17/170 Minor MEICA
16/044 Sewer networks
16/289 QS & Commercial Management
17/049 Hydrogeology
17/262 Groundwater Drilling
17/204 Lot 3 DB Projects (MWCE)
<b>Category</b>
12/085 Engineering Consultancy
Framework packs not developed by lawyers when framework formed
16/174 Aggregates
17/128 IT Services Framework
16/026 Sludge
<b>SCL Templates: Tender Documents and Services Agreements</b>
Ervia Group RFQ (with contract attached (PO Terms and Conditions)
Ervia Group RFT
Services Agreement Template 001_1 Ervia_IW_Services
Ervia Group PQQ
Ervia Group ITT Negotiated
Ervia Group ITT Open
<b>SCL Templates: Works Templates</b>
Small Works Amendments To The P. O. Ts & Cs (Attached To IW Small Works RFT V. 2.1).
Minor Works - IW Minor Works Cc V 2.0
Major Networks IW GNI MWCE Cc (MWCE)
DBOs - IW 16-030 & DBO CC V 5.1
State Body Works - 004 Iw State Body Agreement
DBO O&M - Template Bond 13/04/15
<b>SCL Templates: Ancillary Agreements</b>
Project Supervisor Appointments, Performance Bonds, Collateral Warranties etc.
Non-Disclosure Agreements
Novation Agreements
<b>SCL Precedents: Works</b>
Major Works
Major Works
Works and Services Programmes
Minor Works Framework Agreements
Minor Works Panels
Development Agreements
Diversion Agreements
IW Flow and Load
<b>SCL Precedents: Maintenance and Construction Services</b>
O & M for Treatment Plants
Maintenance Contract
Supply and Install Contract
Supply Contract
Construction Services (Employer's Representative)
<b>SCL Precedents: Services</b>
Supplies and Services Framework Agreements (Non-It)
It Services Agreements& Frameworks
Introduction Services

## Appendix H – Sample tenders

Tender ref	Tender name	High level status	Sub status	Procurement type	Team	Pillar
18/177	Framework for Contact Centre Services	Contract Execution	PD3 & Contract execution	Negotiated	Category	IT Telecoms Customer Care
18/255	Pumps and associated fittings FW	Contract Execution	PD3 & Contract execution	Framework	Category	Asset and Equipment
18/141	Cork City water Network Projects	Contract Execution	PD3 & Contract execution	Negotiated	Capital	Capital Irish Water
18/240	Service Reservoir Major Repairs Programme 2019-2021	Contract Execution	PD3 & Contract execution	Open	Capital	Networks
18/107	Lough Talt WTP Upgrade	Contract Execution	PD3 & Contract execution	Below Threshold	Capital	Capital Irish Water
17/170-002	Wastewater Treatment Plant Upgrades Contract 1	Contract Execution	PD3 & Contract execution	Mini Competition	Capital	Capital Irish Water
18/242	Meath WWTP upgrade- Kells-Trim-Carlingford-Blackrock WWTP Aeration Upgrade	Contract Execution	PD3 & Contract execution	Below Threshold	Capital	Networks
16/026-003	Water Treatment Sludge Management Services in Co Meath	Contract Execution	PD3 & Contract execution	Mini Competition	Category	Utilities Logistics & Facilities
19/100	Provision of Land Agency Services to Irish Water	Contract Execution	PD3 & Contract execution	Negotiated	Category	Indirect and Professional Services
16/174-001	RFQ Mini Comp - Aggregates – Rates for each Local Authority (not by distance)	ITT	ITT-Evaluation	Mini Competition	Transaction services	Operational Consumables & Services

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