

Witness Name: Conor Murphy MLA

Statement No: Module 5, statement 1

Exhibits: CM/01 - **CM/55**

Dated: 23 January 2025

UK COVID-19 INQUIRY

WITNESS STATEMENT OF CONOR MURPHY MLA

I, Conor Murphy, MLA, will say as follows:

A. Introduction

1. I provide this statement to the Inquiry in response to Rule 9 request. I have previously provided a statement, dated 13th March 2024, to Module 2c of the Covid-19 Inquiry.¹ Where appropriate I will make reference to that statement and documents exhibited.
2. I have been a member of Sinn Féin for almost 40 years. I was an elected member of Newry & Mourne District Council from 1989 to 1997 and first elected to the Assembly in 1998. I left the Assembly from 2012 to 2015 to concentrate on my role as Member of Parliament (MP) for the constituency of Newry and Armagh. This was in line with the double jobbing requirements. I had been MP for Newry and Armagh from 2005 to 2015. In my time in the Assembly I have been Group Leader of the Sinn Féin MLAs, Minister for Regional Development, Minister for Finance and chairman of various Assembly committees.
3. The Executive collapsed in January 2017 and did not reform until January 2020. During that period of time I was an elected MLA although the Assembly was not sitting. I was Minister for Finance in the Executive from February 2020 until October 2022. In that role I was bound to discharge the powers and responsibilities that arise

¹ **CM/01 - INQ000437470**

under the Northern Ireland Act (1998) and the Ministerial Code. In that role I was responsible for advising the Executive and the Assembly on the control and management of all public expenditure resources.

4. As Minister of Finance from February 2020 until October 2022 I was also responsible for setting a budget, liaising with Treasury on behalf of the Executive, overseeing the Civil Service, Property Rates and public the functions of the Department for Finance. The Minister for Finance is a Minister within the Executive Committee and contributes to decisions made by that body.
5. During the relevant period of January 2020 until March 2022 I worked with the following senior civil servants – Sue Gray (Permanent Secretary in the Department), Sue Barclay and Paula Dawson (both Private Secretaries), Joanne McBurney (Head of Budget) and Ian Snowden (Head of Land & Property Services). Special Advisor to the Minister was Eoin Rooney from February 2020 until October 2022. He provided support and advice in relation to all my functions and duties as Minister of Finance. The role also involves working alongside civil servants to ensure the political preferences of the Minister are understood and carried out within the Department.

My Role in Procurement of healthcare equipment during the pandemic

6. At the outset I should indicate that I have been asked to provide a chronology setting out the key decisions and policies which I made in relation to the procurement of key health care equipment. I have attached this chronology as Appendix 1 to this statement, and where appropriate I will make reference to the chronology and the documents exhibited.
7. The Department of Finance has expertise in the area of procurement, through the Department's Construction and Procurement Delivery (CPD) body. CPD has two centres of procurement expertise: the Supplies and Services Division; and the Construction Division. The former provides works, supplies and services procurement advice. The latter deals with construction services for Northern Ireland Civil Service (NICS) Departments and the management of NICS Estate Properties.

8. Procurement is a devolved matter under the current constitutional arrangements in the Northern Ireland Act (1998). I have Executive responsibility for the development of procurement policy and legislation and I am supported by a Procurement Board, which I chair.
9. The Procurement Board was re-constituted in December 2020. It may be of assistance if I explain at this juncture how the Board was re-constituted. The Board's membership had largely comprised Permanent Secretaries and the civil service make-up of the Board was changed to include procurement officials from within the Department of Finance and the other Departments with procurement arms, such as the Departments of Health, Education and Infrastructure. The idea being to ensure that individuals with expertise in procurement were providing the lead in the development of procurement bodies. We also brought onto the Board people with procurement expertise from industry bodies, for example, the Construction Employers Federation and, from social enterprise, and the voluntary and community sector. All policies agreed by the Board must comply with relevant procurement legislation.
10. In relation to procurement, the Department of Finance has a dual role. It has its own core responsibilities but also provides guidance or occasionally assistance to other Government Departments including in the sphere of procurement. In this respect the Department has a supporting rather than primary role in the procurement of key healthcare equipment and supplies.
11. The largest purchasing departments within the civil service, the Department of Health, the Department of Infrastructure and the Department of Education, also each have their own procurement body/bodies. This is because their purchases of goods and supplies will generally require specialist knowledge from within the relevant Department. The Department of Health's Centre of Procurement Expertise is the Business Services Organisation and Logistics Service (BSO PaLS).
12. As Minister for Finance, my primary role in the procurement of key healthcare equipment and supplies was in providing published guidance to Departments and to Arm's Length Bodies (ALB) about procurement generally. Over the course of the pandemic, I introduced a number of changes to general procurement policy, by means

of Public Procurement Policy Notes. Additionally the Department published two Procurement Guidance Notes, both of which related to measures to pay suppliers impacted by lockdown and a Procurement Advisory Note relating to construction costs, which increased over the course of the pandemic. Although not strictly required, all such policy changes were brought to the Executive Committee for approval. My rationale in doing that was to ensure the widest and most authoritative political buy-in to policy changes. Of the four Public Procurement Policy Notes issued by the Department, that of most relevance to the pandemic was the Procurement Policy Note issued in November 2021 in relation to Supply Chain Resilience which I discuss further below.²

13. At the outset of the pandemic my Department offered the expertise of the Department's procurement officials to the Department of Health in the area of procurement of testing kits and equipment. However given the clinical input required it was decided that the Department of Health would be responsible for procurement in that area and my officials had no role in that aspect of procurement.
14. The Department of Finance played a much greater role in relation to the purchase of PPE. In March 2020 the Civil Contingencies Group (CCG) asked the Department's Permanent Secretary to progress the provision of PPE. A PPE Hub was established in the CPD's Supplies and Services Division. The PPE Hub was overseen by the Department's Permanent Secretary, Sue Grey and was led operationally by Sharon Smyth. I received regular updates about the work of the PPE Hub and would have regularly attended meetings within the Department of Finance where I received updates as to how procurement of PPE was progressing from my officials.
15. The objectives for the PPE Hub were as follows: to co-ordinate offers of help from PPE suppliers and distributors; to co-ordinate and support all NICS Departments needing PPE; to identify opportunities to collaborate on a North/South and East/West basis; and, to identify opportunities for manufacturers to shift their opportunities to the production of PPE clothing and other products.

16. The Department of Finance, through CPD, routinely provides advice on Direct Awards Contracts to Departments and Arm's Length Bodies, this would have included advice on contracts for the procurement of healthcare equipment and supplies, including PPE. The exceptions to this would be the Departments of Health, Education and Infrastructure, who have their own procurement arms.
17. Consequently, the Department is not normally involved in providing advice in relation to Direct Award Contracts supplying to Health Trusts. However, as part of the support being given to the Department of Health in relation to procurement of PPE, CPD was directly involved in providing advice to the Department of Health for the Direct Award Contract for PPE with a Chinese manufacturing firm, China Resources Pharmaceutical Group Limited (China Resources). This was a significant contract in terms of obtaining a significant volume of PPE masks and gloves for healthcare staff at a reasonable cost, at a time when the purchase of PPE was particularly challenging.
18. As stated above, one of the PPE Hub's objectives was to identify opportunities to collaborate on a North/South basis and I engaged with Simon Coveney, the Tánaiste, in looking at the potential for collaborating in purchasing PPE. Further, Robin Swann and I were involved in engagement with the Republic's Department of Health in relation to collaborating on the purchase of PPE. I discuss the detail of those engagements further below, however, ultimately, they did not result on our securing any additional PPE.
19. Lateral flow tests and PCR tests were procured by the Department of Health and Social Care Department (Whitehall) and my Department had no role in procurement in that area.
20. Throughout the pandemic assistance from the CPD within the Department of Finance was made available to Departments when requested. This may have included assisting with due diligence or providing contacts in the case of possible orders of PPE from China. As set out below, the Department provided a supporting rather than leading role in procurement.

21. In terms of Departmental staff with a role in procurement, Sue Grey, the Permanent Secretary, oversaw the PPE Hub, Des Armstrong was the Director of Construction and Procurement Delivery, Sharon Smyth provided the operational lead in the PPE Hub and subsequently succeeded Des Armstrong as Director of CPD. Eoin Rooney, as my Special Advisor, would also have been involved in discussions around procurement.
22. Neither I, nor my Department worked on the procurement and distribution of key health care equipment with other Ministers or Departments, other than as outlined above. We had no engagement with UK Government Departments in relation to procurement and distribution of healthcare equipment and supplies, although, as stated above, the Department of Health and Social Care was responsible for the procurement of PCR tests and lateral flow tests, including for the North.
23. A Four Nations Procurement PPE Group was established at the start of the pandemic to maintain clear lines of communications about procurement of PPE and to ensure that we were not competing with each other in relation to the procurement of PPE. Those meetings were attended by officials from the Departments of Health from each jurisdiction, but because of Sharon Smyth's role in the PPE Hub, she attended on behalf of the Department of Finance as an observer. Given the Department of Finance's role in securing PPE, it was important that we were fully appraised of the steps being taken by the UK Government and other devolved administrations to secure PPE so that we were not in competition with one another and also so that we did not duplicate orders with the UK Government.
24. Matters such as stockpiling key healthcare equipment and supplies, inventory management and the assessment of suitability of those supplies were not matters that fell within the scope of work undertaken by the Department of Finance. The key processes, procedures and technologies introduced, adapted or overseen during the pandemic were matters for the Department of Health.
25. However, I am aware that the Department of Health's centre of procurement expertise, BSO PaLS had in place a system for assessing suitability of supplies before contracts were entered into. As I understand matters suppliers had to provide samples for testing

before contracts were entered into, this is a matter in respect of which officials within the Department of Health and the then Health Minister Robin Swann can provide more assistance.

26. With regard to the scaling up of domestic industry to manufacture PPE. From the start of the pandemic there was an open call by the entire Executive to manufacturers to engage with the PPE Hub, in order to see whether they could repurpose their manufacturing to help us meet the demand for PPE in the North. Invest NI took the lead in identifying suitable businesses to the PPE Hub, whilst businesses were also able to self-identify.
27. Offers to assist in the manufacture of PPE could come from any source. MLAs and Ministers were contacted by businesses seeking to assist and as outlined above Invest NI took a lead in identifying potential manufacturers who they believed could adapt.
28. Any offers of help, from whatever source, were then sent to the Hub and the process was centralised through the Hub. Thus all offers of help, wherever they emanated from were processed in precisely the same way and offers were assessed by a team of procurement professionals within CPD. The PPE Hub then assessed or 'triaged' the offers, channelling appropriate offers to the Department of Health's procurement team, who then took the lead in bringing the process forward.
29. I understand that technical specifications were provided to companies so that they understood what was required of them, and the Department of Health procurement specialists tested supplies before any contract was issued. Thus, as I understand matters, no contracts were issued without the business being in compliance with the necessary technical specifications and, despite the pressures of the pandemic, appropriate procurement procedures were followed.
30. I was personally involved in visiting companies who had re-purposed or changed their manufacturing model to provide PPE. Along with Robin Swann I visited Huhtamaki FS Delta in Belfast who were producing face shields and I also visited O'Neill's Sports Company who repurposed to produce scrub suits and face coverings.

31. I have been asked about whether I am aware of any lessons about procurement which had been learnt or implemented as a result of past pandemics or pandemic exercises. I am unaware of any lessons specific to procurement which had been learnt and implemented by the Department of Finance as a result of past pandemics and epidemics and/or pandemic exercises. I do not recall any occasion on which any such lessons were brought to my attention and explained as having been developed in response to past pandemics.

EU Exit

32. I have been asked whether Brexit impacted on either procurement during the pandemic or the resilience of supply chains for the procurement of health care equipment and supplies. Brexit took effect on the 31st January 2020 when the UK ceased to be a member state of the European Union. However, I do not believe that Brexit had any distinct impact on procurement during the pandemic or on the suitability and resilience of supply chains.
33. In the first instance the EU-UK Withdrawal Agreement provided for a transition period which meant that in the immediate aftermath of Brexit, EU law, including on the free movement of goods, services, state aid and procurement, remained equivalent to that which applied under the Treaties. The Public Procurement Directive 2014/24/EU and The Public Contracts Regulations (2015) continued to apply as they did before Brexit.
34. After the end of the transition period on the 31st December 2020 this jurisdiction was in a different legal position to that which applied in Britain with regard to the free movement of goods as a result of the protections contained in the Protocol to the Withdrawal Agreement. I am unaware of any occasion in the period January 2021 to February 2022 on which the Protocol's protections led to a distinct outcome in respect of procurement of healthcare equipment and supplies. The legal architecture put in place to prevent a hard border on the island of Ireland did not prevent us accessing supplies across Ireland, Britain, the European Union or China. The difficulties were primarily practical and logistical rather than legal and were caused by huge increases in demand across the world.

35. I recall there was some political controversy when the European Commission proposed restrictions on the delivery of vaccines to this jurisdiction in early 2021. This did not come to pass but was explained, at the time, on the basis of the provisions of the Protocol.
36. I am aware that the UK elected not to join the EU's Joint Procurement Agreement (JPA) for medical supplies and equipment but I am not personally aware of whether that had any impact upon reliable access to supplies during the relevant period.

Absence of power sharing

37. I have been asked about the impact of the absence of power sharing in Northern Ireland on procurement during the pandemic and on the resilience of supply chains for key healthcare equipment.
38. In my statement to Module 2c of the Inquiry I commented upon the effect of the absence of power sharing on the response to the pandemic, and from my perspective the most critical consequence was that the Bengoa reforms on health and social care had not been implemented. It remains my position that this was the most significant impact of the absence of power-sharing on our response to the pandemic.
39. I do not believe that the absence of power sharing impacted adversely on procurement during the pandemic. Such problems as existed were problems experienced globally and were a consequence of an inevitable increase in demand for supplies of healthcare equipment and PPE in particular.
40. In terms of procurement, in January 2020 the political parties and the British and Irish governments announced agreement on setting priorities for a restored Executive in the "New Decade, New Approach" document. Section 1.13 stated that "The Executive will as a matter of priority take forward reviews of civil service reform, including procurement and appointment processes, public appointments and arm's length bodies". Subsequent to the Executive forming I did take forward reform of procurement policies with a view to improving the processes. While these reforms

might have taken place earlier had the Executive been reformed sooner, I do not believe that those changes would have had a significant impact on procurement in the particular context of the pandemic.

41. I also do not believe that the suitability and resilience of supply chains for healthcare equipment and supplies were impacted by the absence of an Executive. While the outbreak of the pandemic in early 2020 exposed the frailties in international supply chains, this was a global issue and I don't believe that the absence of the Executive had any impact. The outset of the pandemic highlighted our reliance, and the reliance on countries globally, on Chinese suppliers for PPE. It was a matter which was recognised early on and came up for discussion at the Executive Committee.
42. As a consequence of such concerns the Department of Finance produced Procurement Policy Note 03/21 on the subject of Supply Chain Resilience.³ Experience of the pandemic had highlighted the fragile nature of supply chains in a global demand market and a need to improve the resilience of supply chains to provide security of supply. Greater understanding of the length of supply chain was recognised as being essential to manage the risks of supply chain disruption to the delivery of essential public services. Understanding supply chains is also critical to identify opportunities for reducing carbon emissions and waste production.

Principal issues with procurement as Northern Ireland entered the pandemic

43. While the Covid-19 pandemic was a whole system civil emergency, the key pressures in relation to procurement at the outset of the pandemic, were those which were prevalent globally, namely, obtaining adequate supplies of PPE and key healthcare equipment. I believe that the Departments of Finance and Health, working collaboratively were relatively successful in obtaining sufficient quantities of PPE, both through the purchase of PPE from China, and also as a result of manufacturers in the North re-purposing their operations to manufacture PPE.

44. The Department of Health was also successful in obtaining other health care equipment as required, albeit that is not a matter to which I can speak directly and can be addressed by officials within the Department of Health. As indicated above the UK Government took the lead on procurement of PCR tests and lateral flow tests, and laterally vaccines.
45. What became apparent was that there was an issue around supply chain resilience globally. China was the major global producer of PPE. Throughout the world countries were looking to China to source PPE. A combined attempt by the Irish Government working with the Executive to obtain PPE met with the obstacle that we were competing with larger jurisdictions with the same needs. Ultimately, our success in obtaining PPE from China was due to the Northern Ireland Bureau, based in Beijing, having established positive business relations in China pre-pandemic. Those relations enabled us to secure the order with China Resources.
46. The issues around supply chain resilience, which were highlighted by the difficulties in securing PPE at the outset of the pandemic, informed the Procurement Policy Note on Supply Chain Resilience produced in November 2021. This Policy Note reflects the fact that the pandemic had highlighted the need to improve the resilience of supply chains to ensure security of supply. The experience of large numbers of countries competing and outbidding other countries to secure PPE in China illustrated the problem graphically. The Policy Note looks at the importance of shortening supply chains and encouraging the use of locally manufactured products.
47. I have outlined above the approach we took to encouraging manufacturers to adapt in order to produce PPE. A number of companies successfully did so and contracts were awarded locally, reducing our dependence on international suppliers.
48. I believe that we had, within the Department of Finance, the appropriate levels of expertise in public procurement. That expertise, in conjunction with that within the Department of Health, was successful in the procurement of key health care equipment, which was fit for purpose, both globally and domestically and securing that healthcare equipment, both reasonably promptly and at a reasonable cost, given the prevailing circumstances. I consider that the officials with procurement expertise,

within my Department and also within the Department of Health demonstrated their expertise and their ability to respond to a whole-system civil emergency.

Key decision-making forums and groups

49. The Executive Committee was not involved in procurement save that the Executive Committee was kept informed by both myself and the Minister for Health in relation to procurement issues as they arose. All Ministers would have been in a position to put businesses in contact with the PPE Hub. The lead on procurement was taken by procurement officials within the Department of Finance and Department of Health.
50. I was not involved with any procurement discussions with anyone within Whitehall. Albeit as acknowledged, I am aware that the UK took the lead in securing PCR tests and lateral flow tests. I am also aware that the purchase of PPE was discussed between officials at meetings of the Four Nations Group and Sharon Smyth attended those meetings on behalf of the Department of Finance as an observer.
51. The Department supported the Executive Covid-19 Taskforce in monitoring the progress of the Covid-19 Recovery Plan. The Department updated the Taskforce on allocation of financial support across the Departments. The Department did not, however, contribute to any decisions on the procurement of healthcare equipment or supplies through this forum.
52. I did not make or communicate any decisions regarding procurement by text message or WhatsApp or any other instant messaging platform. In my statement to Module 2c of the Inquiry I explained my use and return of official devices in paragraphs 208 – 222.⁴ I am a senior member of Sinn Féin and have been a member of their negotiating team for a number of years and have used my personal phone to communicate with local politicians and Irish, British and US Government representatives, amongst others. It is also likely that I was in contact via my personal device with fellow ministers, special advisors and party officials during the Covid period in relation to the management of the response to the pandemic. I have a longstanding practice of

periodically deleting politically sensitive messages from personal devices in the event that the phone was lost or stolen. I do not believe that any decisions relevant to procurement were made or communicated by me to others by text or WhatsApp.

Call to Arms

53. As Minister of Finance I was not involved in either Operation Moonshot (UK Government programme to introduce same day mass testing) or The Ventilator Challenge. The guidance and policy notes that were published by the Department were not specifically directed to the purchase of ventilators or mass testing.

Overall value of the contracts awarded

54. I have been asked about the processes and procedures which were put in place to ensure that there was overall value in contracts awarded with respect to the procurement of key healthcare equipment. As outlined above, the Department of Finance's primary role in procurement related to PPE. Following the request by the Civil Contingencies Group to the Department's Permanent Secretary for the Department to progress the provision of PPE, a PPE Hub was established within the CPD's Supplies and Services Division. The Hub was staffed by personnel from within CPD's Supplies and Services Division, so was staffed by people with expertise in the procurement.
55. After a number of weeks offers from businesses to manufacture PPE were centralised and dealt with, in the first instance, by staff within CPD, and thereafter by staff within BSP PaLS in the Department of Health, who also had procurement expertise. I understand that a document entitled 'Centralisation of Offers' was developed to ensure that all offers of assistance received, from whatever source, were processed in the same way.⁵
56. As outlined above, procurement officials 'triaged' offers applying a method of triage specified by staff within BSO PaLS (the procurement experts within the Health

⁵ CM/03 - INQ000507537

Department) to progress genuine offers to the Health procurement team. They took the lead thereafter, as they were best placed to carry out quality assurance and clinical assessment. I understand that suppliers were required to provide samples, information on pricing and certification in order for their offers to be considered.

57. In my opinion the centralisation of the purchase of PPE, utilising expert procurement staff from within both the Department of Finance and the Department of Health ensured a system for the purchase of PPE which was fit for purpose and which ensured PPE was purchased at a reasonable price.

Spending Controls

58. I have been asked the processes and procedures introduced in relation to procurement of healthcare equipment and how they worked to minimise the risk of maladministration and fraud. The Department's primary role related to the procurement of PPE whilst procurement of other healthcare equipment was dealt with by procurement officials within the Department of Health. That Department and its Minister, Robin Swann will be best placed to address this question in relation to the procurement of healthcare equipment other than PPE.
59. I have outlined above how the PPE Hub operated and I believe that having a system in place which was operated by procurement experts within both the Departments of Finance and Health, significantly reduced the risk of maladministration and fraud.
60. I am aware that, in order to try and ensure that PPE offered by new suppliers met the required specification and quality, in March 2020 the Department of Health asked BSO PaLS to work with the Public Health Agency's Infection Prevention Control experts in the Medicines Optimisation Innovation Centre (MOIC) and Health & Safety Executive (NI) to develop suitable assessment arrangements. Proposed PPE would have to satisfy a pre-procurement assessment by BSO PaLS which included the following features – (i) a MOIC-led technical review to ensure there are no inherent design risks or fraudulent presentation of certification standards; (ii) a physical wear test by PHA professionals to confirm suitability for use and that staff will not be

exposed to risk through poor fit; and (iii) ensuring that FFP3 masks achieve a reasonable fit-test pass rate.⁶

61. In terms of responding to instances of suspected fraud, I understand that it was BSO PaLS, within the Department of Health, rather than personnel within the Department of Finance which referred examples of costs inflation to the Competition and Markets Authority. The Department of Finance's CPD also circulated advice from the Competition and Markets Authority on how to identify and report price gouging

(CM/04 - INQ000494705).

62. I do not believe that any fraud investigations were carried out by the Northern Ireland Civil Service Internal Audit Services during the pandemic. Certainly none were brought to my attention during my time as Minister of Finance.

63. More generally in relation to spending, Departments are required by Managing Public Money in Northern Ireland to obtain Department of Finance approval for spending above delegated limits. On 23rd March 2020, my Department wrote to all Departmental Finance Directors outlining the process to be followed for routine expenditure, and also expenditure related to Covid-19, recognising that responding to COVID 19 would require Departments to be more agile and to make decisions at speed on occasion, in order to be effective. Essentially, the normal approval process was to be followed for routine expenditure. However where a Department had been allocated finance for expenditure relating to COVID-19, a truncated process was put in place to enable speedier decision-making reflecting the urgency with which decisions sometimes needed to be made. The letter introduced a template for Departments to complete in relation to measures being taken in response to Covid-19 and it remained the case that when expenditure was going to exceed delegated limits Department of Finance approval was required.⁷

64. Managing Public Money in Northern Ireland applies to the use of advance payments and direct award contracts and Department of Finance approval is required for advance payments. In March 2020 the Department of Finance approved a request

⁶ CM/05 - INQ000281185, para 5.6 NIAO
⁷ CM/06 - INQ000237288

from the Department of Health for the urgent purchasing of testing kits and ventilators in advance of need on an exceptional basis.

Conflicts of Interest

65. I have been asked what processes or procedures were put in place to manage conflicts of interest. The processes introduced by the PPE Hub were clearly designed to ensure that there was no conflict of interest influencing the identification of businesses who wished to re-purpose to manufacture PPE. The decision to centralise applications to a single contact ensuring that all requests were processed the same way and all requests were triaged by procurement experts, both within the Department of Finance and thereafter Health. In my opinion this prevented any conflict of interest from influencing decision-making in relation to the purchase of PPE. The Hub was an entirely new system and a direct response to the pandemic. I do not believe that any person or any company received preferential treatment as a result of their status as a donor or as a result of any connection to either MLAs or members of the Executive.
66. In terms of procurement of healthcare equipment other than PPE, the lead for such purchases was provided by the Department of Health. It is my understanding that procurement experts within Health took the lead. However the Department of Health will be best placed to respond to how the addressed conflicts of interest in relation to purchase of healthcare equipment other than PPE.

Contractual provisions and performance by suppliers and manufacturers

67. I have been asked about the processes and procedures in place to ensure that contracts with manufacturers producing healthcare equipment protected Government; and, ensured that contracts were performed; and, in the event that they were not performed there was an effective means of redress for Government.
68. I believe that the systems put in place by the PPE Hub (which meant that suppliers were required to provide samples, information on pricing and certification in order for

their offers to be considered) meant that suitable protections were in place when contracts were awarded. As Minister of Finance I was regularly updated on procurement of PPE and my understanding is that the systems in place worked effectively and protected Government finances, as well as ensuring access to PPE which was fit for purpose.

69. The Department's role in the PPE Hub has been described above. In terms of the details of contracts awarded, the normal procurement processes designed to ensure value for money remained in place, and would have been managed by BSO PaLS. To my knowledge there was no alteration of the normal contractual protections in place to protect Government, to ensure that contracts were fulfilled and to ensure that if they were not fulfilled there was a system of redress. However, the Department of Finance did not have oversight or control over individual contracts. There was no reason why the normal protections would not have remained in place.

Compliance with public law procurement principles and regulations

70. I have been asked about the processes and procedures used in the pandemic to ensure that there was compliance with public law procurement principles and regulations and about the effectiveness of any such processes.
71. At the time of coming into office the "Northern Ireland Public Procurement Policy" was in operation.⁸ The Procurement Guidance Note(s) provided by the Department of Finance were devised to promote certain outcomes within the scope of existing public law principles.
72. As outlined above, the major change in procurement processes was the creation of the PPE Hub which was staffed by procurement officials within the Department of Finance working with procurement officials within the Department of Health. I believe that ensuring that procurement of healthcare equipment was overseen by the relevant experts ensured compliance with public law procurement policies, including the need for transparency and fairness in the award of contracts.

⁸ CM/07 - INQ000494692 NI Public Procurement Policy of August 2014

Operation and effectiveness of regulatory regimes

73. As Minister of Finance I did not introduce or promote any regulatory changes concerning the procurement of key healthcare equipment and supplies. The procurement regime continued to be based on EU law (The Public Procurement Directive 2014/24/EU and The Public Contracts Regulations (2015)) throughout the duration of the pandemic.
74. As Minister for Finance I brought to, and secured the approval of, the Executive Committee for” two Procurement Guidance Notes (PGNs); one Procurement Advisory Note (PAN) and five Public Procurement Policy Notes (PPN) over the course of the pandemic. These were designed to provide general guidance to Departments and ALBs. In each case I sought Executive approval before they issued, as I formed the view that the policies would benefit from having the imprimatur of the Executive.
75. The guidance and notes were of general application and were not specifically related to the procurement of key healthcare equipment, PPE or ventilators required for the pandemic response. I will describe each the relevant PPNs below to assist the Inquiry’s understanding. They would apply to public sector bodies involved in procurement. This includes central government Departments, Non-Departmental Public Bodies and Public Corporations.
76. PPN 01/2021 related to Scoring Social Value. It mandated that from 1st June 2022 tenders must include a minimum of 10% of the total criteria to social value.⁹ PPN 02/2021 sets out the Procurement Policy in relation to the commissioning and procurement of social and other specific services, also referred to as services falling under the ‘Light Touch Regime’.¹⁰ It was also approved by the Executive. PPN 03/21 concerned Supply Chain Resilience.¹¹ The purpose of this Procurement Policy Note was to ensure public procurement expenditure contributes to the economic,

⁹ CM/08 - INQ000494693 of 6.10.2022
¹⁰ CM/09 - INQ000494694 of 22.11.2021
¹¹ CM/02 - INQ000494695 of 22.11.2021

environmental and social outcomes through better management of supply chains. It was approved by the Executive. A supply chain resilience model was also created.¹² PPN 04/21 set procurement control limits.¹³ PPN 05/21 set out the actions that Departments must take to incorporate human rights considerations into contracts when conducting a procurement process.¹⁴

77. On the 25th March 2020 the Department of Finance published “Procurement Guidance Note 01/20 on Supplier Relief due to Covid-19”. In contracts where services have been interrupted or suspended it required Departments to continue to pay suppliers at risk on a continuity and retention basis so they are able to resume normal service when the outbreak is over. Departments were required to maintain a record of decisions regarding relief payments.¹⁵

Decisions at to what to buy at what cost

78. Consideration of what key healthcare equipment and supplies to purchase; the quantities to purchase; the quality of the equipment and supplies purchased; and the cost of purchases were not matters for the Department of Finance. Those decisions were taken within the commissioning public authorities who would have been aware of the Procurement Guidance Notes.
79. I have outlined above the role of Departmental officials in the PPE Hub and the Department’s role in the Direct Award Contract with China Resources and as I have outlined previously I consider that this contract secured a substantial volume of PPE which was fit for Purpose and was produced at a reasonable cost in all the circumstances.

Cross-Border Co-Operation

80. One of the objectives of the PPE Hub was to seek to work on an East/West and a North/South basis. In late March and early April 2020 I was in contact with Simon

12	CM/10 - INQ000494696 of 22.11.2021
13	CM/11 - INQ000494697 of 3.5.2022
14	CM/12 - INQ000494698 of 22.11.2021
15	CM/13 - INQ000267876

Coveney in relation to the possibility of a joint procurement order of PPE from China. He was at the time Tánaiste and Minister for Foreign Affairs. The Irish Government had announced they were arranging delivery of PPE material and we sought to participate in the order and receive a proportion of what was to come. At that stage it was understood that they would obtain an order of PPE before we did and we wanted to essentially ‘borrow’ some of their PPE. We would, in effect, ‘return’ PPE from our order to the Irish Government when our own supplies came through. There was at the time an urgent need to secure PPE for our healthcare staff.

81. Following my discussions with Simon Coveney, Robin Swann and I approved a letter sent jointly from the Department of Finance and the Department of Health to Simon Harris, the Minister for Health at the time, in which we indicated that we wished to work collaboratively with the Republic of Ireland in terms of building capacity for the production of PPE and also to seek to work together to secure international orders.¹⁶
82. The efforts to secure joint procurement order with the Irish Government were justified by the urgency of securing PPE at the early stages of the pandemic and were undertaken in good faith by all involved. However, it did not prove successful and ultimately sufficient PPE was secured elsewhere as I have discussed above. The engagement with the Irish Government did not incur any additional financial cost.

Disposal Strategies

83. The Department of Finance did not have any responsibility for the storage, reuse or disposal of healthcare equipment and supplies during the pandemic. This was a matter for the Department of Health, the Health and Social Care Trusts and other bodies who purchased such supplies and equipment.

Distribution of key healthcare equipment and supplies

¹⁶ CM/14 - INQ000130078

84. As Minister of Finance I did not have any responsibility or input into the procedures and/or processes for the distribution of key healthcare equipment and supplies within this jurisdiction during the pandemic.

Suitability and resilience of supply chains

85. The outbreak of the pandemic in early 2020 exposed the frailties in international supply chains. There was strong reliance on Chinese suppliers for PPE. It was a matter which was recognised early on and came up for discussion at the Executive Committee. As a consequence of such concerns the Department of Finance produced PGN 03/21 on the subject of Supply Chain Resilience, referred to above.¹⁷
86. The purpose of the Procurement Policy Note (PPN) was to ensure public procurement expenditure contributes to the economic, environmental and social outcomes through better management of supply chains. Experience of the pandemic had highlighted the fragile nature of supply chains in a global demand market and a need to improve the resilience of supply chains to provide security of supply. Greater understanding of the length of supply chain was recognised as being essential to manage the risks of supply chain disruption to the delivery of essential public services. Understanding supply chains is also critical to identify opportunities for reducing carbon emissions and waste production.
87. A greater variety of sources for PPE material, in particular, and local sustainability of production were important objectives. This would prevent government departments getting caught up and competing against each other in such chains. The guidance provided that government departments should seek to strengthen supply chains by developing sourcing strategies which are aimed at shortening supply and encouraging the use of alternative products which are manufactured locally.
88. As described above as Minister of Finance I also introduced a new Procurement Board in the Department of Finance. This included getting more representation from individuals involved in the receiving end of contracts rather than the leading civil

¹⁷ CM/02 - INQ000494695 of 22.11.2021

servants or permanent secretaries in each department. They possessed a greater expertise in procurement. This change was not a direct result of the pandemic, however. It was planned as a change to procurement policy and would have been implemented in any event.

Changes to procurement processes

89. I believe that getting Ministers approval at the Executive Committee for procurement policy, and in particular each Procurement Guidance Note, was an effective way of ensuring political support and authority for that policy. It meant that all Departments, including those most active in pandemic procurement such as the Department of Health, were acting consistently. I consider that the procurement systems in place in this jurisdiction proved to be sufficiently robust and were capable of specific adaptation regarding the purchase of PPE early on in the pandemic. Save for the guidance on supply chain resilience, the guidance brought in by the Department was general in application and remains in place.
90. Officials within the Department of Finance produced a lessons learned document concerning our early experiences on PPE processes CM/15 - INQ000494732 The document set out the issue identified, the steps taken to remedy it and views on its effectiveness. Amongst the issues identified and addressed was the need to report, collate and filter offers of assistance. The importance of prompt payment to suppliers was also noted. No major weakness was identified by CPD in the DOF lessons learned document of the NIAO review which was published in March 2022.¹⁸ Supply Chain Resilience was a major concern and resulted in the publication of guidance as described above.

¹⁸ CM/05 - INQ000281185

UK COVID-19 INQUIRY

APPENDIX 1 WITNESS STATEMENT OF CONOR MURPHY MLA

Appendix 1

91. I have been asked to outline, chronologically, the key decisions and policies I made which made a material contribution to the procurement of key healthcare equipment and supplies during the pandemic. I have outlined above the role of the Department of Finance and my role as Minister in procurement and the development of procurement policy in the North.
92. Over the course of the pandemic I brought Procurement Guidance Notes (PGNs); a Procurement Advisory Note (PAN) and Public Procurement Policy Notes (PPN) to the Executive for approval. The guidance and notes were of general application and not all were in response to the pandemic, and none were specifically related to the procurement of key healthcare equipment, PPE or ventilators required for the pandemic response. While Executive approval was not strictly necessary I took the view that each policy would benefit from having the imprimatur of the Executive. I provide the detail further below.
93. On the 18th March 2020 the Cabinet Office published “Procurement Policy Note – Responding to Covid-19”. This PPN provided guidance to public authorities including on the use of “extreme urgency” provisions in the Public Contracts Regulations (2015).¹⁹

¹⁹ CM/16 - INQ000048822

94. On the 24th March 2020, as discussed elsewhere in my statement, a PPE hub was set up in the CPD Supplies and Services Division after a request from the Civil Contingencies Group (CCG).²⁰
95. On the 25th March 2020 the Department of Finance published “Procurement Guidance Note 01/20 on Supplier Relief due to Covid-19” which had been approved by the Executive. In contracts where services had been interrupted or suspended because of the pandemic and the consequential lockdown, this Guidance note required Departments to continue to pay suppliers at risk on a continuity and retention basis so they would be able to resume normal service when the outbreak was over. Departments were required to maintain a record of decisions regarding relief payments.²¹
96. At an Executive meeting of 26th March 2020 the Minister of Health advised that the supply of PPE was a pressure point.²²
97. On the 27th March 2020 officials within the Northern Ireland Civil Service (specifically Sharon Smyth, who was providing strategic leadership within the PPE Hub) were seeking clarification as to whether the North’s PPE requirements had been included in an order placed by the United Kingdom, or whether they should continue to collaborate with the Republic of Ireland in an order for PPE. At that particular stage we had an opportunity to include orders for PPE in an order being made by the Republic of Ireland. Cabinet office officials confirmed that we should continue to place our order with Irish Government.²³
98. At the meeting of the Executive Committee on the 30th March 2020 Ministers discussed procurement. I made clear that, although the Department of Health was responsible for its own procurement, the Department of Finance could and would help if asked to do so. The Minister for Health acknowledged the good work to date between his Department and the CPD. I also informed Ministers that the Department of Finance was, at that time, working with the Irish Government to seek to secure

²⁰ CM/17 - INQ000507536 PPE Hub Structure and Governance Doc
²¹ CM/13 - INQ000267876
²² CM/18 - INQ00065747
²³ CM/19 - INQ000494729 emails of 27.3.2020

supplies of PPE for the island. The impact of shortage of supplies in the health sector was acknowledged. The Minister for Health acknowledged the two departments working together and stated that the Trusts would control actual supply to the frontline.²⁴

99. On the 1st April 2020 the European Commission published guidance on procurement during the pandemic.²⁵ It explained that in cases of extreme urgency authorities may use the negotiated procedure without publication. On the same day I held a telephone call with the Minister for Health, Robin Swann. We discussed the demand for PPE and possible sources including Chinese suppliers. We also discussed the possibility of getting an advance on an order made by the Irish Government.²⁶
100. On the 2nd April 2020 a meeting of the Department of Finance heard that the order with the Irish Government was looking doubtful. We would instead seek to use contacts in the Northern Ireland Bureau in China to assist, the Irish Government had exhausted its contacts. Clarity on existing stock and daily consumption from the Department of Health was to be sought. It was unclear if Trusts were stockpiling and the levels of PPE which were held by Trusts, information we needed in order to identify more precisely our need. The priority, at that stage, was to report to London on what was needed and put an order through.²⁷
101. That afternoon there was a further meeting about PPE. An update was required from the Department of Health, essentially about the level of need, given any PPE held locally, and the rate at which PPE was going to be used. Co-ordination with UK Government response was needed and required more information from the devolved authorities. It was identified that Invest NI could assist with freight. Co-operation with the Irish Government was noted and the possibility of using local manufacturing, for example O'Neill's sports company, was discussed.²⁸

24	CM/20 - INQ000065748
25	CM/21 - INQ000494704
26	CM/22 - INQ000470961
27	CM/23 - INQ000470972
28	CM/24 - INQ000470983

102. On the 3rd April 2020 the Executive Committee was updated by the Minister for Health regarding the supply of PPE and access to ventilators. The joint work of the Department of Health and Department of Finance was noted by the Chief Medical Officer. I updated Ministers on our seeking to use contacts in China and with the Irish Government to secure additional material. I clarified that we had agreed to place an order rather than a contract having been signed. The supply lines had dried up.²⁹
103. A joint letter from the Ministers of Finance and Health in the Executive was sent to the Irish Minister for Health, Simon Harris, on 3rd April 2020.³⁰ It was in relation to proposed joint order through the Industrial Development Authority (IDA). As the order could no longer be secured, we sought confirmation as to whether the logistics that were in place could be used to transport material from alternative sources identified by Invest NI and the Executive Office's Northern Ireland Bureau in China. We also enquired about sharing material from the urgent consignment.
104. At the meeting of the Executive Committee on 6th April 2020 the difficulties in sourcing PPE were discussed. I noted that whilst the Department of Health in England were only supplying PPE to hospitals, in the North the Department of Health also had to supply to the social care sector. I provided an update in relation to what was happening in relation to sourcing PPE from China and the ongoing work with the Irish Government, consular staff and the work being undertaken by manufacturers locally, with specific reference to O'Neill's sports company.
105. I sought information from the Department of Health in relation to what would be needed on a weekly basis so that we could assist in securing PPE. Nicola Mallon, the Minister for Infrastructure asked why questions were being raised by my Department of the Health Department and I explained that queries from my Department regarding PPE to the Department of Health were aimed at understanding their needs in order to be able to assist to the greatest extent possible. The Minister for Health, Robin Swann confirmed that teams were working together and that changes in the guidance the previous week in relation to PPE were having a knock-on effect on how long the current supply of PPE would last.

²⁹ CM/25 - INQ000065719 of 30.4.2020

³⁰ CM/14 - INQ000130078

106. At the same meeting I also suggested working on joint procurement in respect of re-agents and validation of anti-body test kits. I expressed the view that if procurement could be done locally, given the capability in the islands it should be possible to secure supplies more quickly than we had been able to secure PPE.³¹
107. On the 8th April 2020 I, together with the Department's Permanent Secretary Sue Gray, appeared before the Assembly's Finance Committee and answered questions relating to the proposed joint order for PPE with the Irish Government. I explained the efforts to secure the order and that the entry into the market of large government purchasers had meant that it could not be secured. I exhibit a copy of the Hansard transcript of the appearance as **CM/26 - INQ000528390**.
108. At a meeting within the Department of Finance on 9th April 2020 the value, progress and logistics of the PPE order from China were discussed. The Department of Health had asked UK Health to ensure we were not in conflict with them regarding the order. The route of delivery was discussed with possible assistance from the British Embassy and Aer Lingus.³²
109. At the meeting of the Executive Committee on the 10th April 2020 I explained that the Department of Finance was continuing to try for PPE supply as there was a significant need for PPE across all services. At that stage we intended to seek to align with Wales and Scotland in order to source PPE. But we were anxious to ensure that we were not in competition with NHS England and we were therefore keeping them informed. Although it was intended to work collaboratively with Scotland and Wales to secure PPE because PPE was not materialising through the UK channels, there was in fact no joint purchase of PPE with either Wales or Scotland. Instead, we accessed PPE through the China contract and also through manufacturers in the North re-purposing their manufacturing in order to make PPE.
110. I confirmed that the Departments of Finance and Health were working closely together in securing PPE. However, there had been some adverse publicity locally about the

³¹ **CM/27 - INQ000065720 of 6.4.2020**

³² **CM/28 - INQ000470987**

quality of PPE from China, in particular on a radio show on the BBC. I expressed the concern that this publicity was jeopardising the order as the Chinese Government were unhappy at the portrayal of the PPE sourced from China as being shoddy. I was concerned that the publicity was posing a significant risk to the order as, at this stage, no contract had been signed and efforts were underway to limit the damage caused by the publicity by the BBC programme. I proposed that we formally complain to the BBC because their publicity was risking our being unable to access PPE from China. This issue and the content of the programme was discussed over the course of the meeting.

111. Clarification was sought by the Minister for Infrastructure, Nicola Mallon, as to the relative roles of the Department of Health and Department of Finance in procurement. I clarified that the lead Department was the Department of Health but that the Department of Finance aimed to assist other Departments in obtaining what they needed in response to the pandemic. I confirmed that we were doing as much due diligence as possible and had not torn up the rule book.³³
112. There was also a discussion in relation to whether pursuing our own supplies would impact upon what we received centrally from the United Kingdom. I confirmed that whilst we were accessing such PPE as we could through a 4 Nations approach, there were some supplies which they did not have and they were content that we could pursue our own orders internationally. I confirmed to the Executive Committee that we were keeping England, Scotland and Wales informed on both our PPE requirements and our sources of PPE. The PPE strategy at the time was that, through the PPE Hub, we should look to pursuing our own sources of PPE rather than completely relying upon the UK ordering on our behalf, albeit at all times the lines of communication with the UK were kept upon to ensure that: we did not compete with each other for PPE; and there was no duplication of orders.
113. On the 14th April 2020 the Department of Finance held a meeting to discuss logistics around a PPE order which it was hoped to place with China. The meeting discussed how products were to be checked to ensure they met the specifications. Tim Losty's

³³ CM/29 - INQ000213644 of 10.4.2020

team on the ground in China were in a position to do that. There was also discussion around the role the British embassy might play in providing assistance and at that stage a response from Matt Hancock was awaited in order to see whether the order could go ahead or whether it was conflicting with a UK order. It was agreed that the British embassy would do due diligence on the contract but an independent due diligence report had not identified any signs for concern. The Chinese suppliers were reported as being adamant that the correct specifications were required.³⁴ Both Scotland and Wales had been in contact to ask about our PPE order.

114. At the meeting of the Executive Committee on 15th April 2020 the Minister for Health provided an update on the pandemic including procurement and provision of PPE, testing capacity and specialist drug supplies.³⁵ I explained the progress to date on securing our own supplies from China.³⁶
115. On the 16th April 2020 there was a meeting within the Department regarding PPE. It was recognised that there was a need for strategic look at self-sufficiency on the island. If the order from China could not be delivered the Department would be going forward with the Four Nations approach.³⁷
116. On the 20th April 2020 an internal meeting of the Department of Finance was informed that the PPE order from China needed to be signed. There would be two days to check the quality of the material. Consideration would also be given to local manufacturing to fill the gap prior to the arrival of the material.³⁸
117. The following day, the 21st April 2020, there was another meeting which considered the order. The supplier had come back with prices for some items and some questions on the proposed contractual terms. The meeting heard that the assumption at that time was that cost of PPE would come out of the Covid-19 funds made available to the Executive.³⁹

34	CM/30 - INQ000470989
35	CM/31 - INQ000048455
36	CM/32 - INQ000065735 of 15.4.2020
37	CM/33 - INQ000470962 of 16.4.2020; DOF minute of meeting
38	CM/34 - INQ000470963 DOF 20.4.2020
39	CM/35 - INQ000470964 DOF 21.4.2020

118. On the 22nd April 2020 a meeting within the Department of Finance considered progress on, and availability of, PPE and respirators. The names of companies in Ireland with capacity to make aprons were provided to the Department of Health. The Permanent Secretary in the Department, Sue Gray, was to talk to the DHSC about the security of the route from China to London for PPE. It was unclear if the British Embassy in China may charge for assistance with the order.
119. On the 22nd April 2020 I updated the Executive Committee on the financial support which had been received under the Barnett formula. Some of the funds had, to date, been held back for a range of issues including PPE purchase by the Department of Health and the CPD.⁴⁰
120. On the 29th April 2020 I explained to the Executive Committee the progress that was underway with reagents and inhouse testing. It was being provided by one supplier – Roche. Supply chains appeared robust and work was continuing to increase capacity.⁴¹
121. On the 4th May 2020 an internal meeting of the Department of Finance took place which considered the Four Nations protocol and how best to utilise the PPE allocation. It was noted that our PPE had been ordered with the consent of DHSC in England.⁴²
122. On the 12th May 2020 the Finance Ministers of each devolved administration wrote to the Chief Secretary to the Treasury to raise our collective concerns regarding the limited supply of PPE currently being delivered through the proposed UK wide procurement approach. This had resulted in the devolved governments incurring significant costs in securing sufficient PPE to protect frontline workers.⁴³
123. On the 2nd June 2020 there was a meeting within the Department of Finance regarding PPE. It was noted that the product was still in England and was waiting to be palletised. A delivery date had not yet been provided. Masks did not need to be checked as they had been checked in Dublin. Some of the material would be flown from Beijing to London. Gloves were being delivered by rail and could take 6 weeks.

40	CM/36 - INQ000213636 of 22.4.2020
41	CM/37 - INQ000279682 of 29.4.2020, pg. 13/24
42	CM/38 - INQ000470968 DOF of 4.5.2020
43	CM/39 - INQ000336538

124. There was a discussion about the production of PPE domestically. Some companies in the North had asked for support in purchasing machinery, however, Invest NI considered that it could not however make this commitment due to state aid rules. It was queried whether the UK had a strategy in place to encourage business to re-purpose, with financial support, however there was no such UK wide strategy in place, so there did not appear to be a means for us to provide businesses with the financial support they were seeking. The discussion took place because of the recognition that domestic supply across the UK would be beneficial. It was decided that contact was to be made with the Irish Government to see if they were sourcing companies on the island making fabric.
125. It was further noted that it would be useful for the Northern Ireland Executive discussion on 11th June 2020, if CPD were to provide a paper on supply, security of supply and procurement. Separately, it was reported that PaLS was running out of storage space for PPE and that the Ministry of Defence might need to be contacted regarding the use of Kinnegar.⁴⁴
126. On the 4th June 2020 an internal meeting in the Department of Finance considered PPE. The need to provide assurance of supply to health staff was noted. Discussions with DHSC about payment of money for PPE were still ongoing.⁴⁵
127. On the 8th June 2020 a meeting of the Department of Finance was provided with an update on PPE arrival and funding. Material had arrived and been tested and passed. It was noted that potential funding was not required as part of the four nation approach.
128. At the meeting of the Executive Committee on the 18th June 2020 I introduced a paper on Covid Supplier Relief Transition and Recovery.⁴⁶ Ministers agreed to an extension of the period for supplier relief and the Department of Finance published a procurement guidance notices for Departments.⁴⁷ Procurement Guidance note 02/20

⁴⁴ CM/40 - INQ000470971 DOF, 2.6.2020

⁴⁵ CM/41 - INQ000470973 DOF of 4.6.2020

⁴⁶ CM/42 - INQ000494701 of 14.6.2020

⁴⁷ CM/43 - INQ000065773 / CM/44 - INQ000048475 of 18.6.2020

Recovery and Transition from Covid-19, was also approved by the Executive Committee and was subsequently published on the 22nd June 2020.

129. I am aware that there was a meeting of the Finance Departmental Board on the 25th June 2020 at which staffing issues in the Department were discussed. The CPD were noted to have been very busy with sourcing PPE for the public sector including for oxygen beds for the Department of Health. Procurement rules had been followed and documented.⁴⁸
130. On the 3rd July 2020 the Competition and Markets Authority and UK Government published a joint statement about price gouging by suppliers.⁴⁹ Customers experiencing poor business behaviour were encouraged to report concerns to the Competition and Markets Authority.
131. On the 1st August 2020 the Northern Ireland Audit Office (NIAO) published a report entitled “Covid-18 Fraud Risks”.⁵⁰ With respect to procurement it listed fraud risks that should be considered alongside mitigating controls.
132. On the 17th September 2020 I requested early consideration of my paper on Public Expenditure: 2020-21 Covid-19 Economic Recovery Assessment.⁵¹ The paper set out the latest position of Covid-19 funding and departmental bids. The needs of the Department of Health would greatly influence the allocations. The Deputy First Minister discussed additional procurement work that was being undertaken. This was commercially sensitive and should, therefore, be regarded as confidential to the Executive.⁵²
133. At an Executive Committee meeting on 22nd October 2020 I provided an update on the work of the Procurement Board. I wanted to reconstitute the Board by including greater procurement expertise within the Board.⁵³ Ministers agreed to the proposal to

⁴⁸ CM/45 - INQ000470982 DOF, 25.6.2020

⁴⁹ CM/04 - INQ000494705 of 3.7.2020

⁵⁰ CM/46 - INQ000494731 NIAO of 1.8.2020

⁵¹ CM/47 - INQ000394131

⁵² CM/48 - INQ000213646 of 17.9.2020, pg. 23-25

⁵³ CM/49 - INQ000065701 of 22.10.2020, pg.26 (relevant notes have been redacted by Module 2c)

reconstitute the Procurement Board. I have described the nature and purpose of the changes to the composition of the Board in the main body of my statement.

134. At meetings of the Executive Committee in late October and early November 2020 Ministers were advised of the development of new testing, tracing technology and vaccination strategy. The benefits of buying at scale were raised. At the meeting of 19th November 2020 the Minister for Health updated the Executive Committee on planned system of mass testing and vaccination. We were to be part of the UK Government procurement group in this respect.⁵⁴
135. The Department produced “SSD PPE Process & Reporting Lessons Learned”. It contained a number of suggestions for better practice based on our experience of the pandemic in 2020.⁵⁵ A single channel for all offers was identified as being more efficient. A streamlined central spreadsheet for managing offers was set up. Better recording of offers and the removal of non *bona fide* offers was also implemented. Suppliers were made aware of prompt Government payment. PPE team members shared information on what to look out for. Clearer information was provided to suppliers. Specifications provided by the Department of Health were basic in some instances. Cabinet Office specifications were often more detailed.
136. On the 18th January 2021 the Executive Committee considered and agreed the revised terms of reference for the Procurement Board.⁵⁶ The terms of reference were revised and considered at the following meeting on the 21st January 2021.⁵⁷ The reconstituted Board had met by that stage and responses had been positive.⁵⁸
137. On the 1st July 2021 I sought and obtained Executive approval for Procurement Policy Note 01/21 ‘Securing Social Value’ which mandated that from 1st June 2022 tenders must include a minimum of 10% of the total criteria to social value.⁵⁹

54	CM/50 - INQ000065739 EC of 19.11.2020
55	CM/15 - INQ000494732 (document undated)
56	CM/51 - INQ000065696 of 18.1.2021
57	CM/52 - INQ000048510 normal typed minutes (relevant notes have been redacted by Module 2c)
58	CM/53 - INQ000065743 (relevant notes have been redacted by Module 2c)
59	CM/08 - INQ000494693 of 6.10.2022

138. On 29 July I sought and obtained Executive approval for a Procurement Advisory Note PAS 01/21 ‘Construction Material Costs during Pandemic Recovery’ which was then published on 3 August 2021. This document had been drafted in consultation with industry representatives. Non-Pharmaceutical Interventions saw an initial sharp decrease in construction activity and reduction in the supply of raw materials. Some material prices rose very sharply. The combination of product shortages, delivery delays and escalating costs was impacting on project completions. Where contractors could not have anticipated such problems there was a risk that it could lead to late completion or contractor failure. The note was intended to assist Departments in their response to such circumstances. Advice was also made available through the Procurement Policy Branch in the CPD.
139. On the 11th October 2021 I provided a paper to the Executive Committee seeking approval of what were then four draft Procurement Policy Notes.⁶⁰ The newly constituted Procurement Board had assisted with the drafting of these Policy Notes.
140. Procurement Policy Note 02/21 ‘Procurement of Social and Other Specific Services’ set out the Procurement Policy in relation to the commissioning and procurement of social and other specific services, also referred to as services falling under the ‘Light Touch Regime’.⁶¹
141. Procurement Policy Note 03/21 ‘Supply Chain Resilience’, is a Policy Note I have discussed elsewhere which addressed issues around supply chain resilience which had arisen during the pandemic.
142. Procurement Policy Note 04/21 ‘Procurement Control Limits’, set out the Procurement Control Limits which are designed to ensure that public procurement contributes to a strong, competitive and regionally balanced economy.
143. Finally, Procurement Policy Note 05.21 ‘Human Rights in Public Procurement’ identified the approach which Departments were to take in order to incorporate human rights considerations into awarding contracts.

⁶⁰ CM/54 - INQ000494700 DOF paper to the Executive on 11.10.2021

⁶¹ CM/55 - INQ000207226 of 22.11.2021

144. The draft notes were approved by the Executive Committee on the 17th November 2021.⁶²

Statement of Truth

145. I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief of its truth.

Signed:

Personal Data

Dated: 23 January 2025

⁶² CM/55 - INQ000207226 formal minute of EC for 17.11.2021