



Emergency procurement of ventilators by the Health Service Executive

Performance and compliance audit

Published: 7.3.2023



FULL REPORT (EN) 

What we assessed and why

In March 2020, the Health Service Executive (HSE) commenced the emergency procurement of ventilators to treat COVID-19 patients. EU procurement law recognises that, in an emergency situation, purchasing bodies may contract directly with suppliers. We reviewed the HSE's management of the emergency procurement of ventilators, including:

- whether it was effective in obtaining the required number of ventilators;
- whether it identified and managed the risks associated with emergency procurement in an effective manner;
- whether it had a robust system in place for checking the ventilators purchased; and
- how costs were monitored and the extent to which the ventilators purchased were actually used.

What we found

The HSE estimated that 326 additional ventilators would be needed to handle maximum surge capacity. Approval was obtained from the Department of Health (DOH) and the Department of Public Expenditure and Reform (DPER) to commit contractually for up to 1 900 ventilators at an estimated cost of €73.5 million. We were unable to find a business case for this amount, which appears to have been based on the number of orders already placed. The authorisation specified that value for money should be achieved and expenditure closely monitored.

Between 3 March and 14 April 2020, the HSE placed orders for 3 429 ventilators at a total cost of €129 million – nearly twice the number approved by the DOH and over ten times the estimated number that could be used by the health service.

Through purchases from established suppliers, the HSE was able to procure 581 ventilators – nearly twice the estimated number that could be used – at a cost of €20.5 million.





The HSE's standard contract terms do not provide for advance payments. However, we found advance payments without any prior guidance or approval. These were deemed operational decisions. The DPER's published rules on financial management and reporting thereon acknowledge that advance payments may be necessary in certain circumstances, but do not advise on how to mitigate the risks involved.

The HSE identified potential new suppliers through a number of channels. Most of them had little or no experience in the supply of ventilators. Between 24 March and 14 April 2020, the HSE made advance payments of €81 million to ten new suppliers to secure almost 2 200 ventilators.

No due diligence checks were carried out for four of the ten new suppliers to which advance payments were made. The extent of the checks for the other six varied from commercial research to a high-level risk assessment. There were neither written contracts nor purchase orders for four suppliers.

Following the subsequent cancellation of orders, the HSE received a number of refunds of advance payments – totalling €50.5 million. A total of 467 ventilators were received from new suppliers, none of which were used. Performance testing was carried out on the first 100 received, with 41 units failing. As they were considered a risk to patient safety, hospitals were advised not to use them.

Two models did not comply with the EU regulatory framework, and three models required further investigation. Despite advice to the contrary, a further 365 of such ventilators at a cost of €6.8 million were received from two suppliers.

In accordance with the authorisation received for the order, the HSE provided a weekly expenditure report to the DOH and the DPER but only included expenditure for ventilators delivered, not advance payments or refunds received from cancelled orders. This was seriously misleading and negated the effectiveness of the departments' oversight.

What we concluded

The HSE did not receive any benefit from expenditure of €30.5 million. The HSE is currently pursuing refunds to the value of €22.5 million (of which €8.1 million is deemed unrecoverable), mostly because of ventilators ultimately not required.

Even in emergency situations, well-established procurement practices can assist in achieving value for money. While procurement in an emergency may not always result in optimal value for money, it is important to learn lessons and improve processes so that, in similarly challenging situations, better outcomes are achieved.

We recommended the DPER to consider developing practical guidance on the use of advance payments, paying particular attention to the following aspects:

- defining what constitutes an advance payment;
- the circumstances under which advance payments can be made;
- the steps a public body should follow before negotiating an advance payment clause; and
- clarifying when approval should be sought from the DPER.