

DPE 022/002/2018

09th May 2019

To: Accounting Officers

DPER Circular: 11/2019

Minute of the Minister for Finance and Public Expenditure and Reform in response to the Committee of Public Accounts Periodic Report No. 4 May - July 2018

A Dhuine Uasail,

I am directed by the Minister for Finance and Public Expenditure and Reform to enclose, for your information and guidance, a copy of the Minute of the Minister for Finance and Public Expenditure and Reform in response to the Committee of Public Accounts Periodic Meetings Report initiated between May and July 2018.

Issues raised

The PAC Report contains 29 recommendations relating to a wide range of Public Bodies and Departments including issues regarding the Higher Education Authority; University College Cork; Cork Institute of Technology; An Garda Síochána; the National Treatment Purchase Fund; the Department of Foreign Affairs and Trade; the Tax Appeals Commission; the Revenue Commissioners; the National Treasury Management Agency; the State Claims Agency; the Health Service Executive and also matters relating to the late submission of financial statements and accounts by public bodies.

Enquiries

Enquiries in relation to this Circular can be addressed to Government Accounting Unit, Department of Public Expenditure and Reform, telephone: +353 1 6767571 or email: govacc@per.gov.ie.

Mise le Meas,

Robert Watt
Secretary General

Minute of the Minister for Finance and Public Expenditure and Reform in response to the Committee of Public Accounts Periodic Report No. 4, Dec 2018

The Minister for Finance and Public Expenditure and Reform has examined the Committee's Report and has taken account of its recommendations and conclusions.

The Committee's recommendations, which are outlined below, have been grouped with regard to the organisations the Committee met between May and July, 2018, following up on matters arising from previous meetings and examining issues emerging from financial statements audited and matters reported on, by the Office Of The Comptroller & Auditor General. The Minister's response is as follows:

Recommendation A.1.

Aside from government departments and offices, there is inconsistency in relation to the obligations regarding when public bodies must present their financial accounts to the C&AG for audit.

The Committee recommends that the Department of Public Expenditure and Reform reviews what legislative or other changes would be needed to ensure consistency across all public bodies. The Committee also recommends that the target for the presentation of annual accounts for audit should be no greater than three months after the end of the period of account.

The Minister for Finance and Public Expenditure and Reform accepts this recommendation.

The timely preparation and publication of audited financial statements is a key element in public accountability and in providing effective oversight of public bodies. The audit of the financial statements plays an important role in providing assurance to the Oireachtas and citizens that public funds have been used in accordance with the law, managed to good effect and are properly accounted for.

As outlined in DPER Circular 7/2015 effective public accountability requires that accounts be produced and audited as quickly as possible and that Accounting Officers need to ensure that arrangements are in place in bodies under their aegis to effectively produce annual accounts and to facilitate the prompt and efficient audit of those accounts.

The timeframe within which public bodies are required to present their financial statements to the Comptroller and Auditor General for audit can vary depending on the establishing legislation for the particular body. It should be noted by the Committee that where legislation concerning the audit of the financial statements and the laying of the accounts of a body or fund provides for other arrangements, these other arrangements should be complied with as the legislative provisions relating to the body prevail.

However, notwithstanding the requirements of DPER Circular 7/2015 my Department will undertake a review of the Circular 7/2015 to address the Committees concerns and to make it more explicit the requirements in relation to the timely presentation of annual accounts for audit to ensure consistency across all public bodies.

Recommendation A.2.

Department of Public Expenditure and Reform Circular 7/2015 sets out the timelines for accounts and reports to be laid before the Houses of the Oireachtas, which should be regarded as the latest possible dates.

The Committee recommends that government departments ensure that the Circular Circular 7/2015 is fully complied with.

The Minister for Finance and Public Expenditure and Reform accepts this recommendation.

DPER Circular 7/2015 highlights the need for timely production of accounts of State Bodies and funds under the aegis of Government Departments and Offices and their subsequent submission to their parent Department, along with the laying of such reports before the Houses of the Oireachtas. The Circular also highlights requirements in relation to Special Reports of the Comptroller and Auditor General and the need for timely laying of such Reports before the Houses of the Oireachtas.

As outlined in DPER Circular 7/2015 it is the responsibility of each individual Department to ensure that all bodies under their aegis are aware of the requirements of the Circular and for ensuring compliance with the requirements of the Circular.

Recommendation A.3.

The lack of a statutory requirement for third level institutions to have financial expertise on the governing bodies that sign off on their accounts is a matter of concern to the Committee.

The Committee recommends that the Department of Education and Skills reviews the matter, and that the Higher Education Authority takes steps to ensure that the boards of the bodies under its remit have the range of competencies necessary to carry out their functions effectively.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Education and Skills that it agrees with this recommendation.

The Department of Education and Skills will work with the HEA to examine existing practice in this area. As a first step, the HEA will request information from higher education institutions (HEIs) in Q.2 2019 on the steps taken by HEIs to ensure they have the appropriate mix of relevant expertise, including financial expertise, on their respective Governing Bodies.

The Code of Practice for the Governance of State Bodies 2016 gives clear guidance on these matters. During 2017 and 2018, the HEA worked with representatives of the Technological Higher Education Association (THEA) and the Irish Universities Association (IUA) to update the Codes of Governance for the higher education sector which are predicated on the 2016 Code of Practice. The THEA code was published in 2018 and the IUA code is expected to be finalised and published in Q2 2019 (the previous code remains in place until superseded by the new code).

The codes give specific guidance on committee structures, membership and skill mix which are necessary to ensure the effectiveness of a Governing Body in fulfilling its roles and responsibilities. An important tenet of the codes is the self-evaluation by the Governing Body of its own performance and that of its committees. Such an evaluation should consider, inter alia, the balance of skills, experience, independence and knowledge of the Institute on the Governing Body. Such an evaluation facilitates the identification by the Governing Body of gaps in skills and competencies and the ways by which such gaps can be addressed such as through future appointments or through the engagement of additional external support.

Governing bodies of higher education institutions are required to confirm in their Annual Governance Statement that it has complied with the code and to report any deviations from same.

In terms of technological universities, Section 12(4) of the Technological Universities Act 2018 provides that the governing body of a technological university shall agree with the HEA the competencies required of its external members, relating to areas such as finance or other areas such as business, enterprise, law, corporate governance, human resources that are relevant to the function of the technological university, before appointing those members. The first governing body of TU Dublin is currently in the process of establishing the full governing body, including the appointment of external members, in accordance with the requirements of the 2018 Act. The Committee's recommendation will assist in informing this process in the TU's ongoing consultation with the HEA and the Department.

Recommendation A.4.

There is a legitimate need for institutions to be able to deal with disclosures and complaints internally through their own governance structures. However, given the volume of allegations made against Cork Institute of Technology in 2014, it did not have the capacity to oversee the process for the investigation of the complaints without the perception that the investigation was compromised.

The Committee recommends that where a public body is not totally satisfied that it can conduct an internal investigation objectively, it should recuse itself or, in the case of a protected disclosure, use the services available under the Office of Government Procurement's Framework Agreement for the Receipt and Investigation of Protected Disclosures.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Education and Skills that it agrees with this recommendation.

Each HEI must have appropriate policies and procedures in place to ensure that Protected Disclosures are dealt with in strict accordance with the Protected Disclosures Act, 2014.

Disclosures and complaints received in a higher education institution should, insofar as is possible, be dealt with internally using its own agreed disclosure and complaints procedures and the policies and processes which they have in place to do so.

With specific regard to protected disclosures, higher education institutions should ensure that they are in compliance with the legal requirement under section 21 of the Protected Disclosures Act 2014 to have procedures for the making of protected disclosures by workers who are or were employed by the institutions and for dealing with such disclosures.

The HEA wrote to all higher education institutions in January 2018 to remind them of the need to ensure their staff are fully aware of their rights and responsibilities under the Protected Disclosure legislation, and to ensure that all higher education institutions have an appointed person to accept protected disclosures. In February 2018 each institution provided information on how protected disclosures and associated training has been provided to staff. Compliance with these requirements is also being monitored by the HEA through the annual governance statement submitted to the HEA by each institution and through the strategic dialogue process.

Higher education institutions have a duty of care to manage protected disclosures in a timely and appropriate manner. Given the confidential nature of this work, institutes should ensure that investigations are adequately and appropriately resourced and external support is engaged if required.

The Office of Government Procurement has established a multi-supplier framework agreement for the provision of Services related to the Receipt and Investigation of Protected Disclosures. Suppliers on the framework are in a position to provide a range of third party investigative and recipient protected disclosures services to public bodies, including higher

education institutions, seeking to meet their obligations under the Protected Disclosures Act 2014.

In determining on the most appropriate approach to responding to the issues raised in a Protected Disclosure, which may involve allegations against specific individuals, higher education institutions must ensure that any review process is conducted in accordance with the legal powers and authority that are available to the institution and are undertaken in a manner consistent with the principles of natural justice.

Recommendation A.5.

Neither the Department of Education and Skills nor the Higher Education Authority were aware that two third level institutions began bidding against one another on a property in Cork city. The Committee recommends that the Department of Public Expenditure and Reform considers measures to prevent unnecessary expenditure resulting from public bodies competing against each other in the purchasing of properties above a certain value.

The Minister for Finance & Public Expenditure and Reform notes this recommendation.

All parties with a legal entitlement to acquire or otherwise hold State property have to comply with the guidance that is in place in regard to property matters – DPER Circular 11/15, Protocols for the Transfer and Sharing of State Property Assets: DPER Circular 17/16 Policy for Property Acquisition and for the disposal of surplus property and the Code of Practice for Governance of State Bodies.

In general, Public bodies try to avoid competing with other public sector entities by trying to anticipate what other public bodies might have an interest in, and in that context, seek to avoid situations which would give rise to unnecessary expenditure in the purchasing of land and/or properties.

Circulars are reviewed periodically to ensure that they reflect changing circumstances. When Circular 17/16 *Policy for Property Acquisition and for the disposal of surplus property* is next reviewed consideration will be given to PAC Recommendation A.5.

With respect to the Higher Education sector, the Minister is informed by the Department of Education and Skills that there are procedures in place to ensure that any property acquisitions by higher education institutions that are supported with public funding represent value for money and meet the provisions of the Public Spending Code.

Section 5 (1)(i) Regional Technical Colleges Act 1992, as amended by Section 6(a)(iii) Institutes of Technology Act 2006, requires the approval of the HEA for the acquisition of land by an institute of technology. Similar provisions pertain to the new Technology University sector. Section 8 of the Technological Universities Act 2018 which states that – “*A technological university shall...with the consent of the Minister and the Minister for Public Expenditure and Reform, acquire, hold and*

dispose of land, an interest in land or any other property." While, there is no equivalent provision within the Universities Act, where Exchequer funding is requested for acquisitions the standard HEA evaluation process is applicable.

The Capital Programmes Unit (CPU) within the HEA undertakes a detailed evaluation of all proposed IoT land acquisitions and University land acquisitions where Exchequer funding is sought. The appraisal follows a methodology which is consistent with the principles of the Public Spending Code. Once the HEA has conducted its appraisal, a funding recommendation is forwarded to the Department of Education and Skills. Should the Department accept the recommendation, a letter of approval is issued. It should be noted that the final decision regarding land acquisition approval remains with the Department of Education and Skills.

Recommendation A.6.

There is a lack of transparency in relation to companies which have an association with the Higher Education Institutes.

The Committee recommends that all Higher Education Institutes:

a) list in their annual report all companies in which they have a shareholding or to which they provide significant grant assistance;

b) provide the C&AG with a copy of the companies' accounts, and access to all relevant documentation at the time of audit or on request.

The Committee recommends that the C&AG informs the Committee in the event that co-operation from Higher Education Institutes in relation to these companies is not forthcoming.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Education and Skills that it agrees with this recommendation. The HEA will communicate with all higher education institutions in Q2 2019 to ensure that this recommendation is implemented in the financial statements for 2018/19.

In relation to access by the C&AG to documentation, the Minister notes that the C&AG has statutory powers for access to documents and information required for the performance of his functions including audits and examinations. In relation to the C&AG informing the Committee in the event of non-cooperation, the Minister also notes that the C&AG reports as provided by law. The Committee may wish to take this matter up with the C&AG.

Recommendation A.7.

Ineffective procurement planning can result in public bodies having insufficient time to put contracts in place that are in compliance with public procurement policy. This negatively impacts on the transparency and accountability of associated expenditure.

The Committee recommends that public bodies work with the Office of Government Procurement to ensure that they have the necessary controls in place to allow themselves sufficient time to develop specifications and conduct competitive procurement processes. Otherwise, value for money cannot be assured.

The Minister for Finance & Public Expenditure and Reform accepts this recommendation. Public procurement is governed by EU legislation and National rules and guidelines.

The aim of these rules is to promote an open, competitive and non-discriminatory public procurement regime which delivers best value for money.

The Office of Government Procurement (OGP) has responsibility for developing and setting out the overarching policy framework for public procurement in Ireland. In this regard, the OGP has developed the *National Public Procurement Policy Framework* which consists of five strands:

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

This framework enables a more consistent approach to public procurement across the public sector by setting out the procurement procedures to be followed by public bodies. It supports contracting authorities, including the OGP, the four key sectors (Health, Education, Local Government and Defence), individual Departments, Offices, commercial and non-commercial State bodies, and entities which are subsidised 50% or more by a public body, when awarding contracts for works, goods and services. The framework enables public bodies to adopt procedures to meet their public procurement requirements and facilitates compliance with EU and national procurement rules.

OGP initiatives under the framework that support compliance include putting in place compliant procurement solutions, publishing guidelines and template documentation.

In 2017, the OGP launched *Public Procurement Guidelines for Goods and Services* which were revised and published in 2019. This comprehensive interpretation of the public procurement directives has been designed to improve consistency and promote best practice in the application of the public procurement rules. The guidelines state that contracting authorities should ensure that there is an adequate amount of time in the procurement programme and take account of the nature of the specifications and the complexity of the contract when fixing the timescale for submitting responses. This should allow suppliers reasonable and sufficient time for submitting the necessary information and preparing the tenders. In the case of contracts for goods or services above the EU financial thresholds, contracting authorities must also ensure that the timescale complies with the minimum periods specified in the 2016 Regulations. It is worth noting that while the OGP guidelines facilitate and enable compliance with public

procurement rules, it is the responsibility of each contracting authority to ensure they adhere to these rules.

Procurement planning is an integral part of business planning for contracting authorities. The OGP published an information note on *Corporate Procurement Plans*; the purpose of which is to assist in the preparation of such plans. Completing a plan will help contracting authorities to benchmark their current procurement policies and practices and assist in identifying future procurement needs. The OGP also published an information note on the *Procurement Officer Role* which is important to ensuring organisations meet their procurement obligations. The guidelines and information notes are available on the OGP website, ogp.gov.ie.

In addition, the OGP proactively engages with its sourcing partners in the Health, Education, Defence and Local Government sectors through the Procurement Executive. Furthermore, the OGP's Key Account Managers are in regular contact with procurement officers in Government Departments and State Bodies to assist, support and remind them of their obligations in relation to public procurement.

Recommendation A.8.

The roll-over by An Garda Síochána of an expired contract to the value of €10 million without recourse to a competitive procurement process is not in compliance with government procurement policy. It is unacceptable that the agreement to roll-over the contract was not thoroughly documented with a clear audit trail of paperwork including minutes of meetings. Documentary evidence of such an agreement represents a fundamental level of governance. The Committee recommends that An Garda Síochána immediately ensures that procurement decisions concerning the expenditure of public funds are clearly and comprehensively documented and fully in compliance with government procurement policy.

The Department of Justice and Equality is informed by An Garda Síochána that the recommendation is accepted.

The Department is informed by An Garda Síochána that its Procurement Office sits in the Finance Directorate. The Procurement Office is responsible for the purchasing of goods and services for An Garda Síochána and ensuring that all procurements comply with both EU procurement rules and national regulations. The Department is informed that where there is a requirement for goods or services above set levels, An Garda Síochána works with the Office of Government Procurement (OGP) to identify frameworks which might be utilised to purchase those goods and services. If there is no relevant framework, An Garda Síochána will tender for those goods or services.

The Department is informed by An Garda Síochána that the Tendering Office (one of the 3 sub-offices in the Procurement Office) has been restructured into two main sections covering Facilities Management contracts and Professional Services contracts, with a separate section within the Procurement Office dealing with contracts for uniforms and equipment. Additional staff have been secured over the period 2017-2018. A 'spend category' approach has been adopted where Divisions/specialist areas such as ICT, Technical Bureau and the Garda College lead in relation to tenders in their specialist areas. They are assisted by the Tendering Office,

which takes responsibility for tasks including management of contracts, publication of tenders on eTenders/OJEU (Official Journal of European Union) as required.

The Department is informed that it is acknowledged by An Garda Síochána that there is a need to further develop and deepen the category approach, by ensuring that staff in other specialist areas are in place and trained on procurement best practice. An Garda Síochána indicate that during 2019 it is planned to update the Garda Procurement Guidelines and run familiarisation sessions with the key business areas that are involved in procurement, including the Divisions. It may also be noted that the Implementation Plan for the Report of the Commission on the Future of Policing in Ireland, "A Policing Service for the Future", includes as a specific action a review of procurement decision making processes and implementation of recommendations arising from that review. Implementation of this action is scheduled to begin in Q2, 2019.

Recommendation A.9.

Where a public body enters into an arrangement to prepay for goods or services, there is a potential loss of public funds if the goods or services are not delivered. While the financial stability of companies is assessed at the point of contract, there does not appear to be any ongoing monitoring of a company's financial status and its ability to deliver on its commitments. As part of its review of prepayments and procurement guidelines, the Committee recommends that the Department of Public Expenditure and Reform considers how this risk can be managed over long-term contracts with recurring prepayments.

The Minister for Finance & Public Expenditure and Reform accepts this recommendation.

The assessment of a tenderer's economic and financial standing is a key part of any procurement process because the contracting authority must be reasonably satisfied that a contractor will have the necessary economic and financial capacity to carry out any contract which may be awarded. Establishing the appropriate selection criteria that are relevant and proportionate to the subject matter of a particular contract is a matter for the contracting authority concerned but might include a minimum yearly turnover or asset to liability ratios. This is because the contracting authority is in the best position to gauge the appropriate levels of financial capacity that are appropriate to the needs and subject matter of the specific contract.

They will generally be required to produce the necessary documentation (e.g. bank statements, audited accounts, proof of professional indemnity, etc.) only when provisionally short-listed in a Restricted Procedure or provisionally chosen as the successful tenderer in an Open Procedure. However, they can be asked for this documentation at any stage in the procurement process where this is necessary for the proper conduct of the procurement process. The contracting authority reserves the right to verify that the contractor's circumstances have not changed right up to the point of contract award such that they would no longer meet the qualification criteria that were originally set. In the event that the contractor does not meet the original qualification requirements they may be excluded from further participation in the tender.

Responsibility for contract implementation rests with the contracting authority and contracts should be actively and effectively managed and monitored by the contracting authority. It is also the responsibility of each contracting authority to ensure they adhere to the prepayment guidelines in the Public Financial Procedures manual and also the Public Spending Code, where 'Part C' provides guidance to contracting authorities on the actions required and responsibilities of the contracting authority at implementation stage of the contract.

Recommendation A.10.

The Government moratorium on promotion and recruitment from 2009 until 2014 has negatively impacted on the level of in-house skilled resources available to An Garda Síochána, and its ability to develop such resources internally. An Garda Síochána has had to outsource a significant volume of work to deliver core services, which may have resulted in higher costs to the taxpayer.

The Committee recommends that the Department of Public Expenditure and Reform uses a more nuanced approach to recruitment expenditure planning to ensure that initial headline savings do not result in additional costs in the long term.

The Minister for Finance & Public Expenditure and Reform notes this recommendation.

While the moratorium impacted on the level of in house skilled resources available to An Garda Síochána, the fiscal context for this policy decision must be acknowledged. The freeze on recruitment across the public sector was introduced as one of the expenditure control measures required to address the severe fiscal challenges faced by the State during the financial crisis.

Following improvements in the Exchequer position, a more nuanced approach to recruitment expenditure planning, in line with the Committee's recommendation, was introduced and has been in place since 2015. The policy of delegated sanction in relation to staff management was specifically introduced to provide enhanced scope for Departments to manage staffing levels and composition. In that context, recruitment expenditure planning is now ultimately a matter in the first instance for senior management in individual Departments as each Department is responsible for delivering an appropriately sized and structured workforce with the necessary skills and experiences to deliver its strategic goals.

Under delegated sanction, Departments have the scope to manage their workforce subject to legislation, circulars and other policies. In addition, recruitment planning must now be supported by workforce planning carried out by individual Departments and there is a rolling three year workforce planning process, co-ordinated by the Department of Public Expenditure and Reform, which supports an overall strategic workforce plan to inform recruitment and selection planning by the Public Appointments Service.

It also remains the case that staffing decisions must be consistent with the broader public expenditure management perspective and it is important that the medium and long term evolution of the public service pay bill is sustainable. Accordingly, recruitment planning must be managed by Departments within Exchequer pay ceilings.

Recommendation A.11.

On more than one occasion An Garda Síochána (AGS) presented conflicting evidence to the Committee concerning the payment processes in place in AGS. The Committee is concerned at the level of unresolved conflicts between the organisation's internal audit service and its senior management.

The Committee recommends that the Commissioner takes the necessary steps to ensure that the governance structures and systems in place within AGS are understood by all and supported at the highest levels.

The Department of Justice and Equality is informed by An Garda Síochána that the recommendation is accepted.

The Report of the Commission on the Future of Policing recommended creation of a statutory non-executive Garda Síochána Board, to strengthen the internal governance and management of the organisation. This recommendation will be taken forward as part of the Policing and Community Safety Bill, replacing the Garda Síochána Act 2005.

In addition, implementation of a number of other recommendations contained in the report will further strengthen governance arrangements, including on procurement, even in advance of that legislative change. For example - the Implementation Plan for the Report, "A Policing Service for the Future", includes as a specific action a review of procurement decision making processes and implementation of recommendations arising from that review. Implementation of this action is scheduled to begin in Q2 2019.

The Implementation Plan also includes actions on training, including a specific action on Training for Senior Leadership and Management on Governance responsibilities. Implementation of this action by An Garda Síochána began in Q1 2019 with a review of existing governance training. Delivery of training and continual improvements in leadership development will be implemented in the coming period to ensure delivery of this action.

Recommendation A.12.

It is not clear that the cost of care in public nursing homes is providing value for money to the taxpayer. Of a budget in the region of €1 billion for the Nursing Home Support Scheme, approximately two thirds is expended on public nursing homes that provide one fifth of capacity. The Department of Health commenced a Value for Money review of the cost of care in public nursing homes in 2017, and hopes to complete the review by the end of March 2019. Given the significant sum of public funds involved. The Committee recommends that the Department ensures the report is delivered and published within this timeframe.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Health that it notes this recommendation.

The Department is currently undertaking a Value for Money Review on 'Nursing Home Care Costs-A comparison of private and public nursing home care costs'. To date three meetings of the Steering Committee have been held.

A number of critical technical issues have arisen which has delayed the work of the Steering Committee and the Review team. Following legal advice, the National Treatment Purchase Fund (NTPF) was not in a position to provide the detailed data requested by the Department, given data protection concerns. Subsequent to this, the Department's legal advisors and the NTPF's legal team agreed an approach that would allow the provision of high level aggregated data, consistent with legal obligations.

The most cited reason for the cost differential is that public nursing homes have a much greater cohort of high dependency residents. During the data collection phase of the Review, it became apparent that there was a lack of data available to either prove or discount this as a reason for the cost differential. To address the issue the Steering Committee and Review Team have decided to sample a number of private and public nursing homes with significant price differences. Residents of these facilities will have their care needs assessed using the standardised Single Assessment Tool, which is currently being piloted in a number of acute hospitals. The sample will determine if resources provided are aligned with care needs. As this study requires direct contact with residents in long term care, the Department requires Ethics Committee approval. The Department presented their proposal to the RCPI Ethics Committee in December 2018, and have received a provisionally favourable response, subject to the provision of additional information. This is currently being collated and a final decision is expected shortly. It is proposed that there will be between 600 – 900 hours of direct contact with residents during the course of the study. This will further extend the time it will take to complete the VFM, but without this data the VFM Review would have to rely on hypotheses to explain a significant element of the cost differential. To proceed without the data may have significantly undermined any conclusions and/or findings reached by the VFM.

Due to the body of work required to acquire sufficient data, a revised completion date of Q4 2019 is now proposed.

Recommendation A.13.

The National Treatment Purchase Fund's review of its pricing mechanism for long-term residential care in private and voluntary nursing homes is ongoing. It is necessary to safeguard the provision of high quality services in private and voluntary nursing homes, increase the transparency of the current pricing mechanism, and continue to ensure value for money for the taxpayer.

The Committee recommends that the NTPF review of its pricing mechanism should be concluded and published no later than the end of March 2019. The Committee also recommends that this review addresses the particular financial difficulties faced by voluntary nursing homes.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Health that it notes this recommendation.

The National Treatment Purchase Fund (NTPF) has engaged in a review of its pricing mechanism for long-term residential care in private and voluntary nursing homes – its function in relation to the Nursing Homes Support Scheme whereby the NTPF negotiates agreements with registered private and voluntary nursing homes to set the maximum prices payable.

The NTPF take the following guidelines into account in negotiating prices: (a) costs reasonably and prudently incurred by the nursing home and evidence of value for money, (b) price(s) previously charged, (c) local market price and (d) budgetary constraints and the obligation of the State to use available resources in the most beneficial, effective and efficient manner to improve, promote and protect the health and welfare of the public.

The Report of the Nursing Homes Support Scheme (NHSS) Review published in 2015 identified a number of issues for more detailed consideration, including a review of the pricing mechanism used by the NTPF, with a view to:

- Ensuring value for money and economy, with the lowest possible administrative costs for clients and the State and administrative burden for providers;
- Increasing the transparency of the pricing mechanism so that existing and potential investors can make as informed decisions as possible; and
- Ensuring that there is adequate residential capacity for those residents with more complex needs.

A Steering Group has been established to oversee and manage the pricing review. The Steering Group is chaired by the NTPF and includes representatives from the Department of Health and the Department of Public Expenditure and Reform (DPER).

As the review was well advanced at the time of the hearing in June 2018, it would not have been prudent to amend the scope of the review to include the recommendation that the review address the particular financial difficulties faced by voluntary nursing homes.

The NTPF are now close to completing the report and aim to discuss the draft report and next steps early this year. Once complete the report of the review will then be submitted to the Department for consideration and for publication later in 2019.

Recommendation A.14.

Some residents of nursing homes do not have a means of transport from their nursing homes to attend their medical appointments. The Committee recommends that the HSE takes steps to develop a protocol to ensure that all residents of nursing homes can avail of medical services while residing in nursing homes.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Health that it notes this recommendation.

There is no statutory requirement for the HSE to provide transport services for patients. However the HSE may make arrangements for providing ambulances or other means of transport for the conveyance of patients from places in the HSEs functional area to places in or outside that area or from places outside the functional area to places in that area. Transport services are provided by the HSE on a discretionary basis as opposed to there being a mandatory requirement for provision.

Transport to medical appointments is not a core health service and it is not covered by the NHSS basket of services or by the medical card.

Although the NHSS covers core living expenses, residents can still incur some costs in a nursing home. In recognition of this, anyone in receipt of financial support under the NHSS retains at least 20% of their income. The minimum amount that is retained is the equivalent of 20% of the State Pension (Non-Contributory).

Recommendation A.15.

The State committed to allocating 0.7% of gross national income to overseas development assistance in 1970 in order to help address the needs of some of the poorest and most vulnerable people and communities in the world. 48 years later, the target has yet to be reached, The highest allocation of Irish funding was 0.59% in 2008. As part of the UN sustainable development goals, the State has made a new commitment to reach the 0.7% target by 2030. The Committee recommends that the Government develops a clear, multi-annual plan to meet the commitment to contribute 0.7% of gross national income to overseas development assistance by 2030.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Foreign Affairs and Trade that it will continue to engage with the Department of Public Expenditure and Reform, and with the other Departments engaged in delivering Irish Overseas Development Assistance (ODA), regarding the provision of the necessary funding to meet the UN target of 0.7% of GNI to ODA in line with the Government's expressed objective that Ireland reaches that target by 2030.

As a first step total ODA allocated in budget 2019 increased by €110 million to €817 million, a 16% increase on the 2018 budget allocation. This compares with a 2015 allocation of just under €650 million. Further sustained, managed increments in ODA will be required if the Government's ambition to meet the 0.7% target is to be achieved. The ODA / GNI % depends on the allocation to total ODA and forecasted GNI. Despite the substantial increase in ODA allocations over the last few years, the strong growth performance of the Irish economy has had a dampening effect on the ODA/GNI % target outturn. The total amount of ODA which Ireland will invest during 2019 is now the highest since the financial crisis and the fifth consecutive year the Government has increased allocations to ODA.

Ireland's policy for international development, *A Better World* published in February 2019, provides the framework for Ireland's expanding development cooperation programme and sets out how Ireland will reposition and strengthen its efforts in addressing key global development challenges and inform how increased ODA allocations will be invested.

The Department of Foreign Affairs and Trade's imperative will continue to be the maintenance of a quality development programme, ensuring impact and quality, while maintaining a continued rigorous focus on value for money, in the implementation of the forthcoming new policy.

Recommendation A.16.

With the advent of online Irish passport renewals, Passport Express is no longer the fastest way to renew an Irish passport. The Committee recommends that the Department publicises the fact that online passport renewal application is the fastest method for renewing Irish passports, particularly in Post Offices, and Garda stations, where the Passport Express forms are available.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Foreign Affairs and Trade that it accepts this recommendation.

The Passport Service issued the largest ever number of passports in 2018, with over 862,000 Irish passport books and cards issued.

The award-winning Online Passport Renewal Service was expanded further in November 2018 to include new categories of applicants. This expanded online service permits the renewal of children's passports, introduces a Passport Card for children, and expands the cohort of adults eligible to renew online.

This expanded service means that all Irish citizens can now renew their passports online 24/7, from anywhere in the world. This service brings significant benefits for citizens, with faster turnaround times of 10 working days for all online applications, excluding postage delivery time. The Department has worked hard in recent years to ensure the provision of a modern, secure and efficient passport service. However, it remains very important that prospective travelers check the validity of their passport before booking a trip overseas and apply for their passport in plenty of time.

Citizens who plan to renew their passport in 2019 are strongly encouraged to do so online and in the off-peak period, to ensure the shortest possible renewal time. Useful information and guidance on the range of channels through which passport applications can be made is available on the Department's website at <https://www.dfa.ie/passport>

In line with the Committee's recommendation, the Department has been extremely active in publicising information about the advantages of online processing through all media including social media. To coincide with the post-Christmas summer holiday planning time, the Department launched an advertising and media campaign in late December 2018 to highlight the much faster processing times for the on-line renewal service compared to other options.

Recommendation A.17.

The Department of Foreign Affairs and Trade did not have sufficient staff in place to deal with the surge in passport applications in 2018, and this contributed to delays in the provision of passport services. The Committee recommends that the Department reviews its balance between temporary and permanent staff, and takes steps to ensure it has the necessary staff numbers in place to meet forecast demand for passport services in 2019.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Foreign Affairs and Trade that it accepts this recommendation.

A key part of the Passport Service's strategy in managing increasing application volumes is a focus on implementation of service improvements. Since 2016, a significant programme of reform to enhance passport services for citizens has been underway, including the introduction and expansion of online passports services. The award winning online passport application service will continue to make a major contribution to the effective management of exceptionally high volumes by allowing existing resources to be more effectively deployed within the Passport Service. The Online Renewal Service allows Irish citizens (both adult and children) to renew their passport twenty-four hours a day, seven days a week from anywhere in the world, has led to exceptional efficiency gains.

Staffing needs in the Passport Service are assessed on the basis of a number of factors including forecasted demand, the balance between more complex first-time applications and renewals as well as the uptake of online services and associated productivity gains. The Department of Foreign Affairs and Trade sought and has been provided with additional funding in the 2019 Estimates for additional full-time staff in the Passport Service in order to better cope with periods of peak demand and the rising volumes of applications. Additional full-time staff have already been recruited and the Passport Service will continue to monitor operational requirements during the year.

Recommendation A.18.

The annual rental cost of Irish embassies gives rise to significant long-term costs. As highlighted in the Committee's third periodic report, failure to purchase property when the option is assessed as the most financially prudent does not make best use of public funds.

The Committee recommends that the Department evaluates its rental properties abroad with a view to investing capital funding in the purchase of properties in countries where Ireland has a long-term diplomatic presence.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Foreign Affairs and Trade that it accepts this recommendation.

The Department currently manages and maintains 146 properties abroad of which 34 are State-owned, in addition to 3 properties managed and maintained, and 1 State-owned, in Northern Ireland. These properties are utilised by the Department in pursuit of its goals on behalf of the

State. They consist of offices, public and promotional areas and official accommodation. They provide platforms for the mission network to support Ireland's political, trade, economic and cultural interests and values; are used to provide services to Irish citizens, to develop strategic stakeholder relationships and to ensure that Ireland is effectively represented in international organisations.

A challenge facing the Department is the escalating costs of rents worldwide. The Department has engaged with the Department of Public Expenditure and Reform with a view to mitigating the risk of escalating rents through, where feasible, purchasing properties in strategic locations. The Department's capital allocation for 2018-2022, under the National Development Plan 2018-2027, was increased to, in part, allow for this. For example, during 2017 the Department acquired a site to facilitate the construction of an Embassy/Ireland House in Tokyo where the general rental market is one of the most expensive in the world. This project is a significant multi-year investment which, when complete this new Embassy/Ireland House will eliminate rental costs resulting in long term savings to the State.

The Department, in consultation with the Department of Public Expenditure and Reform and subject to resource availability, will consider the benefits of purchasing properties versus renting when reviewing property options in new mission locations as well as countries where Ireland has a long-term diplomatic presence.

Recommendation A.19.

Once established, the International Election Observation Roster is fixed for a five year period. The Committee recommends that the Department of Foreign Affairs and Trade examines whether five years is an excessive panel duration. The Committee recommends that the Department of Foreign Affairs and Trade examines whether five years is an excessive panel duration. The Committee also recommends that the Department has the necessary procedures in place to ensure that panels do not need to be extended prior to the establishment of subsequent panels.

The Minister for Finance & Public Expenditure and Reform is informed by the Department of Foreign Affairs and Trade that it accepts this recommendation.

The Department will, in 2019, undertake a review of the operation of the International Election Observation Panel, including the optimal panel duration.

Recommendation A.20.

Prior to the establishment of the Tax Appeals Commission in March 2016 there was a failure by the Department of Finance to fully establish the nature and level of resources it would require to carry out its statutory functions. The Committee recommends that the Department of Public Expenditure and Reform ensures that adequate evidence based planning takes place in advance of the establishment of any new public body.

While this recommendation is noted, the Department of Public Expenditure and Reform would emphasise that the establishment of any new public body is a matter for the responsible Minister, in this case, the Minister for Finance and Public Expenditure and Reform.

In the instance where a decision is taken to establish such a body, the matter of then resourcing the body is requested by the relevant Department by way of a business case to the Department of Public Expenditure and Reform. These requests are analysed and assessed on a case by case basis by the relevant Vote section within the Department of Public Expenditure and Reform with responsibility and oversight for the area under which the new body will fall.

Recommendation A.21.

The absence of alignment between workload and required resources, both human and physical, has seriously compromised the Tax Appeal Commission's capacity to operate as an independent statutory body, tasked with providing a modern and efficient appeals Process in relation to the hearing and adjudication of tax case disputes. The Committee welcomes the workload and operations review that has taken place and recommends close cooperation between the Department and TAC to ensure timely implementations of its recommendations.

The Minister for Finance and Public Expenditure and Reform is informed by the Tax Appeals Commission that it accepts this recommendation.

A report on the workload and operations review of the Tax Appeals Commission (TAC), commissioned by the Minister for Finance, was published on Budget Day in October 2018. The Minister for Finance has approved the full implementation of the recommendations of this report. In order to achieve this, the 2019 voted expenditure is €3.208 million, an increase of 97% from the 2018 figure. In particular, this increase is to fund a significantly increased number of staff at the TAC and improvements to IT hardware, as well as to acquire a new case management system.

The report recommends that the TAC recruits a number of administrative staff as well as additional Commissioners (full-time and temporary). This recruitment would increase staff levels in the TAC from 18 to 33. The TAC has commenced recruitment of the administrative staff and the Department of Finance are consulting with the Public Appointments Service and the TAC on the recommended Commissioner appointments. The Department of Finance are also progressing legislative amendments which will be required to amend the Finance (Tax Appeals) Act 2015 to

establish the position and responsibilities of a Chairperson of the TAC, as recommended in the independent review.

The Department of Finance and the TAC are in frequent contact with one another to discuss governance, administration and resources of the TAC. All possible assistance within the remit of the Department will be provided to the TAC to ensure it continues in its functions.

Recommendation A.22.

The amount of tax under appeal at any one time is significant; it was estimated at €1.8 billion in July 2018. Notwithstanding that a proportion of this sum will be successfully appealed, a considerable amount will fall to be collected. The timely receipt by the Exchequer of amounts due is dependent on how efficiently TAC processes and finalises appeal cases. The Committee recommends that measurable targets be set for the progressing and finalising of tax appeals on an annual basis.

The Minister for Finance and Public Expenditure and Reform is informed by the Tax Appeals Commission that it accepts this recommendation.

The TAC have engaged with the Department of Public Expenditure and Reform on the Estimates Process for 2019 and have created output targets for the numbers of tax appeals to be closed and determinations issued. The TAC have also committed to recording monthly figures on the status of open appeals.

In terms of addressing the backlog of appeals at the TAC, the recruitment of additional staff and Commissioners as well as the procurement of new IT systems and hardware will facilitate the operation of the TAC in this regard.

Recommendation A.23.

The Committee noted that the amount of total tax outstanding at end March 2017 was €2.29 billion (end March 2018: €2.2 billion) and of this €1.1 billion (end March 2018: €958 million) was available for collection. It further noted that of the €1.1 billion available for collection at end March 2017, €328 million was subject to enforcement proceedings and €116 million was subject to phased payments arrangements, leaving €656 million which was not covered by either process. Over 40% of collectable debt in 2017 was over one year old. The Committee recommends that Revenue reviews its approach to the collection of outstanding taxes with a view to identifying initiatives such as increasing the number of taxpayers in phased payments arrangements in order to accelerate the receipt of collectable taxes.

The Minister for Finance and Public Expenditure and Reform is informed by Revenue that it accepts this recommendation.

The Minister is further informed by Revenue that, cognisant that early intervention is the best way to secure payment of outstanding debt; and that aged debt can become entrenched and

more difficult to collect; Revenue's debt-collection processes are geared towards engaging with defaulting taxpayers either in the due month, or in the following month. Revenue's debt-management units hold regular monthly team level arrears meetings (and bi-monthly meetings with Principal Officer) to discuss progress on the more entrenched cases and decide next steps, having regard to previous actions taken and to the specific circumstances of the taxpayer/business.

The PAC Report notes that as at 31 March 2017, over 40% (€271m) of collectable debt was over one year old. By way of update, as at 31 December 2018, the recovery process was finalised in respect of €159m (59%) of that debt, €106m (39%) is under active collection involving direct engagement between Revenue and the taxpayer and €6m (2%) is likely to conclude in write-off.

The comparative figure as at 31 March 2018 was €221 million (representing 39% of collectable debt). As at 31 December 2018, the recovery process was finalised in respect of €96m (43%) of this debt, €117m (53%) is under active collection involving direct engagement between Revenue and the taxpayer and €8m (4%) is likely to conclude in write-off.

The updated statistics indicate acceleration in the collection of collectable debt. In order to maximise returns to the Exchequer, Revenue continually reviews its approach to collection of outstanding taxes, including facilitating those taxpayers with legitimate payment difficulties, by making phased payment arrangements.

Revenue is currently developing a new Debt Management Services (DMS) application, due to be released in April of this year. This will provide new customer services to support payment compliance, including an online Statement of Account which will give customers real-time, up-to-date, information. There will also be a new online facility for viable businesses experiencing tax payment difficulties to apply for a phased payment arrangement. This initiative will enhance Revenue's current collection processes and is expected to result in an increased proportion of collectible debt subject to phased payment arrangements, in line with the PAC recommendation.

Recommendation A.24.

The Committee noted that Revenue published the details of 289 tax settlements totalling €53.13 million during 2017 and that 91 (31.5%) of these settlements had unpaid amounts totalling €25.96 million at end-2017, representing 49% of the total settlements reached in 2017. The Committee further noted that of the 144 settlements reached by the end of June 2018, 48 totalling €25.48 million had unpaid amounts outstanding of €9.78 million.

The Committee recommends that in addition to publishing the tax settlement amounts, Revenue considers publishing details of the amounts subsequently paid and outstanding balances at year end.

The Minister for Finance and Public Expenditure and Reform is informed by Revenue that it does not accept this recommendation.

The Minister is further informed by Revenue that the legal basis for the publication of the List of Tax Defaulters is contained in s.1086 of the Taxes Consolidation Act 1997 (the Act), as amended. This requires Revenue to publish certain specified details within three months of the end of the “relevant period” (i.e. the period in which the default was determined). Following changes introduced in Finance Act 2016, the lists published from June 2017 onwards reflect the amount of each settlement that remained unpaid at the end of the relevant period. However, there is no legal basis for the publication of amounts subsequently paid and outstanding balances at year end, and such publication would represent an unlawful disclosure of taxpayer information contrary to s.851A of the Act.

Tax defaulters’ unpaid amounts are subject to Revenue’s normal debt collection and enforcement procedures. Revenue publishes tax collection, debt management and debt enforcement results in its Annual Report and this relates to all tax debt cases, including those of tax defaulters. For reasons as outlined above, details of the unpaid balances in respect of individual taxpayers, or taxpayer segments, are not published.

Implementation of the Committee’s recommendation would require a legislative change. Consideration of legislative change in this area would need to take account of the fairness and proportionality afforded in publishing updates on the tax indebtedness of certain identified taxpayers, and not of others.

Recommendation A.25.

Ireland’s national debt, which stood at €198.7 billion at 31 December 2017, regardless of how it is measured relative to GNP, GDP or GNI*, remains at a worryingly high level.

The Minister for Finance and Public Expenditure and Reform is informed by the National Treasury Management Agency (NTMA) that it notes this issue.

The Minister is further informed that:

General Government Debt (GGD) – the total gross consolidated debt of the State compiled by the Central Statistics Office (CSO) – is a more comprehensive measure of public indebtedness and is the one used for comparative purposes across the European Union (EU) – national debt is the main subset of this aggregate. At end-2017 it stood at just over €201 billion.

It is common practice to express public debt as a percentage of national income. This is usually done using GDP. The debt-to-GDP ratio has fallen dramatically in Ireland from a peak of close to 120% at the end of both 2012 and 2013 to around 68% at end-2017. It was forecast in Budget 2019 to fall to 64% by end-2018.

However, Irish GDP is inflated by the activities of parts of the multinational sector and so the debt-to-GDP ratio has become a less reliable measure of indebtedness. It is therefore important to look at other metrics.

The Debt-to-GNI* ratio has fallen from a peak of close to 170% but remains high at over 110% at end-2017 which by way of comparison at end 2017 the Euro area debt-to-GDP ratio was close to 90%

Similarly, the debt-to-revenue ratio has improved in recent years but Irish levels are still in excess of the EU average,

The Department of Finance publishes such alternative metrics to assess Ireland's indebtedness in its Annual Report on Public Debt in Ireland.

This gross measure of debt ignores cash and other assets held by the General Government sector. At-end 2017, these amounted to circa €26 billion and so General Government Net Debt was just above €175 billion. Furthermore, these assets do not include State investments in the Irish banks nor any surplus that NAMA may return to the State. It is the stated policy of Government that these proceeds will be directed towards reducing the debt service burden.

While the absolute level of debt has remained largely unchanged since 2012, at over €200 billion, debt sustainability has improved.

Interest on GGD in 2017 was about one-quarter below its 2013 peak and is expected to continue to decline in the near-term. The early repayment of Programme loans and their replacement with cheaper, marketable debt was a key factor in reducing debt service costs.

Ireland has been running primary surpluses – that is the General Government balance excluding interest payments – since 2014. Furthermore it is now expected that a headline surplus was achieved in 2018, for the first time in over a decade.

Actions to smooth the maturity profile of Ireland's debt have also been important.

The elevated level of public debt leaves Ireland vulnerable to an economic shock. An increase in borrowing would be unwelcome given gross debt is already over €200 billion. Similarly a permanent increase in interest rates could drive up the cost of servicing debt although the impact of this would take time to materialise. The interest bill accounts for circa 7% of total General Government expenditure at present.

Public debt expanded significantly on foot of the banking crisis; it is the view of the both the NTMA and the Department of Finance that a symmetric approach – whereby the proceeds from asset disposals are used to reduce debt – is appropriate as is the running of budgetary surpluses.

Recommendation A.26.

The Committee recommends that ISIF publishes a list of housing completions, on at least a quarterly basis.

The Minister for Finance and Public Expenditure and Reform is informed by the Ireland Strategic Investment Fund (ISIF) which is part of the NTMA that it accepts this recommendation.

The Minister is further informed by the ISIF that ISIF has published housing completions for year end 2018 in the ISIF 2018 Market Update report published on 1 February 2019. Going forward ISIF will publish quarterly housing statistics (specifically including housing completions) on the ISIF website (www.ISIF.ie).

Recommendation A.27.

Leasing as opposed to outright purchase may not always provide value for money. The Committee recommends that the Department of Public Expenditure and Reform provides guidance to public bodies to ensure that the short term benefits of leasing of properties are not given undue emphasis when compared with those that outright acquisition may offer.

The Minister for Finance & Public Expenditure and Reform is informed by the Office of Public Works that it notes this recommendation but that the issue of whether to buy/ build versus lease is complex and is subject to various factors:

- Availability of capital funding
- Suitable buildings
- Suitable sites
- Having a willing seller and a willing buyer
- The prevailing market conditions at the time
- The urgency attached to the accommodation request
- The size of the accommodation request
- The duration of the requirement

The Minister has been informed by that Office that the policy is that functions of infrastructural importance or which is viewed as a long term commitment should, where possible, be accommodated in State owned properties. This would include headquarters for central Government Departments, State security services, data warehousing etc.

Leasehold properties provide flexibility across a property for shorter periods of time, which can often accommodate agencies and non-core staff. A small number of long term large scale leases also provide flexibility for the portfolio in strategic areas. Leaseholds can prove very useful tools in terms of the asset management function, both in terms of scaling up (e.g. providing opportunities to increase occupation in a single building), recalibration of rental outlay, and also in terms of scaling down (by jettisoning less efficient or onerous properties at lease end or negotiating early surrenders).

In summary in general, locating strategic and executive arms of Government in State owned buildings is the basis for long term planning within the state portfolio, although it is recognised that this is not always possible. Building or buying new buildings would not meet short term needs or when Departments' or agencies' staff numbers expand due to new functions etc. As such, a balance has to be struck between owned and leased. In the State office portfolio managed by the Office of Public Works, that balance currently stands at 60% owned and 40% leased.

An evaluation of owned versus leased is to be undertaken by the OPW which will help inform the policy development in this area. Further guidance, if appropriate, may be considered on foot of this analysis.

Recommendation A.28.

The State Claims Agency (SCA) manages claims against 146 State bodies under its remit.

The Committee recommends that the Department of Public Expenditure and Reform, together with the SCA, carries out a review of public bodies whose claims are not managed by the SCA, with a view to extending the remit of the SCA to such bodies.

As the Committee will be aware in a letter issued to the PAC in August 2018, Ref: PAC32-I-1034 refers, it is a matter for the relevant Minister to consider whether bodies under his/her aegis should be included in the General Insurance Scheme as operated by the State Claims Agency. The relevant Minister then requests the Government to delegate the management of claims against that body to the State Claims Agency by Government Order.

Recommendation A.29.

While the financial exposure to the State may not be significant, the collapse of Carrillion comes at a great social cost in the terms of delays to the delivery of major State infrastructural projects. The Committee recommends that the Department of Public Expenditure and Reform and the National Development Finance Agency carries out a review of the impact of significant events, such as the collapse of Carillion on Public Private Partnership's, in order to document what lessons can be learned.

The Minister for Finance & Public Expenditure and Reform accepts this recommendation. In this context, it should be noted that the Department of Public Expenditure and Reform and the NDFA already, as a matter of course, monitor and review developments in relation to PPPs, and their implications for PPP policy, on an ongoing basis. The NDFA is the financial adviser on all PPPs and it procures all PPP accommodation projects on behalf of the sponsoring Department or Agency. This means that experience gained, and lessons learned, on one PPP procurement are applied across other projects being procured in parallel, or subsequently, where the NDFA is also the procurement authority and/or the financial adviser. Furthermore, the NDFA conducts learning reviews on all PPP procurements, which serves to inform future competitions.

In addition, the Department of Public Expenditure and Reform chairs an inter-departmental Steering Committee on PPP Projects, comprising representatives of all Departments and Agencies involved in delivering PPP projects, which meets regularly to review progress and developments across all PPPs, whether in planning, procurement or operation. This Group provides a forum for the sharing of information and experience in the planning and delivery of PPPs, so that learnings on one project can be shared and applied more widely where appropriate.

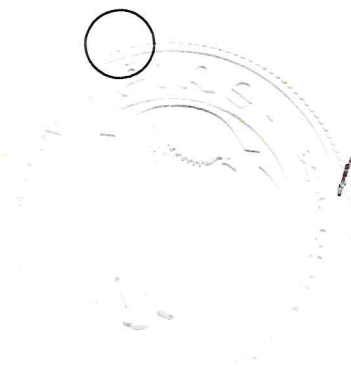
With regard specifically to any learnings from the experience of dealing with the aftermath of the collapse of Carillion, the Department of Public Expenditure and Reform has already given a commitment to the Oireachtas (letter of 5 September 2018 from Secretary General Watt to the Joint Committee on Finance, Public Expenditure & Reform, and Taoiseach) to review any PPP policy issues that might be highlighted by this unfortunate event, and the subsequent liquidation of Sammon. The letter indicated that such a review will be timed to take account of the final outcome of the Schools Bundle 5 PPP project, and as such will take place in 2019.

However, as an interim step in that process, a ‘learnings’ workshop involving the NDFA, the Department of Education and Skills and the Department of Public Expenditure and Reform was held in Tullamore, on Tuesday, 15 January 2019, to review the experience to date with the Schools Bundle 5 PPP project and the difficulties encountered with it. The NDFA had already, previously, conducted its own internal review, specifically in relation to the impact of the Carillion/Sammon liquidation on the project, subsequent to the first three schools being delivered in September 2018, but clearly a wider review with all relevant stakeholders needed to be conducted and the January ‘learnings’ workshop is the first step in that process.

While the construction process on the remaining schools is now progressing well, the fact is that there are still 3 schools within the Schools Bundle 5 PPP project which have yet to be completed and handed over by the PPP partner. It would therefore be premature to seek to reach any definitive conclusion in relation to learnings from this PPP project at this point. The final review exercise will be completed once these remaining schools have also been delivered and are fully operational. This is currently expected to be in Quarter 2 of 2019 and a final review will be conducted thereafter.

Given under the Official Seal of the Minister for Finance and Public Expenditure and Reform on this the ~~xx~~³ day of **May**, 2019.

L.S.



Robert Watt

3/5/2019

Robert Watt

Secretary General

Department of Public Expenditure and Reform