

File Ref: F9/130/08

6 February 2009

Circular 3 / 2009: Use of Electronic Payments by the Public Sector

A Dhuine Uasail,

1. I am directed by the Minister for Finance to refer to the Government Decision (Ref: S290/08/02/0003A) of 7 December 2004 to increase the use of electronic payments by Government Departments and in the public sector generally.
2. The Government Decision directed all Government Departments and Offices, in the context of the implementation of the Management Information Framework (MIF) initiative to adopt, to the greatest extent possible, Electronic Funds Transfer (EFT) by the end of 2005 at the latest to make payments, including the payment of salaries and overtime, travel and subsistence, deductions from staff salaries, payments to suppliers and payments under schemes and programmes.
3. The Government Decision also requested information in respect of all bodies under the aegis of Government Departments on the extent to which the above requirements could be implemented more widely in the public sector.
4. Where individuals in receipt of State payments did not have an account with a financial institution capable of handling EFT, the Government Decision directed relevant Departments to explore, in consultation with the individuals concerned, other mechanisms to facilitate EFT such as payment cards, taking account of developments in technology in this area.
5. Good progress has subsequently been achieved in the adoption of electronic payments in key areas of the public service responsible for substantial volumes of payments, as reported at the National Payments Conference 2008, jointly sponsored by the Department of the Taoiseach and the Irish Payment Services Organisation (see www.ipso.ie).
6. In relation to payments between Government Departments and Offices, Internal Funds Transfer should now be the only method of payment used.
7. Tax payments to the Revenue Commissioners should be made using the Revenue on-line System (ROS).
8. The policy and market context for electronic payments has developed significantly since the Government Decision referred to above. In particular, the commencement of the Single Euro Payments Area (SEPA) from January 2008 is providing a framework for the development of an integrated, competitive market for payment services in Euro. Further information on SEPA is available at www.sepa.eu.

9. Greater efficiency in public service payments can make an important contribution to the savings to be secured in the context of the Budgetary framework for 2009 and the initiatives being taken in response to the Report of the Task Force on the Public Services. In particular the full integration of EFT with accounting and reconciliation systems has the greatest potential to achieve a decisive shift from paper- to electronic-based payment systems in Ireland.
10. In order to further promote the development of electronic payments in the economy, which has the potential to yield significant competitive benefits, the Minister for Finance announced, in Budget 2009, the Government's intention to establish a high-level group comprising representatives of the main stakeholders to direct the preparation and implementation of a national payments implementation plan over a two year period.
11. Further progress is now essential, in line with the Government Decision of 7 December 2004 and in order to inform the preparation of a national payments implementation plan, to ensure that EFT is used to the maximum extent possible for all payments in the public service.
12. All Government Departments and Offices are therefore requested to review their own payment arrangements and those of all bodies under their aegis and advise this Department by **13 March 2009** (by email to epayments@finance.gov.ie) of the current position in relation to the implementation of the above Government Decision. The template at the annex to this circular should be used by Departments and offices when providing this information. In the case of bodies under the aegis of Government Departments and Offices, a separate composite report for all bodies should be prepared by the parent Department using the attached template and a list of each responding body enclosed.
13. In the case of any public body where EFT is not now the standard payment method, Departments should report on how it proposes to address current obstacles to the full migration to EFT for any public body under its aegis.
14. Departments and Offices should also report on how they and bodies under their aegis are taking steps to ensure migration to SEPA-compliant payment systems, in particular whether they have a migration plan in place.
15. It should be noted that the requirements set out in this circular do not encompass measures announced to combat social welfare fraud.
16. Information received on foot of this circular will inform the preparation of a report to Government on the implementation of Government Decision (Ref: S290/08/02/0003A) of 7 December 2004 and will also inform the preparation of the national payments implementation plan referred to above.
17. Any enquiries about this Circular from Departments should be made by e-mail to the above address.

Mise le meas,

William Beausang
Assistant Secretary
Financial Services Division

To: All Heads of Departments and Offices

Annex – Reporting template on use of electronic payments

Note: All data supplied should be for 2008*

Category	Value
Payments	
Total number of electronic and paper-based payments	
Total number of electronic payments	
Total value of electronic payments	
Total number of paper-based payments	
Total value of paper-based payments	
Expected timeframe for phasing out paper-based payments, if still used	
Receipts	
Total number of electronic and paper-based receipts	
Total number of electronic receipts	
Total value of electronic receipts	
Total number of paper-based receipts	
Total value of paper-based receipts	
Expected timeframe for phasing out paper-based receipts, if still used	
Data related to Government Decision S290/08/02/0003A of 7 December 2004	
Use of EFT to pay salary and overtime payments (percentage of total staff)	
Use of EFT to pay travel and subsistence payments (percentage of total staff)	
Use of EFT to pay deductions from staff salaries (percentage of total staff)	
Use of EFT to pay suppliers within the State (percentage of total payments to suppliers within the State)	
Use of EFT to pay suppliers outside the State (percentage of total payments to suppliers outside	

* Where not fully available, please supply estimated figures.

the State)	
Use of EFT for all other payments (percentage of total other payments)	

Obstacles to full migration to EFT in organisation and measures being taken to address these

Migration to SEPA	
Is there a SEPA migration plan in place?	Yes / No
What other steps are being taken towards migration to SEPA-compliant payments systems?	