

DPE 022/029/2015

21st April 2016

Circular: 08 /2016

To: Accounting Officers

**Minute of the Minister for Public Expenditure and Reform in response to the
Committee of Public Accounts Report on the Bytel Project**

A Dhuine Uasail,

1. I am directed by the Minister for Public Expenditure and Reform to enclose, for your information and guidance, a copy of the Minute of the Minister for Public Expenditure and Reform in response to the Committee of Public Accounts Report on the Bytel Project.

Issues raised

2. The Minute addresses a number of issues, including:
 - The analysis of the risks associated with the Bytel Project;
 - The oversight of the Bytel Project; and
 - Loss of funding from the EU.

Enquiries

3. Enquiries in relation to this circular can be addressed to Government Accounting Unit, Department of Public Expenditure and Reform, telephone: +353 1 6767571, LoCall: 1890 661010 or email: govacc@per.gov.ie.

Mise le meas,



Robert Watt
Secretary General

Minute of the Minister for Public Expenditure and Reform in response to the Committee of Public Accounts Report on the Bytel Project

The Minister for Public Expenditure and Reform has examined the Committee's Report and has taken account of its conclusions. In relation to the Committee's recommendations, his response is as follows:

Recommendation 1.

All projects which are either financed or co-financed with public funds should be fully scoped so that there is full clarity on costs, outputs and outcomes. Details of the lines of responsibility and levels of scrutiny should be in place prior to any contracts being signed.

The Minister for Public Expenditure and Reform notes this recommendation and would point out that:

- it is an established principle of the Public Spending Code that there should be rigorous appraisal for projects, regardless of the source of funding;
- the management structure should always be identified and established once approval in principle has been obtained; and
- the Public Spending Code also requires that the scale and complexity of the project should be reflected in its management structure and information system.

Overall, Government Departments are responsible for assessing the level of compliance with the provisions of the Public Spending Code as part of an annual quality assurance process. This is intended to allow Government Departments and their bodies under their aegis to take stock of their performance in stewarding public expenditure.

Recommendation 2.

The need to maximise the drawdown of EU grants should never impinge on the overarching desire to get value for money and public bodies should have appropriate procedures to ensure that both requirements are not in conflict.

The Minister for Public Expenditure and Reform notes this recommendation and would make the observation that section A of the Public Spending Code explicitly states that the availability of EU aid for a project is not a justification for investment in that project and that such resources must be used as effectively, and economically, as any other national resource.

Further, the Public Spending Code goes on to note that if a proposed EU funded project does not go ahead, the EU aid can be applied to better effect elsewhere.

Recommendation 3.

While the oversight systems have change for INTERREG funding, it should always be the case that concerns raised about projects are highlighted with the SEUPB as this can enable a review of the project and its substitution by other projects in the context of EU funding.

The Minister for Public Expenditure and Reform notes this recommendation and would make the observation that the 2000 – 2006 INTERREG Programme operated a complex implementing structure which is no longer in place. During the 2007 – 2013 programming period the SEUPB had a centralised role in programme management and delivery, ensuring consistency and high standards of verification and audit. This structure will continue for the 2014 – 2020 programmes.

The Department of Public Expenditure and Reform recognises the need for complete transparency when administrating EU funds. The role of the Managing Authority, carried out by SEUPB, and the financial and audit requirement for EU Programmes are clearly defined by EU Structural Funds Regulations. Within this framework, the SEUPB Audit Authority, the European Commission Auditors and the European Court of Auditors (ECA) conduct audits of Structural Funds programmes in all Member States. SEUPB has a sound track record of healthy audit reports and low error rates in ECA and Commission Audits.

Recommendation 4.

The Appropriation Account of Departments should contain a detailed note on EU funding which should highlight the value of claims that are withdrawn or disallowed.

The Minister for Public Expenditure and Reform notes this recommendation and would point out that Note. 6 of the Appropriation Accounts provides details of the latest figures for EU funding of projects in the current financial period and also compares these figures with those of the previous year allocations. The outturn shown includes payments in respect of activities that are co-financed from the EU.

The statutory requirement for the Appropriation Account of a Government Department or Office is to provide details of outturn (i.e. actual payments made and receipts brought to account) against the Estimate provision. The Appropriation Account does not facilitate the provision of details with regard to the value of EU funding not drawn down, withdrawn or disallowed in any given financial period.

Given under the Official Seal of the Minister for Public
Expenditure and Reform on this the 21st day of April,
2016.



L.S.

A handwritten signature in black ink that reads "Robert Watt". The signature is written in a cursive style with a large initial 'R'.

Robert Watt

Secretary General

Department of Public Expenditure and Reform