

Appropriation Account 2022

Vote 39

Office of Government Procurement

Introduction

As Accounting Officer for Vote 39, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2022 for the salaries and expenses of the Office of Government Procurement.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2022, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2022 out of unspent 2021 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €1.607 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure, National Development Plan Delivery and Reform in circular 22 of 2022, have been applied in the preparation of the account.

Depreciation

A full year's depreciation is charged in the year of acquisition/commissioning and no depreciation is charged in the year of disposal. Depreciation is charged on a straight-line basis.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Payroll, finance and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18). I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office (NSSO) for the provision of HR, finance and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services, including financial shared services, to this Office.

In April 2022, the NSSO Financial Shared Services (FSS) system went live for eight client bodies, including this vote. FSS replaced the existing financial system in use in the Office and this meant that there were two separate accounting systems in place during the accounting year 2022. The introduction of this cross-organisational financial management system brought with it some challenges, and in the context of preparing these accounts, additional manual checks were carried out by the Finance Unit within this Office to ensure that the figures being reported are accurate. In collaboration with the NSSO, the Office continues to work on addressing the challenges.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.
- The Statement on Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 39.
- The Statement on Internal Financial Control for the National Shared Service Office is also relevant given that the National Shared Service Office provides certain services on a shared basis to Vote 39.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability, and in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office

- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines

Internal audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Procurement

I confirm that the Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

The Office complied with the guidelines in respect of all contracts in 2022 and this has been reflected in the 40/2002 annual return. The 40/2002 return for 2022 was a nil return.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2022 that require disclosure in the appropriation account.

David Moloney

Accounting Officer

Office of Government Procurement

26 July 2023

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 39 Office of Government Procurement

Opinion on the appropriation account

I have audited the appropriation account for Vote 39 Office of Government Procurement for the year ended 31 December 2022 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 39 Office of Government Procurement for the year ended 31 December 2022, and
- has been prepared in the form prescribed by the Minister for Public Expenditure, National Development Plan Delivery and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Office of Government Procurement and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy

Comptroller and Auditor General

27 July 2023

Appendix to the report

Responsibilities of the Accounting Officer

The Accounting Officer is responsible for

- the preparation of the appropriation account in accordance with Section 22 of the Exchequer and Audit Departments Act 1866
- ensuring the appropriation account complies with the requirements of the Department of Public Expenditure, National Development Plan Delivery and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure, National Development Plan Delivery and Reform
- ensuring the regularity of transactions, and
- implementing such internal control as the Accounting Officer determines is necessary to enable the preparation of the appropriation account free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation account and to report thereon to the Houses of the Oireachtas stating whether, in my opinion, the account properly presents the receipts and expenditure related to the vote.

My objective in carrying out the audit is to obtain reasonable assurance about whether the appropriation account is free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the appropriation account whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I assess whether the accounting provisions of the Department of Public Expenditure, National Development Plan Delivery and Reform's *Public Financial Procedures* have been complied with.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

Reporting on the statement on internal financial control

My opinion on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the appropriation account, I am required under the ISAs to read the statement on internal financial control and, in doing so, consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement, I am required to report that fact.

Reporting on other matters

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I am required to report under section 3 of the Comptroller and Auditor General (Amendment) Act 1993 if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I am also required under the 1993 Act to prepare, in each year, a report on such matters arising from my audits of the appropriation accounts as I consider appropriate. In such cases, the audit reports on the relevant appropriation accounts refer to the relevant chapter(s) in my annual *Report on the Accounts of the Public Services*.

Vote 39 Office of Government Procurement

Appropriation Account 2022

		2022		2021
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of central procurement service			
	<i>Estimate provision</i>	19,829		
	<i>Deferred surrender</i>	<u>35</u>		
		19,864	18,293	17,246
Gross expenditure		19,864	18,293	17,246
	<i>Deduct</i>			
B	Appropriations-in-aid	<u>400</u>	<u>471</u>	<u>483</u>
Net expenditure				
	<i>Estimate provision</i>	19,429		
	<i>Deferred surrender</i>	<u>35</u>		
		19,464	17,822	16,763

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €35,000 of unspent allocations in respect of the capital elements of subhead A.3 was carried forward to 2023.

	2022	2021
	€	€
Surplus	1,641,521	1,795,855
Deferred surrender	<u>(35,000)</u>	<u>(35,000)</u>
Surplus to be surrendered	<u>1,606,521</u>	<u>1,760,855</u>

David Moloney
Accounting Officer
Office of Government Procurement

26 July 2023

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2022

	2022	2021
	€000	€000
Programme cost	2,251	1,715
Pay	14,903	14,359
Non pay	1,139	1,172
Gross expenditure	18,293	17,246
<i>Deduct</i>		
Appropriations-in-aid	471	483
Net expenditure	17,822	16,763
Changes in capital assets		
Additions	(124)	
Depreciation	67	67
Changes in net current assets		
Increase in closing accruals	(88)	
Decrease in inventories	6	41
Direct expenditure	17,683	16,871
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,352	2,517
Notional rents	50	50
Net programme cost	20,085	19,438

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 39 borne elsewhere.

	2022	2021
	€000	€000
Vote 7 Office of the Minister for Finance	29	84
Vote 12 Superannuation and Retired Allowances	492	290
Vote 13 Office of Public Works	1,410	1,820
Vote 18 National Shared Services Office	144	24
Vote 43 Office of the Government Chief Information Officer	277	299
	2,352	2,517

Note 2 Statement of Financial Position as at 31 December 2022

	Note	2022 €000	2021 €000
Capital assets	2.1	202	145
Current assets			
Bank and cash		657	664
Inventories		—	6
Prepayments	2.2	408	472
Other debit balances	2.3	68	22
Total current assets		1,133	1,164
Less current liabilities			
Accrued expenses		16	168
Other credit balances	2.4	583	515
Net Exchequer funding	2.5	142	171
Total current liabilities		741	854
Net current assets		392	310
Net assets		594	455
Represented by:			
State funding account	2.6	594	455

2.1 Capital assets

	ICT equipment €000	Assets under development ^a €000	Total €000
Gross assets			
Cost or valuation at 1 January 2022	699	—	699
Additions	—	124	124
Cost or valuation at 31 December 2022	699	124	823
Accumulated depreciation			
Opening balance at 1 January 2022	554	—	554
Depreciation for the year	67	—	67
Cumulative depreciation at 31 December 2022	621	—	621
Net assets at 31 December 2022	78	124	202
Net assets at 31 December 2021	145	—	145

Note ^a Additions to assets under development relate to the National Tendering Platform which is currently under construction.

2.2 Prepayments

at 31 December	2022 €000	2021 €000
Software licences	147	198
Subscriptions	145	102
Training and development	105	89
IT support	5	56
Other	6	27
	408	472

2.3 Other debit balances

at 31 December	2022 €000	2021 €000
Recoupable travel pass scheme expenditure	17	12
OPW advances	42	—
Other debit suspense items	9	10
	68	22

2.4 Other credit balances

at 31 December	2022	2021
	€000	€000
Amounts due to the State		
Income tax	182	195
Pay related social insurance	145	146
Professional services withholding tax	39	18
Value added tax	79	25
Pension contributions	47	50
Local property tax	1	1
Universal social charge	38	38
	531	473
Payroll deductions held in suspense	49	41
Other credit suspense items	3	1
	583	515

2.5 Net Exchequer funding

at 31 December	2022	2021
	€000	€000
Surplus to be surrendered	1,607	1,761
Deferred surrender	35	35
Exchequer grant undrawn	(1,500)	(1,625)
Net Exchequer funding	142	171
Represented by:		
Debtors		
Bank and cash	657	664
Debit balances: suspense	68	22
	725	686
Creditors		
Due to the State	(531)	(473)
Credit balances: suspense	(52)	(42)
	(583)	(515)
	142	171

2.6 State funding account

	Note		2022	2021
		€000	€000	€000
Balance at 1 January			455	628
Disbursements from the Vote				
Estimate provision	Account	19,464		
Deferred surrender	Account	(35)		
Surplus to be surrendered	Account	(1,607)		
Net vote			17,822	16,763
Expenditure (cash) borne elsewhere	1.1		2,352	2,517
Non-cash items – capital assets adjustments			—	(65)
Non-cash expenditure – notional rent	1		50	50
Net programme cost	1		(20,085)	(19,438)
Balance at 31 December			594	455

2.7 Commitments

	2022	2021
	€000	€000
Global commitments at 31 December		
Procurement of goods and services	570	97

Note 3 Vote Expenditure

Analysis of administration expenditure

All of the allocation for Vote 39 Office of Government Procurement is classified as administration expenditure applied towards a single programme: Delivery of central procurement service.

		2022		2021
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,680	14,903	14,359
ii	Travel and subsistence	187	91	2
iii	Training and development	386	385	407
iv	Professional, consultancy and other services	100	86	61
v	Operating expenses	158	90	85
vi	Asset and equipment expenses			
	<i>Estimate provision</i>	150		
	<i>Deferred surrender</i>	35		
		185	211	388
vii	Premises and accommodation expenses	145	130	107
viii	Communication and marketing expenses	150	146	121
		16,991	16,042	15,530

Note Changes were made to the administration subheads to facilitate the new single cross-Government chart of accounts for all votes. Nine votes, including this Vote, moved to the new chart of accounts in 2022. Four subheads were retired and five subheads were created. The figures for 2021 have been reanalysed to align with the new subhead structure.

Programme A Delivery of Central Procurement Service

		2022		2021
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay		15,680	14,903
A.2	Administration – non pay			14,359
	<i>Estimate provision</i>	1,276		
	<i>Deferred surrender</i>	35		
			1,311	1,139
A.3	Procurement consultancy and other costs		2,873	2,251
			19,864	18,293
				17,246

Significant variations

The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000).

A.3 Procurement consultancy and other costs

Estimate provision €2.873 million; outturn €2.251 million

This underspend of €622,000 is primarily due to delays and longer than expected start-up times in a number of key projects.

Note 4 Receipts

4.1 Appropriations-in-aid

		2022	2021
		Estimated	Realised
		€000	€000
1	Receipts from additional superannuation contributions on public service remuneration	350	396
2	Miscellaneous	50	75
Total		400	471

4.2 Extra receipts payable to the Exchequer

	2022	2021
	€000	€000
Balance at 1 January	—	—
Purchasing card rebates	61	75
Transferred to the Exchequer	(61)	(75)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers

Full time equivalents	2022	2021
Number of staff at year end	<u>241</u>	<u>244</u>

5.2 Pay

	2022	2021
	€000	€000
Pay	13,527	13,039
Higher, special or additional duties allowances	36	32
Other allowances	3	—
Overtime	—	6
Employer's PRSI	1,337	1,282
Total pay	<u>14,903</u>	<u>14,359</u>

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2022	2021
			€	€
Higher, special or additional duties	6	1	14,091	16,424
Other allowances	1	—	2,666	—
Overtime	2	—	57	5,545

5.4 OGP staffing by pay band

The number of OGP employees whose total employee benefits (including basic pay, allowances, overtime; excluding employer PRSI, employer pension costs) for the financial year fell between €20,000 and €59,999 and within each band of €10,000 from €60,000 upwards are as follows.

Pay bands (€)		Number of employees	
From	To	2022	2021
20,000	59,999	166	165
60,000	69,999	13	15
70,000	79,999	30	30
80,000	89,999	12	9
90,000	99,999	6	6
100,000	109,999	5	8
110,000	119,999	5	1
120,000	129,999	—	1
130,000	139,999	1	—
140,000	149,999	1	—
150,000	159,999	—	—
160,000	169,999	—	—
170,000	179,999	—	—
180,000	189,999	—	1
190,000	199,999	1	—

5.5 Payroll overpayments

at 31 December	Number of recipients	2022 €	2021 €
Overpayments	18	35,160	25,986
Recovery plans in place	7	12,026	7,532

5.6 Remuneration and benefits of Accounting Officer

The Accounting Officer for Vote 39 Office of Government Procurement is also the Accounting Officer for Vote 11 Office of the Minister for Public Expenditure, National Development Plan Delivery and Reform. His salary level and benefits are disclosed in the Appropriation Account for Vote 11.

Note 6 Miscellaneous

6.1 Compensation and legal costs

The OGP is presently responding to two sets of legal proceedings in relation to procurement competitions from the same litigant.

In the first case, a substantive hearing took place in January 2022. Judgement was delivered in February 2022 in favour of the Minister for Public Expenditure, National Development Plan Delivery and Reform. The judgement was appealed and heard by the Court of Appeal in June 2022. Judgement is reserved.

In the second case, a substantive hearing took place in January 2022. Judgement was delivered in February 2022 in favour of the Minister for Public Expenditure, National Development Plan Delivery and Reform, but the cost order is subject to appeal. The hearing took place in January 2023. Judgement is reserved.

The cases are being defended with the support of the Chief States Solicitor's Office and the Office of the Attorney General. Any legal costs or awards to be paid in relation to these actions (procedural or substantive) are not yet known.

A separate set of proceedings by the same litigant was disposed of in 2021, before any substantive hearing. An order in relation to the award of some element of costs was made by the Supreme Court in 2021 in relation to procedural hearings associated with this case. The costs were settled by the State Claims Agency (SCA) during 2022 in the amount of €57,465 and this was reimbursed by the Office of Government Procurement to the SCA.

6.2 Deferred surrender

Deferred surrender comprises savings in 2022 of €35,000 in capital expenditure in subhead A.3 Procurement consultancy and other costs that were carried over to 2023.