

28 Accounts of the National Treasury Management Agency

- 28.1** Section 12 of the National Treasury Management Agency Act 1990 (the Act) requires the National Treasury Management Agency (the Agency) to keep accounts of all moneys it receives or expends in the form approved by the Minister for Finance (the Minister), and to submit them for audit by the Comptroller and Auditor General. Following completion of the audit, the Agency must submit the accounts to the Minister, who in turn must present the accounts to the Houses of the Oireachtas.
- 28.2** Separately, Section 12 (3) of the Act requires the Comptroller and Auditor General to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Agency each year. This is the report for 2012 under that section of the Act.

Accounts of the Agency 2012

- 28.3** The accounts of the Agency for 2012 have been audited. My reports on the audits were issued on 30 June 2013. The accounts have been presented to the Minister who laid copies of them before both Houses of the Oireachtas on 18 July 2013.
- 28.4** I am satisfied that the accounts properly present the transactions of the Agency for 2012 and its balances at year end.
- 28.5** The accounts audited under Section 12 (as amended) are as follows
- National Debt of Ireland
 - National Treasury Management Agency administration account
 - Post Office Savings Bank Fund financial statements
 - State Claims Agency financial statements
 - Small Savings Reserve Fund account.
- 28.6** In accordance with Section 12 (as amended), the accounts of the Agency are required to note a record of expenses incurred in relation to the
- National Pensions Reserve Fund
 - National Development Finance Agency
 - National Asset Management Agency.
- 28.7** The Carbon Fund is accounted for separately and does not form part of the Agency's accounts for the purposes of Section 12 (as amended). The financial statements of the Carbon Fund are audited under the Carbon Fund Act 2007. My report on the audit was issued on 28 June 2013.
- 28.8** For the year ended 31 December 2012, five small accounts¹ which had been accounted for separately in prior years have been incorporated into the national debt accounts for efficiency purposes. There is no impact on the level of information presented in relation to the five accounts arising from this change. The Minister has approved the revised format of the national debt accounts.

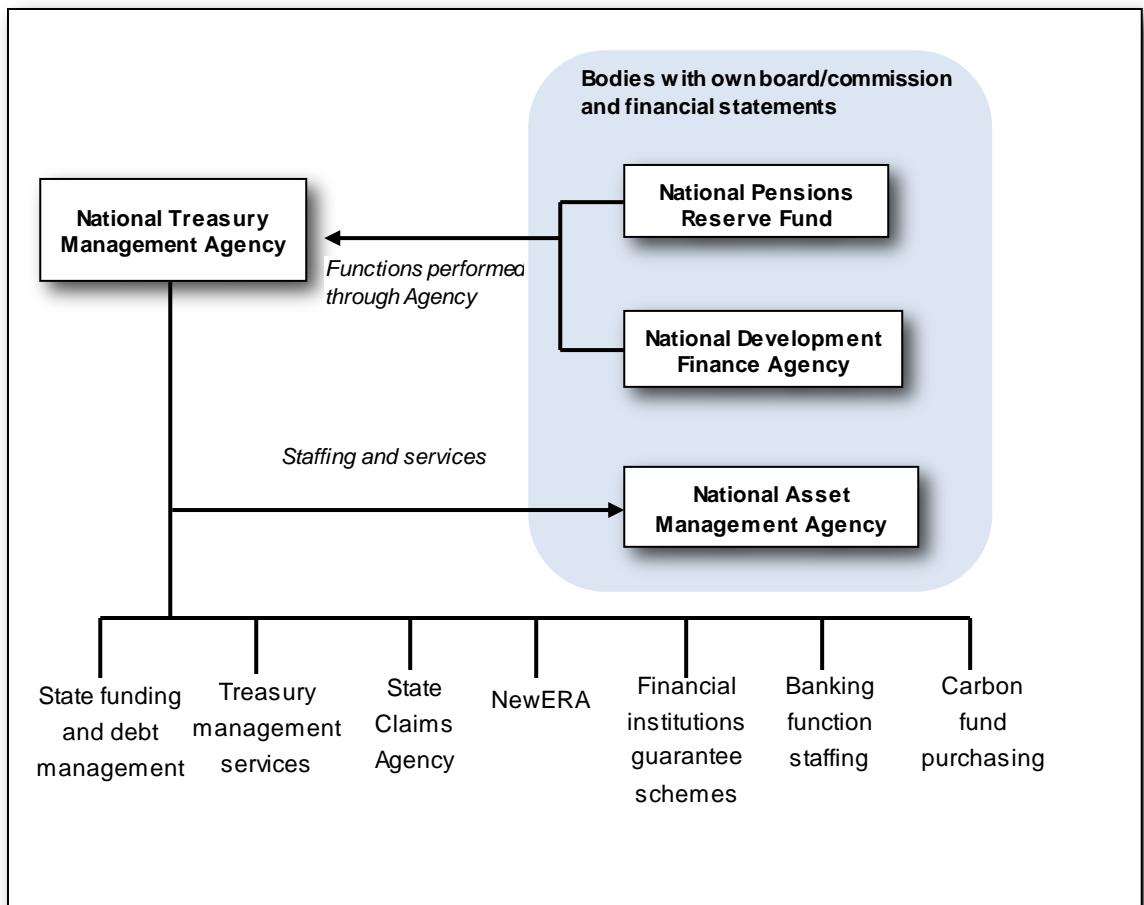
¹ The National Treasury Management Agency (Unclaimed Dividends) Account, the National Loans (Winding Up) Account, the National Loans Advance Interest Account, the Deposit Monies Investment Account and the Account of Stock Accepted in Payment of Inheritance Tax and Death Duties.

Functions, Roles and Staffing of the Agency

28.9 The Agency is a complex organisation with multiple functions and roles that now extend beyond its original function of managing Ireland's national debt.

28.10 A summary of the Agency's structure, main functions and roles is outlined in Figure 28.1.

Figure 28.1 Main functions and roles of the National Treasury Management Agency



State Funding, Debt Management and Treasury Services

28.11 The Agency borrows on behalf of the Exchequer and manages Ireland's national debt. At the end of 2012, this amounted to €137.6 billion after taking account of cash and other financial assets.

28.12 Details of the structure of the national debt are included in Chapter 2, which deals with the overall amount of Government debt.

28.13 The funding and debt management division of the Agency performs a number of other functions, including treasury operations for the National Asset Management Agency (NAMA) and the National Pensions Reserve Fund (NPRF), providing a central treasury service for State bodies and local authorities and managing the assets of the Dormant Accounts Fund and the Post Office Savings Bank Fund. It also oversees the Small Savings Reserve Fund. No moneys were paid into the Small Savings Reserve Fund in 2012 or were held in the Fund at year end.

State Claims Agency

- 28.14** The Agency manages personal injury, property damage and clinical negligence compensation claims on behalf of certain State authorities. When performing these functions, the Agency is known as the State Claims Agency (SCA). The Agency has estimated the cost of settling the claims that were outstanding at 31 December 2012 at €1.1 billion (2011: €0.99 billion).
- 28.15** Awards and associated claim costs of the SCA in 2012 amounted to €100 million. A further €10.3 million was incurred by the Agency in administrative costs incurred in the performance of its SCA functions. These administrative costs are included in the administration expenses of the Agency and are charged on the Central Fund.
- 28.16** Clinical claims are managed under a number of SCA schemes, the largest of which is the Clinical Indemnity Scheme. Chapter 29 reports on the operation of the Clinical Indemnity Scheme.

NewERA

- 28.17** In September 2011, the Government announced the establishment of the New Economy and Recovery Authority (NewERA). It was initially set up within the Agency on a non-statutory basis.
- 28.18** Expenditure incurred by the Agency in 2012 in relation to NewERA was mainly in relation to the following
- the proposed disposal of State assets
 - corporate finance and governance advice in relation to the governance, financial and commercial aspects of certain State bodies/assets
 - advice in relation to activities to facilitate investment in economic infrastructure
 - legal advice obtained regarding amending the NTMA legislation, including the feasibility of establishing NewERA as a holding company for certain commercial State bodies.

The costs of NewERA functions are not separately disclosed in the Agency's administration account, as there is no legislative requirement for disclosure.

- 28.19** In June 2013, the Government announced that it had agreed to the drafting of new legislation which will provide for the establishment of NewERA on a statutory basis.¹ NewERA will have a legal mandate to provide commercial advice to relevant Ministers and Ministerial shareholders for semi State companies under their remit. It will work with stakeholders to advise, develop and structure proposals for investment in priority sectors. The relevant Ministers will retain responsibility and control. The advisory functions will include
- corporate governance
 - financial performance and recommendations
 - optimal utilisation of resources
 - corporate strategy
 - capital and investment plans
 - board appointments
 - acquisitions, disposals, reorganisations and restructurings.

¹ To be called National Treasury Management Agency (Amendment) Bill 2013.

Financial Institutions Guarantee Schemes

- 28.20** Under the Eligible Liabilities Guarantee scheme, certain eligible liabilities, including deposits and debt securities of up to five years maturity in participating institutions are guaranteed by the Minister. Under State aid rules, the scheme requires the approval of the EU Commission at six-monthly intervals.
- 28.21** The Agency operates the scheme on behalf of the Minister. While the scheme is administered by the Agency, the Accounting Officer of the Department of Finance is accountable for the fees received.
- 28.22** On 26 February 2013, the Minister announced the closure of the scheme to all new liabilities with effect from midnight on 28 March 2013. After this date, no new liabilities can be incurred under the scheme. At 28 March 2013, amounts covered by the scheme totalled €75 billion.
- 28.23** Following the liquidation of the Irish Bank Resolution Corporation Limited (IBRC) in February 2013, claims under the scheme for guaranteed liabilities (bonds and deposits) may be made. Total claim payments to 10 July 2013 were €939.4 million (€933.8 million for bonds and €5.6 million for deposits).¹
- 28.24** The Minister also delegated the following to the Agency²
- verifying claims for payment in respect of a deed of guarantee made on 29 November 2010 in relation to certain derivative contracts entered into by IBRC
 - paying out amounts due and payable under the deed of guarantee.
- 28.25** Up to 10 July 2013, derivative-related payments totalling €37.4 million had been made by the Agency as a result of the liquidation of IBRC.¹

Banking System Functions Staffing

- 28.26** In March 2010, the Government delegated certain banking system functions of the Minister to the Agency.³ The delegation related, in particular, to management of the State's interest in the credit institutions covered by the banking guarantees and the negotiation of capital support to those institutions. The delegation was revoked in August 2011⁴ and the Agency's Banking Unit has since then been seconded to the Department of Finance.
- 28.27** At the direction of the Minister, costs of the Banking Unit continue to be met by the Agency. Costs incurred during 2012 comprised staff costs and certain consultancy costs. The costs of the Banking Unit are not separately disclosed in the Agency's administration account, as there is no legislative requirement for disclosure.

¹ These are unaudited figures. While the Agency processed the payments, they will be reflected in the 2013 Finance Accounts.

² Statutory Instrument No. 85 of 2013.

³ Statutory Instrument No. 115 of 2010.

⁴ Statutory Instrument No. 395 of 2011.

Carbon Fund Purchases

- 28.28** On behalf of the State, the Agency administers the purchase of carbon credits required to meet Ireland's climate change obligations through the Carbon Fund, which was established by the Carbon Fund Act 2007. However, since February 2009, the purchase of carbon credits has been suspended. At the end of 2012, the Carbon Fund held assets with an acquisition value of €99 million.

National Pensions Reserve Fund

- 28.29** The Agency is Manager of the National Pensions Reserve Fund (the Fund). The Fund's legislative remit allows the Minister to direct the Fund Commission to make certain investments and certain payments to the Exchequer. The Fund held net assets of €14.7 billion at end 2012. The net assets comprise €6.1 billion in discretionary investments and €8.6 billion in directed investments. My report on the audit of the Fund was issued on 28 June 2013.
- 28.30** The Agency incurred costs of €3.9 million in its role as Manager of the Fund. This is disclosed in the Agency's administration account but is not recouped by the Agency.
- 28.31** The proposed National Treasury Management Agency (Amendment) Bill 2013 will provide for the establishment of the Ireland Strategic Investment Fund (ISIF) by reorienting the Fund and making the Fund's discretionary portfolio resources available for commercial investment in Ireland.

National Development Finance Agency

- 28.32** The National Development Finance Agency (NDFA) is the statutory financial advisor to State authorities in respect of all public investment projects with a capital value over €20 million. It also has responsibility for the procurement and delivery of public private partnership projects in sectors other than transport and the local authorities.
- 28.33** The NDFA performs its functions through the Agency. Fees and expenses incurred by the NDFA in the performance of its financing and advisory functions amounted to €1.6 million in 2012. These expenses are recoupable from the relevant State authorities availing of NDFA services. A further €6.1 million was incurred by the Agency in the performance of its other NDFA functions. This is disclosed in the Agency's administration account but is not recouped by the Agency. My report on the audit of the NDFA was issued on 28 June 2013.

National Asset Management Agency

- 28.34** The Agency assigned staff and provided services to NAMA during 2012 for which a cost of €36.9 million was incurred and recharged to NAMA.¹
- Just over €30 million was incurred in respect of staff costs. This comprised €27.1 million for 224 staff directly employed by the Agency and assigned to NAMA and €3.1 million in respect of the apportioned cost of Agency employees operating shared services including IT, human resources and finance.
 - Just under €7 million was incurred in respect of other costs incurred by the Agency, including rent, office services and consultancy costs.²

¹ The total administrative costs of NAMA were €119.1 million in 2012 (€128.4 million in 2011).

² See NAMA financial statements 2012.

- 28.35** My report on the audit of NAMA was issued on 2 May 2013.

Agency Staff Distribution

- 28.36** Staff numbers in the Agency have risen as a result of the additional responsibilities assigned to it. At end 2012, staff numbers totalled 500 (2011:433). The assignment of staff to the various functions of the Agency at end 2012 is set out in Figure 28.2.

Figure 28.2 Agency staffing distribution at end 2012

	Number of staff
Funding and debt management	14
State Claims Agency	69
New ERA	12
Banking Unit ^a	12
National Pensions Reserve Fund	13
National Development Finance Agency	44
National Asset Management Agency	224
Support services and other ^b	112
Total	500

Source: National Treasury Management Agency

Notes: a On secondment to the Department of Finance.

b Finance, Technology and Risk (74), HR and Corporate Services (8), Legal, Control and Compliance (16), other (14).

Governance Structure of the Agency

- 28.37** The Chief Executive of the Agency reports directly to the Minister. The Agency currently operates without a board but has an Advisory Committee to assist and advise on matters the Agency refers to the Committee.
- 28.38** As outlined earlier, proposed legislation will provide for the establishment of the ISIF and will put NewERA on a statutory footing. It will also propose a revised corporate governance structure for the Agency to streamline its governance structures and to establish a new overarching Board. This will involve the dissolution of the NPRF Commission and the NDFA Board. The reorganisation of the services will require restructuring of the financial statements and accounts.