

## **Appropriation Account 2020**

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### **Vote 39**

### **Office of Government Procurement**

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## 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 2020 for the salaries and expenses of the Office of Government Procurement.

The expenditure outturn is compared with the sums:

- (a) granted by Dáil Éireann under the Appropriation Act 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- (b) provided for capital supply services in 2020 out of unspent 2019 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €2.308 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 and Reform in Circular 22 of 2020, 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***

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of (e.g. HR) shared service.

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

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

***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.

***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.

***Non-compliance with procurement rules***

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 with the exception of one contract (in excess of €25,000), details are set out below:

- €103,609 relating to the purchase of software assurance and product support to ensure continuity of support for a Customer Relationship Management ICT system. The issue will be addressed for future requirements.

The Office has provided details of two non-competitive contracts in the annual return in respect of Circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

### ***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 (MB) 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 MB, 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.

### ***Covid-19 pandemic***

Assessments of the impact of Covid-19 were carried out and the results are as follows:

- Adopting a proactive approach reduced the impacts of Covid-19
  - Approximately 50% of staff were immediately enabled for remote working resulting from a Business Continuity Planning exercise in Quarter 4 2019. Access for the remainder of staff was facilitated through remote desktop software resulting in all Office of Government Procurement (OGP) staff being enabled with remote working in a quick and effective manner with no gap in service. Following a decision taken by Senior Management all OGP staff were moved to laptops by Quarter 3.
  - Access to all necessary ICT applications were facilitated through secure connections to the network allowing control procedures continue as normal.
  - Procurement of an electronic signature platform enabled the remote signature of Framework Agreements, contracts and various other procurement documentation.
  - "A Return to Workplace" group was established and implemented Health and Safety measures across all office locations.
  - To support wellbeing a number of tools and webinars were introduced along with the sharing of weekly resources to help staff unwind. Leadership development supports were launched to allow staff grow their leadership abilities.
  - Regular communication is issued from the CEO/Senior Management providing staff with organisational updates.
- Operationally, OGP have supported the wider public service:
  - Publication of guidance relating to public procurement and Covid-19.
  - Guidance to protect the National Development Plan in managing the closure and restart of public work contracts.
  - Continued operation of OGP helpdesk.
  - Continued delivery of sourcing programme of work.

- 'Open for business' message communicated to stakeholders.
- Direct support to HSE in supporting establishment of emergency facilities.
- Helping secure essential supplies for Public Service bodies.

***Internal financial control issues***

No weaknesses in internal financial control were identified in relation to 2020 that require disclosure in the appropriation account.

**David Moloney**  
Accounting Officer  
Office of Government Procurement

30 March 2021

## **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 2020 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 2020, and
- has been prepared in the form prescribed by the Minister for Public Expenditure 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 *Preface to the Appropriation Accounts*. 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 *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

**Seamus McCarthy**

Comptroller and Auditor General

27 August 2021

## Vote 39 Office of Government Procurement

### Appropriation Account 2020

	2020		2019
	Estimate provision		Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Delivery of central procurement			
<i>Estimate provision</i>	18,710		
<i>Deferred surrender</i>	<u>59</u>		
		18,769	16,497
<b>Gross expenditure</b>		<b>18,769</b>	<b>16,497</b>
<i>Deduct</i>			
B Appropriations-in-aid		<b>358</b>	<b>453</b>
<b>Net expenditure</b>			
<i>Estimate provision</i>	18,352		
<i>Deferred surrender</i>	<u>59</u>		
		<b>18,411</b>	<b>16,044</b>
			<b>15,672</b>

#### 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 spend in the following year. €59,000 of unspent allocations in respect of the capital elements of Subhead A.2 was carried forward to 2021.

	2020	2019
	€	€
Surplus	2,367,301	2,454,792
Deferred surrender	<u>(59,000)</u>	<u>(59,000)</u>
<b>Surplus to be surrendered</b>	<b><u>2,308,301</u></b>	<b><u>2,395,792</u></b>

**David Moloney**  
Accounting Officer  
Office of Government Procurement

30 March 2021

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2020

	2020	2019
	€000	€000
Programme cost	1,980	1,863
Pay	13,177	12,645
Non pay	1,340	1,656
<b>Gross expenditure</b>	<b>16,497</b>	<b>16,164</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>453</b>	<b>492</b>
<b>Net expenditure</b>	<b>16,044</b>	<b>15,672</b>
<b>Changes in capital assets</b>		
Purchases cash	(111)	
Depreciation	111	
Loss on disposals	197	142
<b>Changes in net current assets</b>		
Increase in closing accruals	112	
Increase in stock	(1)	(100)
<b>Direct expenditure</b>	<b>16,352</b>	<b>15,714</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	1,841	1,507
Notional rents	50	50
<b>Net programme cost</b>	<b>18,243</b>	<b>17,271</b>

#### 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.

	2020	2019
	€000	€000
Vote 7 Finance	75	59
Vote 12 Superannuation and Retired Allowances	573	266
Vote 13 Office of Public Works	925	941
Vote 18 National Shared Services Office	23	21
Vote 43 Office of the Government Chief Information Officer	245	220
	<b>1,841</b>	<b>1,507</b>

## Note 2 Statement of Financial Position as at 31 December 2020

	Note	2020 €000	2019 €000
<b>Capital assets</b>	2.1	277	474
<b>Current assets</b>			
Bank and cash		555	728
Stocks	2.2	7	6
Prepayments		470	556
Other debit balances	2.3	44	113
<b>Total current assets</b>		<b>1,076</b>	<b>1,403</b>
<b>Less current liabilities</b>			
Accrued expenses		126	100
Other credit balances	2.4	483	472
Net Exchequer funding	2.5	116	369
<b>Total current liabilities</b>		<b>725</b>	<b>941</b>
<b>Net current assets</b>		<b>351</b>	<b>462</b>
<b>Net assets</b>		<b>628</b>	<b>936</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.6	<b>628</b>	<b>936</b>

## 2.1 Capital assets

	ICT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2020	1,719	152	6	1,877
Additions	111	—	—	111
Disposals	(987)	—	—	(987)
Cost or valuation at 31 December 2020	843	152	6	1,001
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2020	1,321	76	6	1,403
Depreciation for the year	96	15	—	111
Depreciation on disposals	(790)	—	—	(790)
Cumulative depreciation at 31 December 2020	627	91	6	724
<b>Net assets at 31 December 2020</b>	<b>216</b>	<b>61</b>	<b>—</b>	<b>277</b>
Net assets at 31 December 2019	398	76	—	474

## 2.2 Stocks

at 31 December	2020 €000	2019 €000
Stationery	5	5
IT consumables	2	1
	<b>7</b>	<b>6</b>

## 2.3 Other debit balances

at 31 December	2020 €000	2019 €000
Recoupable travel pass scheme expenditure	27	99
OPW advances	3	—
Other debit suspense items	14	14
	<b>44</b>	<b>113</b>

**2.4 Other credit balances**

at 31 December	2020	2019
	€000	€000
<b>Amounts due to the State</b>		
Income tax	175	155
Pay related social insurance	130	119
Professional services withholding tax	28	39
Value added tax	33	30
Pension contributions	44	42
Local property tax	1	1
Universal social charge	34	32
	<u>445</u>	<u>418</u>
Payroll deductions held in suspense	37	39
Other credit suspense items	1	15
	<u>483</u>	<u>472</u>

**2.5 Net Exchequer funding**

at 31 December	2020	2019
	€000	€000
Surplus to be surrendered	2,308	2,396
Deferred surrender	59	59
Exchequer grant undrawn	(2,251)	(2,086)
<b>Net Exchequer funding</b>	<u>116</u>	<u>369</u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	555	728
Debit balances: suspense	44	113
	<u>599</u>	<u>841</u>
<b>Creditors</b>		
Due to the State	(445)	(418)
Credit balances: suspense	(38)	(54)
	<u>(483)</u>	<u>(472)</u>
	<u>116</u>	<u>369</u>

**2.6 State funding account**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>€000</b>	<b>€000</b>
Balance at 1 January		936	990
Disbursements from the Vote			
Estimate provision	Account	18,411	
Deferred surrender	Account	(59)	
Surplus	Account	(2,308)	
Net vote		16,044	15,672
Expenditure (cash) borne elsewhere	1.1	1,841	1,507
Non-cash items – capital assets adjustments		—	(12)
Non-cash expenditure – notional rent	1	50	50
Net programme cost	1	(18,243)	(17,271)
<b>Balance at 31 December</b>		<b>628</b>	<b>936</b>

**2.7 Commitments**

<b>Global commitments</b>	<b>2020</b>	<b>2019</b>
at 31 December	<b>€000</b>	<b>€000</b>
Procurement of goods and services	<b>157</b>	<b>488</b>

**2.8 Matured liabilities**

at 31 December	<b>2020</b>	<b>2019</b>
	<b>€000</b>	<b>€000</b>
Estimate of matured liabilities not discharged at year end	<b>—</b>	<b>3</b>

## 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 the Government central procurement service.

	2020		2019
	Estimate provision €000	Outturn €000	Outturn €000
i Salaries, wages and allowances	14,914	13,177	12,645
ii Travel and subsistence	150	60	204
iii Training and development and incidental expenses	765	654	751
iv Postal and telecommunications services	107	81	85
v Office equipment and external IT services			
	<i>Estimate provision</i>		
	<i>Deferred surrender</i>		
	395		
	6		
		401	421
vi Office premises expenses			
	<i>Estimate provision</i>		
	<i>Deferred surrender</i>		
	127		
	53		
		180	195
		<b>14,517</b>	<b>14,301</b>
		<b>16,517</b>	<b>14,301</b>

### Programme A Delivery of Central Procurement Services

	2020		2019
	Estimate provision €000	Outturn €000	Outturn €000
A.1 Administration – pay	14,914	13,177	12,645
A.2 Administration – non pay			
	<i>Estimate provision</i>		
	<i>Deferred surrender</i>		
	1,544		
	59		
		1,603	1,656
A.3 Procurement consultancy and other costs	2,252	1,980	1,863
		<b>16,497</b>	<b>16,164</b>
	<b>18,769</b>	<b>16,497</b>	<b>16,164</b>

**Significant variations**

The following outlines the reasons for significant variations in programme expenditures (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €2.272 million lower than provided. €2 million of this related to administration expenditure and the balance of the variance of €272,000 was mainly due to the following:

**A.3 Procurement consultancy and other costs**

*Estimate provision €2.252 million; outturn €1.98 million*

This underspend is primarily due to longer than expected start up times on a number of key projects.

## Note 4 Receipts

**4.1 Appropriations-in-aid**

	2020		2019
	Estimated €000	Realised €000	Realised €000
1 Receipts from additional superannuation contributions on public service remuneration	308	330	399
2 Miscellaneous	50	123	92
<b>Total</b>	<b>358</b>	<b>453</b>	<b>491</b>

**4.2 Extra receipts payable to the Exchequer**

	2020 €000	2019 €000
Balance at 1 January	—	—
Collected	121	544
Transferred to the Exchequer	(121)	(544)
<b>Balance at 31 December</b>	<b>—</b>	<b>—</b>

## Note 5 Staffing and Remuneration

### 5.1 Employee numbers

Full time equivalents	2020	2019
Number of staff at year end	<u>231</u>	<u>226</u>

### 5.2 Pay

	2020	2019
	€000	€000
Pay	11,993	11,559
Higher, special or additional duties allowances	33	31
Other allowances	3	1
Overtime	4	4
Employer's PRSI	1,144	1,050
<b>Total pay</b>	<u><b>13,177</b></u>	<u><b>12,645</b></u>

### 5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2020	2019
			€	€
Higher, special or additional duties	6	1	13,945	11,560
Other allowances	1	—	2,580	964
Overtime	3	—	1,821	2,538

### 5.4 Payroll overpayments

	Number of recipients	2020	2019
		€	€
Overpayments	10	12,928	24,330
Recovery plans in place	5	7,027	18,303

Overpayment recovery plans in respect of three individuals to the value of €1,067 were transferred to other Departments in 2020.

## Note 6 Miscellaneous

### 6.1 Compensation and legal costs

Number of cases	Legal costs paid by the Office €000	Legal costs awarded €000	Compensation awarded €000	2020	2019
				Total	Total
				€000	€000
1	—	360	—	360	—

An unsuccessful bidder challenged an OGP procurement competition for the provision of interpretation services.

The case had been successfully defended in the High Court but the Court of Appeal subsequently made an order setting aside the decision to award the contract. This was appealed to the Supreme Court, which, in May 2019, upheld the decision to set-aside the contract.

Costs to be paid by the Office of Government Procurement in relation to these actions is confirmed in the sum of €359,545.

There is a separate ongoing judicial review involving the same applicant against the award of other contracts under a framework agreement.