

23 Accounts of the National Treasury Management Agency

- 23.1** Section 12 of the National Treasury Management Agency Act 1990 (as amended) (the 1990 Act) requires the National Treasury Management Agency (the NTMA) to keep accounts of all moneys it receives or expends in the form approved by the Minister for Finance (the Minister), and to submit the accounts annually for audit by the Comptroller and Auditor General. Following completion of the audit, the NTMA must submit the accounts and the related audit reports to the Minister, who in turn must present them to the Houses of the Oireachtas.
- 23.2** Separately, section 12 of the 1990 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 NTMA each year. This is the report for 2022.

Accounts of the NTMA 2022

- 23.3** The accounts audited under section 12 of the 1990 Act are
- National debt of Ireland
 - NTMA administration account
 - Post Office Savings Bank Fund
 - State Claims Agency
 - Ireland Strategic Investment Fund (ISIF)
 - Ireland Apple escrow fund¹
 - National Surplus (Exceptional Contingencies) Reserve Fund.
- 23.4** Separately, the NTMA prepares the financial statements of the Dormant Accounts Fund (under the Dormant Accounts Act 2001) and of the Carbon Fund (under the Carbon Fund Act 2007). These are published by the NTMA together with the other (section 12) accounts it publishes.
- 23.5** The accounts for 2022 have been audited. My reports on the audits were issued on 15 May 2023.

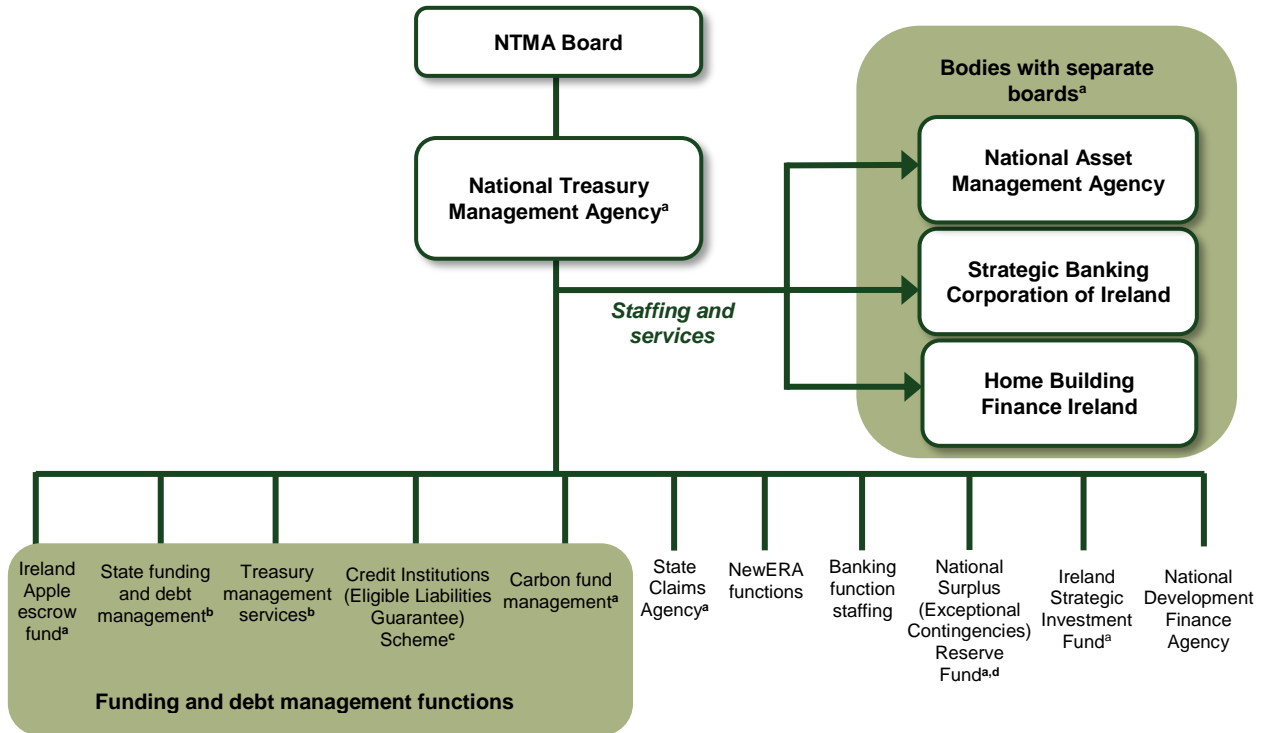
¹ See also *Report on the Accounts of the Public Services 2022*, chapter 24 Performance of the Ireland Apple escrow fund.

Structure, costs and staffing of the agency

23.6 Since the NTMA was set up in 1990, it has evolved into a complex organisation with multiple functions that extend beyond its original and core role in managing Ireland’s national debt (see Figure 23.1). Figure 23.2 summarises the distribution of the NTMA’s costs across the functions.

23.7 At the end of 2022, NTMA staff numbers totalled 773 on a whole time equivalent basis, across the various functions and activities (see Figure 23.3).

Figure 23.1 Functions of the National Treasury Management Agency



Source: National Treasury Management Agency

- Notes:
- a Separate financial statements are prepared for the activities of each of these functions/entities.
 - b In the functional areas of State funding and debt management, and treasury management services, separate financial statements are prepared for the Dormant Accounts Fund, the Post Office Savings Bank Fund and the National Debt of Ireland.
 - c The Eligible Liabilities Guarantee Scheme (ELG) is closed. There are no remaining liabilities guaranteed under the ELG, with the exception of those arising from the liquidation of Irish Bank Resolution Corporation (IBRC). As the liquidation process is currently paying 100% to unsecured creditors, there have been no recent claims under the ELG scheme in relation to IBRC.
 - d €2 billion was transferred to the National Surplus (Exceptional Contingencies) Reserve Fund from the Central Fund of the Exchequer in November 2022.

Figure 23.2 Cost of operations, by business area, 2019 – 2022

	2019	2020	2021	2022
NTMA business units	€m	€m	€m	€m
Funding and debt management	12.3	12.6	12.4	13.4
Ireland Strategic Investment Fund	15.2	16.0	17.2	18.4
State Claims Agency	28.5	28.1	29.2	31.7
NewERA	6.0	5.8	6.1	6.8
Banking Unit (Shareholding and Financing Advisory Division, Department of Finance)	3.9	1.8	2.2	4.4
National Development Finance Agency	12.6	11.3	11.6	12.7
Supported bodies				
National Asset Management Agency	40.7	33.9	30.2	26.2
Strategic Banking Corporation of Ireland	5.9	6.2	6.5	7.8
Home Building Finance Ireland	5.3	5.0	6.0	6.2
Total payments	130.4	120.7	121.4	127.5

Source: National Treasury Management Agency. Any apparent differences in totals are due to rounding.

Figure 23.3 NTMA staffing distribution at year end, 2019 – 2022^a

	2019	2020	2021	2022
NTMA business units				
Funding and debt management	23	23	23	24
Ireland Strategic Investment Fund	47	53	59	66
State Claims Agency	156	166	170	170
NewERA	25	26	29	29
Banking Unit (Shareholding and Financing Advisory Division, Department of Finance)	11	9	8	11
National Development Finance Agency	64	67	67	66
NTMA corporate functions				
Finance, technology and operations	133	145	143	145
Legal, compliance, HR and internal audit	43	48	55	59
Risk	20	20	20	23
Other	3	1	1	2
Supported bodies				
National Asset Management Agency	210	174	145	110
Strategic Banking Corporation of Ireland	23	28	32	38
Home Building Finance Ireland	21	27	31	31
Total	779	787	783	773

Source: National Treasury Management Agency. Any apparent differences in totals are due to rounding.

Note: a Numbers are based on whole time equivalents.

Performance-related pay

- 23.8** Provision for a discretionary performance-related payment is included in the majority of NTMA employee contracts. The Remuneration Committee of the NTMA is responsible for approval of the overall amount of performance-related pay in a year, and for the approval of individual proposed awards to members of the NTMA's executive management team (EMT). Performance-related payment awards to employees below EMT level are approved by the Chief Executive following review by a sub-committee of the EMT.
- 23.9** The EMT comprises the Chief Executive, the Chief Financial and Operating Officer, the Director of the State Claims Agency, the Chief People Officer, the Chief Legal Officer, the Director of the Ireland Strategic Investment Fund, the Director of Funding and Debt Management, the Director of the National Development Finance Agency and NewERA, and the Head of Banking (who is seconded to the Department of Finance).
- 23.10** Performance-related payments of €2.2 million (2021: €2.22 million) were made to 239 employees for 2022 (2021: 231), of which €130,000 was paid to five members of the EMT (2021: €195,000 to six EMT members). The Chief Executive of the NTMA did not receive a performance-related payment in respect of 2022.

Supported agencies

- 23.11** In addition to its own operations, the NTMA assigns staff to the National Asset Management Agency (NAMA), the Strategic Banking Corporation of Ireland (SBCI) and Home Building Finance Ireland (HBFI) and provides them with business and support services and systems on a cost recoupment basis. Each of the supported entities has its own board and is separately accountable to Dáil Éireann.
- 23.12** Performance-related payments of €565,000 were awarded to NTMA staff members assigned to other agencies for 2022, as follows:
- NAMA €341,000 (2021: €371,000)
 - SBCI €136,000 (2021: €85,000)
 - HBFI €88,000 (2021: €55,000).

Banking system functions staffing

- 23.13** NTMA staff involved in the provision of banking system functions have been seconded to the Shareholding and Financial Advisory Division in the Department of Finance since August 2011. At the direction of the Minister, the related staff and professional advisor costs are met by the NTMA.
- 23.14** Costs incurred by the NTMA in 2022 in relation to the Shareholding and Financial Advisory Division totalled €4.4 million (2021: €2.2 million). Professional advisor costs of €2.7 million (2021: €nil) were recovered in 2022 from the relevant financial institutions.

Key NTMA operations in 2022

23.15 Key developments in the NTMA's operations in 2022 include

- a €5.9 billion (2.5%) decrease in the level of the national debt
- a substantial increase in the interest paid to the Post Office Savings Bank Fund in respect of 'ways and means' advances to the Exchequer
- an increase of €0.5 billion in the estimated value of the net assets of the Ireland Strategic Investment Fund
- disposal of the remainder of the State's shareholding in Bank of Ireland, and a further reduction in the State's shareholding in AIB Group plc
- €2 billion transferred to the National Surplus (Exceptional Contingencies) Reserve Fund
- continuation of the upward trend in the estimated contingent liability of the claims being managed by the State Claims Agency.

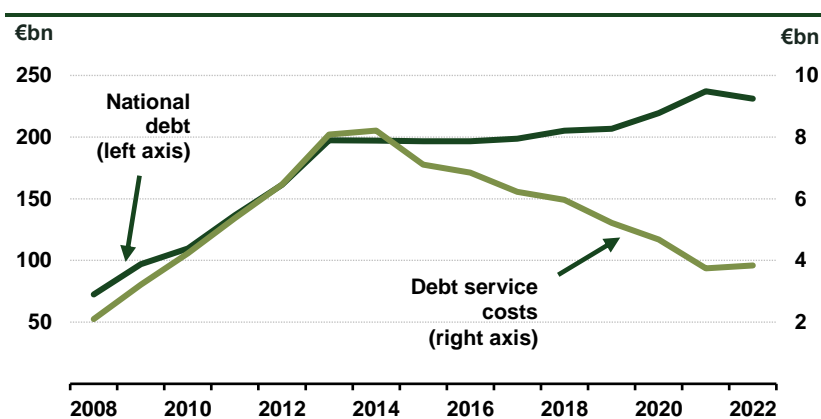
National debt

23.16 The NTMA's primary function is to borrow on behalf of the Minister and to manage Ireland's national debt, defined as the total debt outstanding for the time being of the Exchequer.¹

23.17 At 31 December 2022, the national debt stood at €231,236 million, down from €237,177 million at end 2021 (see Figure 23.4). The decrease of €5,941 million (or 2.5%) in 2022 was largely attributable to the reduction in Irish government bond balances.

23.18 Debt service costs paid in 2022 were €3,841 million, including net interest paid, transaction fees and operating expenses. Despite the reduction in the national debt, debt service costs were 2.6% higher than in 2021, breaking the downward trend occurring since 2015. This increase was mainly due to 'ways and means' interest of €146 million in 2022 (2021: nil) and the return to a positive interest rate environment, which resulted in an increase in interest paid on short term paper. The increase was partially offset by a decrease in interest paid on some other categories of national debt. For example, interest paid on EU programme loans decreased by over €100 million.

Figure 23.4 National debt and debt service costs, 2008 – 2022



¹ See section 1 of the 1990 Act.

- 23.19** The NTMA initially planned to raise between €10 billion and €14 billion in bond funding during 2022, in line with, *inter alia*, its debt re-financing objectives. In September 2022, the NTMA confirmed that it had completed its funding programme for the year having issued €7 billion in long term bonds. The decision reflected the strong Exchequer cash position together with the projected Exchequer surplus for 2022. A further €0.1 billion of debt was issued through non-competitive bond auctions, bringing the total bond issuance for the year to €7.1 billion. The total bond funding had a weighted average yield of 1.1% and a weighted average maturity of 14.8 years.
- 23.20** The NTMA raised a further €0.2 billion in other long-term debt issued in 2022 under its Euro Medium Term Note (EMTN) Programme. There were two fixed-rate private placements with maturities of 60 and 100 years respectively at an average yield of just over 2%. This brought total long-term borrowing in 2022 to €7.3 billion.

Short term borrowings

- 23.21** Central government bodies and local authorities with cash reserves frequently purchase short-term paper from the NTMA, as a means of holding cash that is not immediately required. This constitutes part of the NTMA's short-term borrowing, which is recognised as part of the national debt.
- 23.22** At 31 December 2022, €9.9 billion debt was held in short term paper through Exchequer notes of €7.5 billion and central treasury notes of €2.4 billion, with the majority (€9.7 billion) issuing to Government bodies — €7.8 billion to central government bodies and funds, €1.4 billion to local authorities, and the balance to other public sector bodies.¹
- 23.23** Short term paper issued to public sector bodies increased by €6.1 billion between end-2018 to end-2022, reflecting a rapid build-up in the levels of cash balances accumulating in departmental funds and public bodies' balance sheets (see Figure 23.5).

Figure 23.5 Composition of short-term paper issued to public bodies at year end 2018 and 2022

Category	2018	2019	2020	2021	2022
	€m	€m	€m	€m	€m
Central Government bodies	3,361	7,177	4,553	4,166	7,841
Local authorities	—	—	—	—	1,359
Public sector bodies in non-financial and financial corporations	229	162	556	376	523
Total short term paper to public bodies	3,590	7,339	5,109	4,542	9,724
Short term paper to non-public bodies	2,803	2,659	8,918	5,224	186
Total short term paper	6,393	9,998	14,027	9,766	9,910
Percentage of total short term paper issued to public bodies	56%	73%	36%	47%	98%

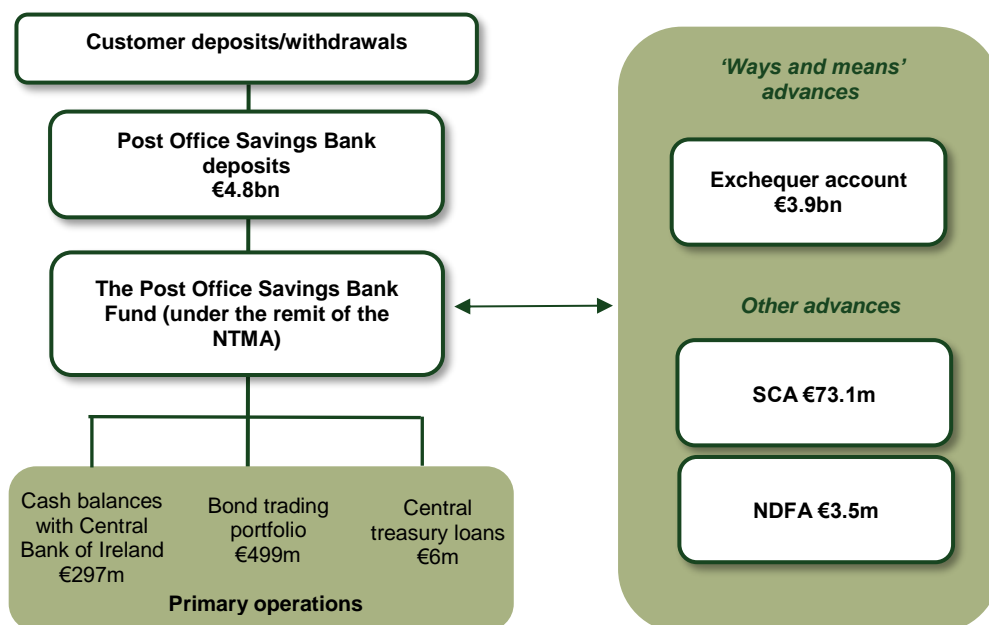
¹ Central treasury notes (CTN) and Exchequer notes (EXN) are a form of short-term paper debt used largely for intra-government borrowing.

Source: National Treasury Management Agency. Any apparent differences in totals are due to rounding.

Post Office Savings Bank Fund

- 23.24** Proceeds from Post Office Savings Bank (POSB) deposits are the primary source of funding for the Post Office Savings Bank Fund (the Fund). The deposit account balances are reported as liabilities of the Fund.
- 23.25** POSB deposits are utilised in a number of ways (see Figure 23.6).
- Surplus monies in the Fund are lent to the Exchequer as ‘ways and means’ advances — these are an Exchequer liability that forms part of the national debt. At end 2022, advances to the Exchequer accounted for 81.3% of the Fund assets.
 - Some funds are invested in Irish government bonds as part of a secondary bond trading portfolio.
 - Some funds are used to provide short-term funding to the State Claims Agency (SCA) and the National Development Finance Agency (NDFA) for the purpose of funding their activities — no interest/financing costs are charged to the SCA and NDFA in respect of these arrangements.
 - Some funds are used to provide central treasury loans to designated bodies such as local authorities and other non-commercial state bodies on commercial terms (which include the charging of interest) in accordance with the National Treasury Management Agency (Amendment) Act 2000.
- 23.26** Under Ministerial guidelines, the NTMA is permitted to pay ‘ways and means’ interest only to the extent required to maintain the POSB’s reserves above a €5 million threshold.¹ In 2022, the Exchequer paid interest of €146 million (2021: nil) on the ‘ways and means’ advances to ensure the Fund’s retained reserves remained above the threshold, primarily due to the fall in the fair value of the Fund’s bond investments. Prior to 2022, ‘ways and means’ interest was last paid in 2011 (€124 million).

Figure 23.6 POSB flow of funds and composition of the year-end balances, 2022



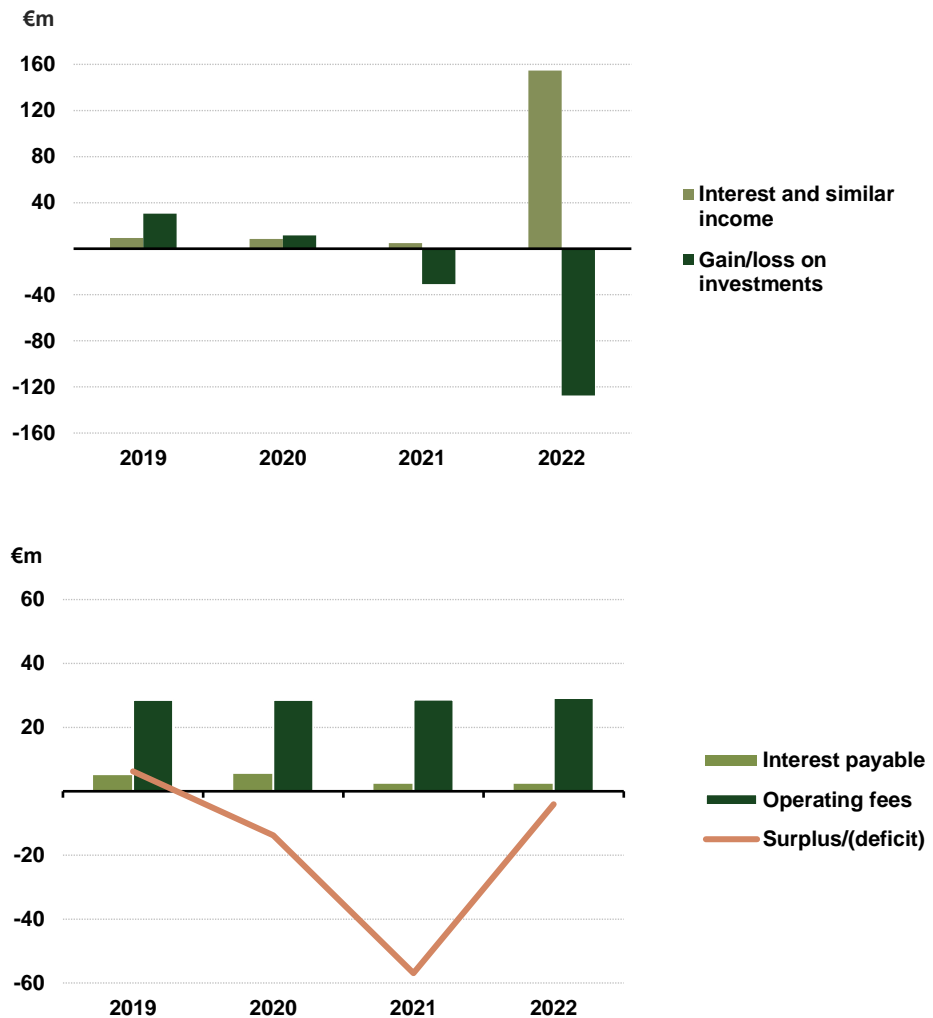
¹ Ministerial guidelines for the National Treasury Management Agency on day-to-day management of the national debt, issued pursuant to Section 4 (4) of the National Treasury Management Agency Act 1990, as amended.

Source: National Treasury Management Agency

23.27 Interest received and investments at fair value are the main sources of income for the Fund. The loss on investments at fair value increased significantly in 2022. This loss reflected the significant increase in yields during the year across the Irish Government yield curve giving rise to a depreciation of bond prices, which resulted in the Fund not being able to cover its costs (including payment of service fees to An Post), without the ‘ways and means’ interest income (see Figure 23.7).

23.28 In recent years, there has also been a decline in market interest rates together with a decrease in the interest paid to savers on their deposits to the Fund. However, the operating fees payable to An Post remained relatively constant between 2019 and 2022 (totalling €29.2 million in 2022.) The net result was that the Fund incurred a deficit each year from 2020 to 2022.

Figure 23.7 Fund income and expenditure and surplus/(deficit), 2019 – 2022^a



Source: Post Office Savings Bank Fund Financial Statements 2020 to 2022

Note: a The 2020 financial statements included a change in accounting policy for State investments from cost to fair market value giving rise to a prior year adjustment whereby the 2019 reported deficit of €2.1 million was restated to a surplus of €6.2 million. The restated 2019 surplus is included above.

Ireland Strategic Investment Fund

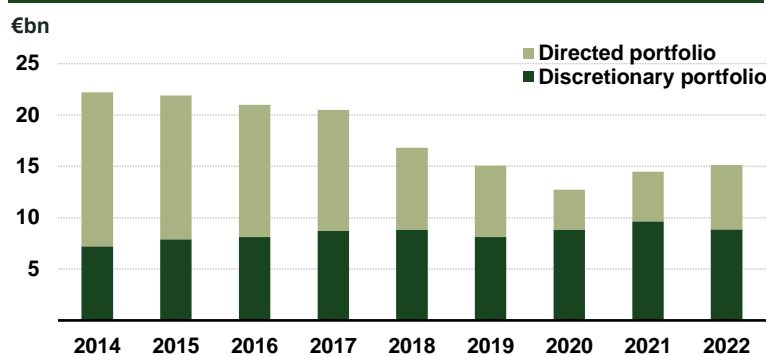
- 23.29** The Ireland Strategic Investment Fund (ISIF) is a sovereign development fund with a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland.¹
- 23.30** The assets of the ISIF are held in two portfolios.
- The **directed investment portfolio** is subject to directions given by the Minister for Finance.²
 - The **discretionary investment portfolio** consists of investments made in accordance with the relevant sections of the 2014 Act, where the NTMA holds or invests ISIF's assets (other than directed investments) on a commercial basis.
- 23.31** At 31 December 2022, the ISIF held net assets of €15 billion (2021: €14.5 billion). The net assets comprised €6.3 billion in the directed portfolio, up from €4.8 billion at the end of 2021; and €8.7 billion in the discretionary portfolio, down from €9.6 billion at the end of 2021 (see Figure 23.8).
- 23.32** Since 2014, the discretionary portfolio has grown modestly in value, from €7.2 billion at the end of 2014 to €8.7 billion at the end of 2022. This is primarily due to investment gains of approximately €2 billion, partially offset by the net transfer of capital to other Government initiatives, including to the National Surplus (Exceptional Contingencies) Reserve Fund.

Disposals of shareholding in banks

- 23.33** Since 2014, the net asset value held in the directed portfolio has decreased by 58%. The decrease in value — from €15 billion in 2014 to €6.3 billion in 2022 — is primarily due to the sale of shares in AIB Group plc (AIB) and Bank of Ireland (BOI), and the subsequent transfer of the sales proceeds to the Exchequer. At end 2022, the assets in this portfolio primarily comprised residual investments in AIB.
- 23.34** On 23 September 2022, the Minister for Finance announced the completion of a BOI share trading plan reducing the State's directed shareholding to zero (from 8% at end 2021). A total of 83 million BOI shares were disposed of during 2022, generating net proceeds of €508 million. At end 2022, the State no longer retained a shareholding in BOI.
- 23.35** During 2022, the Minister for Finance also directed the NTMA to reduce the State's shareholding in AIB, via a share trading plan; through participation in AIB's share buyback programme; and finally by means of an accelerated 'book building' process. The ISIF disposed of a total of 409 million AIB shares during the year, which generated net proceeds of €1,051 million. This reduced the State's shareholding in AIB from 71.12% to 56.8% at the year end.
- 23.36** A total of €1,355 million raised from the share disposals in BOI and AIB was transferred to the Exchequer in 2022.

¹ The ISIF was established in December 2014, pursuant to the National Treasury Management Agency (Amendment) Act 2014 (2014 Act). On its establishment, the assets and liabilities of the former National Pension Reserve Fund (NPRF) became assets and liabilities of the ISIF.

² Section 43 of the 2014 Act provides that the Minister may give direction to the NTMA in relation to the holding and management of a directed investment, the exercise of any voting rights attaching to a directed investment, or the disposal of a directed investment.

Figure 23.8 Value of ISIF net assets, 2014 - 2022

Source: Financial Statements of the Ireland Strategic Investment Fund, 2014 to 2022. Analysis by the Office of the Comptroller and Auditor General.

Pandemic Stabilisation and Recovery Fund

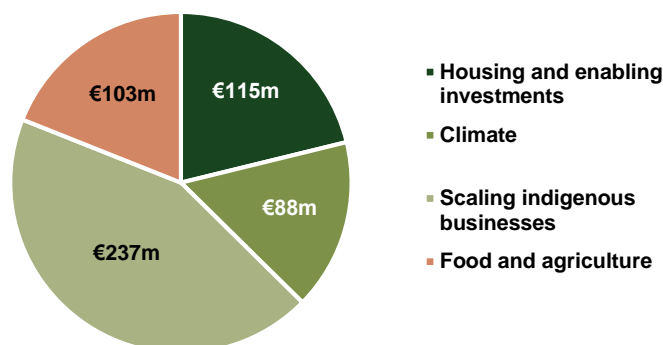
- 23.37** In May 2020, the Minister for Finance instructed the ISIF to make a €2 billion fund available, known as the Pandemic Stabilisation and Recovery Fund (PSRF). Up to its formal closure in June 2022, the PSRF sought — on a commercial basis — to support medium and large enterprises affected by the Covid-19 pandemic in Ireland, focusing on enterprises employing more than 250 employees or with annual turnover in excess of €50 million. The PSRF operated as a sub-portfolio of the ISIF's discretionary portfolio within the existing ISIF statutory mandate.
- 23.38** The NTMA has stated that 42 investments were approved over the period of the PSRF's existence, with a total commitment of €1.3 billion. It also stated that the return/performance of the PSRF was not tracked separately, and is reflected in the overall figures for the ISIF.

Revised investment strategy

- 23.39** In June 2022, a revised ISIF investment strategy was launched, with a focus on four key investment themes: climate, housing and enabling investments, scaling indigenous businesses, and food and agriculture.¹ ISIF committed €823 million to investments in 2022 of which €543 million related to the four priority investment themes (see Figure 23.9).² The housing and enabling investments theme includes an initiative to invest €500 million in various programmes in the five regional cities – Cork, Galway, Limerick, Waterford and Kilkenny.

¹ The new strategy has flexibility for the ISIF to invest outside of the four themes and to respond to unforeseen macroeconomic events, such as the Covid-19 pandemic.

² The non-priority theme commitments relate to legacy strategies (e.g. PSRF stabilisation investments).

Figure 23.9 ISIF's investment, by theme, in 2022

Source: National Treasury Management Agency Annual Report 2022

Irish Innovation Seed Fund

- 23.40** The Irish Innovation Seed Fund was also launched in 2022 with a value of €90 million, consisting of three €30 million investments from each of the fund partners — the ISIF, the European Investment Fund and the Department of Enterprise, Trade and Employment, through Enterprise Ireland.
- 23.41** The fund will focus its investment on early-stage, high-growth companies in Ireland seeking seed capital to further scale their business operations. The programme will also focus on supporting key priorities such as female entrepreneurship, regional development and sustainability.

National Surplus (Exceptional Contingencies) Reserve Fund

- 23.42** The National Surplus (Exceptional Contingencies) Reserve Fund (NSRF) was established on 31 October 2019 on commencement of the National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019 (the NSRF Act).
- 23.43** Under the NSRF Act, the Minister for Finance is to pay a prescribed amount of €500 million from the Central Fund of the Exchequer into the NSRF in each of the years 2019 to 2023 inclusive, unless otherwise resolved by the Oireachtas.¹ A contribution greater than the prescribed amount is permitted.
- 23.44** On 15 November 2019, €1.5 billion was transferred to the NSRF from the ISIF. On 28 October 2020, the full €1.5 billion was withdrawn to aid the Government's Covid-19 pandemic response. The fund balance was nil throughout the remainder of 2020 and 2021. Pursuant to resolutions passed by the Oireachtas, the prescribed amount was not paid into the NSRF in either 2020 or 2021, due to the exceptional circumstances caused by Brexit and the Covid-19 pandemic.
- 23.45** Arising from a further Dáil resolution on 27 September 2022, €2 billion in aggregate was transferred to the NSRF from the Central Fund on 1 November 2022. At the end of 2022, the NSRF had net assets of €2.006 billion — €2 billion invested in Exchequer notes, and interest income of €6 million.

¹ The Oireachtas may, on a proposal brought by the Minister for Finance on or after 1 November in a particular year, pass a resolution authorising the Minister not to pay the prescribed amount into the Fund in that year.

State Claims Agency

23.46 The NTMA manages personal injury, including clinical negligence, and third-party property damage claims on behalf of the State and delegated State authorities. In addition, it has a risk management role, advising and assisting those State authorities in minimising their claims exposure. It also considers and manages third party cost claims against the State and delegated State authorities, arising from all categories of claims. When performing these functions, the NTMA is known as the State Claims Agency (SCA).

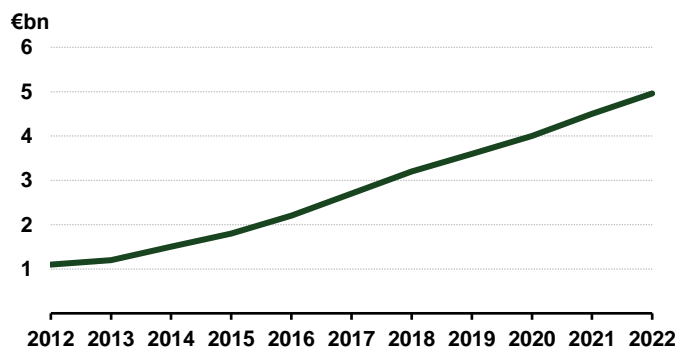
Claim settlement in 2022

23.47 In 2022, the SCA paid awards and associated claim costs totalling €551 million — an increase of 7% on the prior year (2021: €513 million).¹ These amounts are recovered by the SCA from delegated State authorities who are liable in respect of claims managed on their behalf by the SCA.

23.48 In addition to the settlement costs, the NTMA incurred €31.7 million (2021: €29.2 million) in administrative costs in the performance of its SCA functions. The administrative costs are included in the administration expenses of the NTMA, which are charged on the Central Fund. The NTMA does not seek reimbursement of these costs from delegated State authorities.

23.49 The estimated cost of settling outstanding claims has been rising at a steady rate (see Figure 23.10). The outstanding liability at the end of 2022 has been estimated by the SCA at €4.96 billion — almost four and half times the estimated outstanding liability at the end of 2012.²

Figure 23.10 Estimated outstanding claims liability at year end, 2012 – 2022



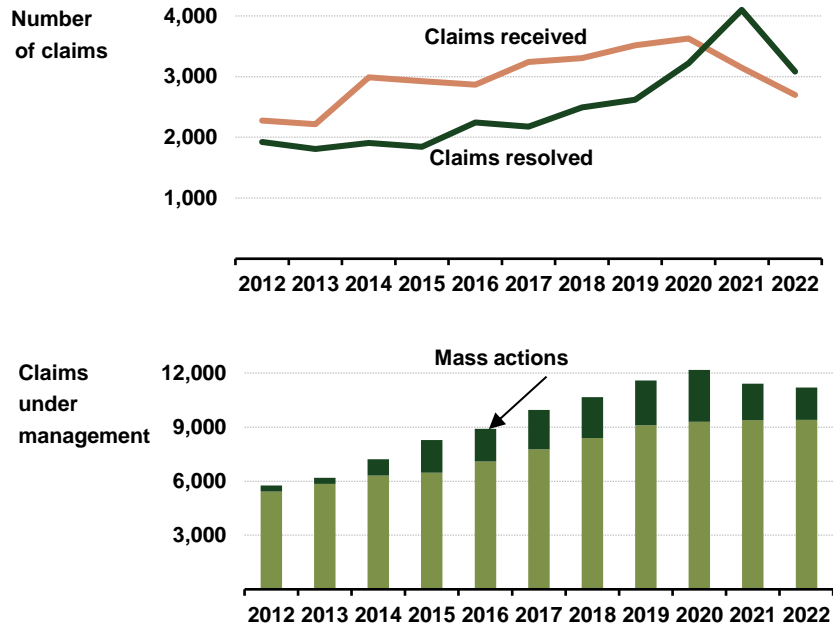
Source: National Treasury Management Agency

¹ Includes all awards and costs paid under the general and clinical indemnity schemes and all other costs paid by the Legal Costs Unit — including Tribunal costs.

² €745 million of the estimated outstanding liability at year-end relates to interim and 'periodic payment' orders.

23.50 Around 3,082 claims were resolved in 2022 — down from 4,100 in 2021. While the number of claims under management by the SCA at the year-end declined, it still remains high (see Figure 23.11). At the end of 2022, there were 11,204 claims under management including 1,795 claims in mass actions (general and clinical).

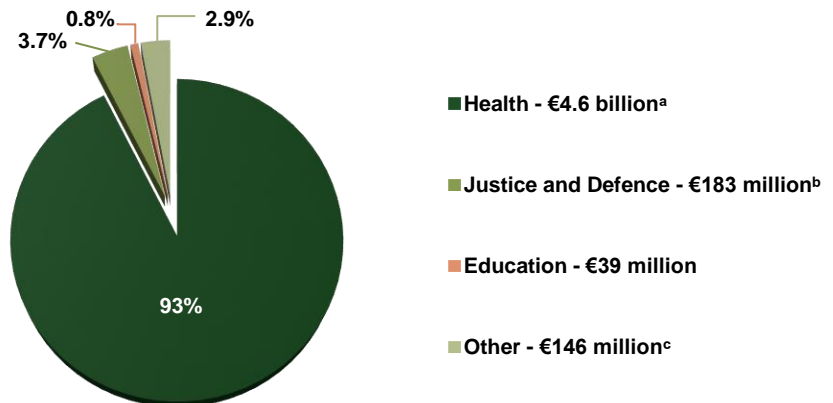
Figure 23.11 Claims received and resolved annually, and claims under management, at the year-end, 2012 – 2022



Source: National Treasury Management Agency

23.51 Health sector bodies (including the HSE and the Department of Health) accounted for 93% of the estimated outstanding liability at the end of 2022, while two other sectors (Justice and Defence, and Education) accounted for a further 4.5% (see Figure 23.12).

Figure 23.12 Proportion of estimated outstanding liability for each State authority sector, at end-2022



Source: National Treasury Management Agency

- Notes:
- a The health sector includes the HSE, Department of Health and bodies under its aegis, and private and voluntary community organisations.
 - b Justice and Defence include the Irish Prison Service, An Garda Síochána, Defence Forces and certain others.
 - c Tusla claims are included within Other, as Tusla falls under the aegis of the Minister for Children, Equality, Disability, Integration and Youth.

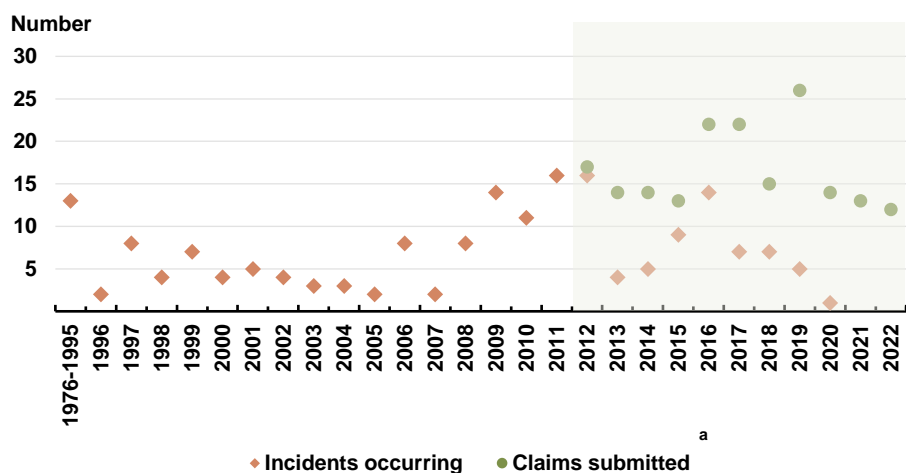
CervicalCheck litigation

- 23.52** By end-2022, the SCA had received notification of 379 claims related to the HSE's CervicalCheck programme (end-2021: 340 claims).¹ This includes 78 psychological injury claims from family members of women who had availed of the programme.
- 23.53** During 2022, 116 CervicalCheck claims concluded, bringing the total number of claims concluded by end-2022 to 181.² Total costs are unknown because most of the claims have been settled by the laboratories involved in the individual claims, and the NTMA stated that it would not, in most instances, have details of settlement payments made by those laboratories. Mediation is offered wherever possible to resolve claims in a non-adversarial manner, although this may not always be under the control of the SCA.
- 23.54** The CervicalCheck Tribunal, in operation since December 2020, provided an alternative system to the courts for processing claims arising. The Tribunal closed the receipt of applications on 26 July 2022, with a total of 25 cases accepted. All cases have now concluded, some of which have been settled. The Tribunal finished hearing cases at the end of July 2023. It was a matter for the plaintiffs in each case as to whether they wished to bring claims to the Tribunal or to pursue them through the courts. Plaintiffs who submitted claims to the Tribunal retain a right of appeal to the High Court.

Cerebral palsy claims

- 23.55** Cerebral palsy (CP) related claims received since 2012 accounted for almost €1.3 billion (26%) of the total estimated outstanding liability at the end of 2022. Some claims received over the period 2012 to 2022 have been settled at a total cost of €621 million (including legal costs (agency/plaintiff) of €66 million).³
- 23.56** A total of 182 CP claims were submitted between 2012 and 2022 of which 138 were still active at end 2022. The average number of claims received was around 17 per year. However, the time interval between a CP incident occurring and a claim being submitted can be significant, with the elapsed time in some cases being decades (see Figure 23.13).

Figure 23.13 Timing of CP incident occurrence for claims received 2012 – 2022



1 The 379 claims include Tribunal cases.

2 Due to subsequent notifications to the SCA by the laboratories, the number of CervicalCheck claims concluded differs from the figures reported in the NTMA's annual report 2022.

3 Claims received since 2012 as recorded on the National Incident Management System (NIMS). NIMS is a confidential end-to-end risk management tool developed by the SCA and used by State authorities to report incidents to the SCA and for their own incident and risk management purposes.

Source: National Treasury Management Agency

Note a The data represents 182 CP related claims received in the period 2012 to 2022.

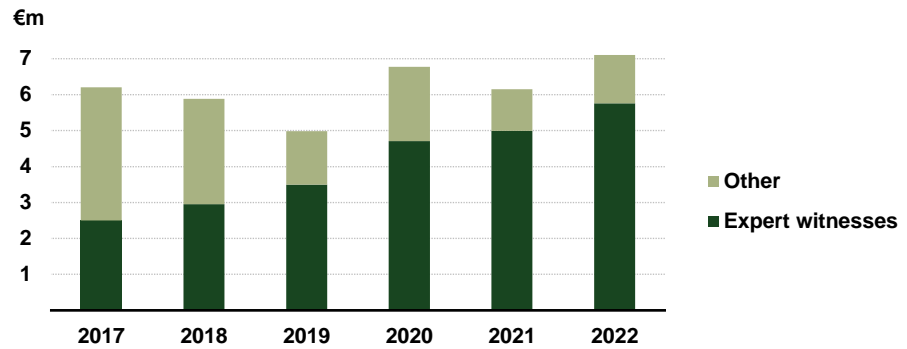
- 23.57** Over 93% of all CP claims costs are associated with incidents that occurred in the State's 19 maternity hospitals/units, which handle widely different numbers of births each year.

Erroneous payments

- 23.58** The NTMA's statement on internal control discloses that thirteen erroneous payments were made in 2022, totalling €690,000 (2021: 15 for €346,000). These erroneous payments represented 0.1% of all payments in the year (both by number and by value). All the payments were fully recovered, and no net losses have arisen. Some of the business processes used by the SCA in making payments to suppliers are manual, and while enhanced controls and procedures have been introduced to mitigate the related business risk, the absence of sufficient checks on those transactions resulted in the erroneous payments.
- 23.59** The NTMA has stated that it is committed to continually reviewing the processes and controls in place to reduce the occurrence of errors in this area. In 2023, it conducted an internal end-to-end review of the payment process to identify possible further measures to strengthen the overall control environment. The findings and recommendations of the review are being progressed.

Procurement exceptions and expert witnesses

- 23.60** During 2022, the NTMA made payments totalling €7.1 million (ex VAT) (2021: €6.15 million, ex VAT) in respect of goods/services that were the subject of procurement exceptions approved in accordance with the NTMA's *Procurement Policy* and *Procurement Procedure*.
- 23.61** The overall level of non-competitive procurement by the NTMA has remained at a relatively consistent level over the last six years. However, the proportion of expenditure associated with expert witnesses retained by the SCA has increased year-on-year over the same period (see Figure 23.14). Non-competitively procured expert witness costs have doubled from 40% of total procurement exceptions in 2017, to 81% in 2022. The SCA's claims portfolio has also increased in size and complexity over that time.
- 23.62** The SCA categorises its expert witnesses in two broad categories — witnesses as to causation and liability (e.g. medical and engineer witnesses), and witnesses as to quantum and fact (e.g. actuarial witnesses). The SCA does not competitively procure witnesses as to causation and liability because it considers that such a procurement process would be likely to give rise to an added level of litigation risk in relation to the independence of such witnesses.
- 23.63** Expert witness costs of €5.76 million (2021: €4.99 million) were incurred by the SCA in 2022. The SCA stated that it doesn't maintain a breakdown of the costs by category of witness.
- 23.64** A panel for the provision of architectural expert witnesses and separately, three panels for private investigator service providers relating to witnesses as to quantum and fact, were put in place on foot of competitive tender processes, in March 2023.

Figure 23.14 NTMA procurement exceptions, 2017 – 2022

Source: Financial Statements of the National Treasury Management Agency, 2017 to 2022. Analysis by the Office of the Comptroller and Auditor General.

Reimbursement of SCA

- 23.65** The SCA borrows funds from the Post Office Savings Bank (POSB) Fund to cover costs or settlements on behalf of delegated State authorities. As costs are recovered from the delegated State authorities, the POSB Fund is reimbursed by the SCA on a regular basis throughout the year, with no finance costs incurred.¹
- 23.66** The NTMA issued the November invoice for re-imbursement to the HSE on 2 December 2022, and the December invoice on 21 December 2022. The HSE remitted the payments for both months, totalling €114 million, on 29 December 2022.² With just one working day before the year end (30 December), the NTMA was only able to transfer a portion of the receipt to the POSB Fund before 31 December 2022. The balance of the receipt (€74 million) was transferred to the POSB Fund in January 2023.
- 23.67** The NTMA stated that while it deems no specific process improvements are required, it will engage with the HSE on the timing of year-end payments.

¹ Section 16 of the National Treasury Management Agency (Amendment) Act 2000.

² The SCA stated that these would not be considered late receipts from the HSE.