



An Roinn Airgeadais
Department of Finance

Ms. Sarah O'Farrell, Clerk
Committee of Public Accounts
Leinster House
Dublin 2
D02 XR20

Ref: S 1297 PAC33

17 May 2023

Dear Sarah,

I refer to your letter dated 04 May in relation to the Department of Finance's appearance at the Committee of Public Accounts on 23 February, and your request for "a note on the security of costs lodged to allow the case, relating to the collapse of Quinn Insurance Limited (QIL), to proceed".

While this litigation was between two parties – the Joint-Administrators for QIL and PwC, the Department believed, given the statutory role that the Minister has in advancing funds to the Insurance Compensation Fund (ICF), that it was appropriate to engage with the Joint-Administrators. This was to ensure that such ICF monies were being used prudently and that any associated risk to public funds was minimised including in any recourse of the Joint-Administrator to the ICF for the security of legal costs. While we set out at the Committee information on the security for costs, the following detail will be of assistance:

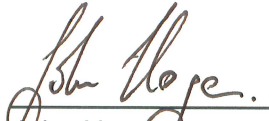
- The Supreme Court ruled in June 2021 that QIL must provide security for the legal expenses that PwC could incur in defending itself. The Department was informed that in this situation the ICF could be called upon for these, with the Joint-Administrators seeking release of ICF funding to meet the Supreme Court ruling and facilitate further negotiations. The Department took the view that the ICF should not be unnecessarily or negatively affected and proposed an alternative form of security – a letter of comfort be provided in *lieu* of the security deposit.
- In December 2021, this alternative form of security was considered by the High Court but was deemed not acceptable. Subsequently, to help facilitate the QIL/PwC litigation reaching a settlement, it was agreed that the ICF provide security for PwC's costs in February 2022.
- The proceedings between PwC and the Joint Administrator of QIL were settled in June 2022. Following the Joint Administrator's receipt of the settlement sum, €54 million was remitted to the ICF in July 2022. €29m advanced for security for costs was also paid over giving an overall total of €83 million.

It is my understanding that the impact of that settlement and of the return of the security costs will be reflected in the 2022 accounts of the ICF which will ultimately be laid before the Houses of the Oireachtas.

Finally, as requested, please see enclosed copy of the Service Level Agreement signed with the Central Bank on 13 April.

I hope that this information clarifies the matters raised.

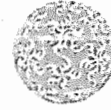
Yours sincerely,



John Hogan
Secretary General



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Service Level Agreement

Customer Management Team - Central Bank of Ireland

Exchequer Section - Department of Finance



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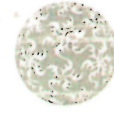
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Contents

1. Overview.....	3
1.1 Document Purpose.....	3
1.2 Change History.....	3
1.3 Document Sign off.....	4
2. The operation of overnight deposit accounts held with the Bank.	5
2.1 New Bank Account Set up.....	5
2.2 New Payee Set up.....	5
2.3 Authorised Signatory List.....	5
2.4 Contact List.....	5
2.5 Incoming Payments.....	5
2.6 External payments.....	6
2.7 Payment File.....	6
2.8 Contingency arrangements.....	7
2.9 Quarterly Reconciliation.....	7
2.10 Bank Holidays.....	7
2.11 Interest on Overnight Deposit Accounts.....	7
2.11.1 Notification.....	7
3. Account reconciliation and balancing procedures.....	8
3.1 NTMA.....	8
3.2 Revenue.....	8
3.3 Exchequer Balancing.....	8
4. Grant of Credit.....	9
5. Agency Accounts.....	10



1. Overview

1.1 Document Purpose

The Central Bank of Ireland (“the Bank”), in conjunction with the Department of Finance (“DoF”) provides a number of banking services to the Irish Government. This document is intended to serve as a Service Level Agreement between the Customer Management Team, Payments and Securities Settlements Division (PSSD) and the Exchequer Section, Department of Finance and describes the respective roles and responsibilities of each area to ensure banking services are provided to the Irish Government.

1.2 Change History

Version Number	Section Affected	Change Description	Changed by	Date
0.1	All	Final Draft	Customer Management Team	October 2019
0.2	All	Final Draft	Customer Management Team	December 2021
0.3	2.11, 2.7 & 4	Final Draft	Customer Management Team	April 2023



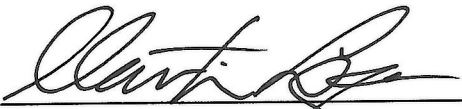
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1.3 Document Sign off

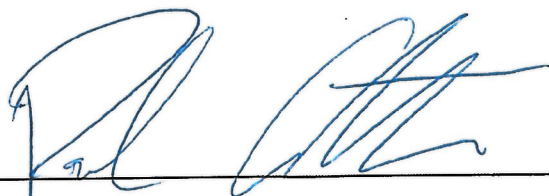
For Central Bank of Ireland:

Name: 
MARTIN LANGAN

Role: HEAD OF FUNCTION, PSSD

Date: 13/4/2023

For Department of Finance:

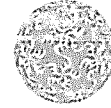
Name: 

Role: Principal Officer

Date: 13/4/2023



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2. The operation of overnight deposit accounts held with the Bank.

2.1 New Bank Account Set up

To open a new deposit account a formal request must be sent in writing to the Customer Management Team. This request must be signed by an authorised signatory from the DoF authorised signatories list. The request must be accompanied by the formal sanction of the Department of Public Expenditure and Reform to open a new Public Bank Account and three copies of the signatures (on official headed paper) of all officers entitled to operate on the account.

2.2 New Payee Set up

To create a new payee account the Bank must receive a formal request from DoF. The format of this request can be found in Appendix A. This request must be signed by an authorised signatory from DoF. All new account requests should be sent to static.data@centralbank.ie and govaccs@centralbank.ie. DoF will send the request at least one day before the payment date. Once received, the Bank will perform a call-back to confirm the account details with DoF before the account is created.

2.3 Authorised Signatory List

DoF will provide up to date signatory lists in the event of staff changes.

2.4 Contact List

Both parties will provide updated contact lists on an annual basis or in the event of staff changes.

2.5 Incoming Payments

All incoming electronic payments are received through the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2), via SWIFT.

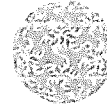
MT103 messages are processed via STP (Straight Through Processing) and are applied to the relevant accounts. The deadline for incoming MT103 payments is 16:00. All MT103 messages should be addressed to BIC IRCEIE2DGOV with the correct IBAN in Field 59.

Payments received into the incorrect BIC or with incorrect payment instructions will be returned, less a charge of €25.00.

The Bank does not support Electronic Fund Payment (EFTs).



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2.6 External payments

On receipt of a payment file from DoF, the Bank will send SWIFT payments to commercial bank accounts and process internal transfers between Central Bank accounts on an “execution only” basis. All payments will be settled on TARGET2 and funded through DoF’s accounts held at the Bank.

2.7 Payment File

A secure email will be sent from exch@finance.gov.ie to pmginstructions@centralbank.ie containing the payment file, in XML format and a corresponding PDF by 12:30. The Bank will process the payments (subject to receipt) by 14:00 but no later than 16:00.

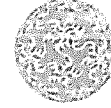
When a payment file is received from the DoF, a number of checks are completed before the payment is released;

- Where the payment relates to the Grants of Credit (GOC), The Bank complete a statistical journal debiting the relevant account (Central Fund/Supply Services) by the value of the payment
- Once the journal has been checked and posted to the account, a customer statement is run and the balance in the account is verified against the email sent by DoF. The email sent by DoF with their payment file will provide the remaining GOC balance once the payment has been made.
- Where the payment file does not relate to a GOC, an account balance check is completed by the Bank to ensure there are sufficient funds available to make the payment prior to the payment being released.
- A call-back is then completed between The Bank & DoF to agree the file & the outstanding balance in the GOC (where relevant). If there are any discrepancies, this will be discussed during the call-back, the call back should be completed within 20 minutes of receipt of the payment file.
- Once CBI & DoF have completed the call-back and balances are agreed, the payment file will be processed.
- If there is not a sufficient balance, the payment file will not be processed.

DoF will notify the Bank by phone in the event that a payment file is sent after 12.30 to ensure there are staff available to instruct the payments.



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2.8 Contingency arrangements

In the event that DoF is unable to transfer an XML payments file, DoF will notify the Bank by 12:00 to allow sufficient time to arrange for the payments to be processed manually. DoF will provide the relevant PDF document(s) or the agreed manual instruction, signed by the relevant authorised signatories, with full payment details, by 12:30.

2.9 Quarterly Reconciliation

No later than the second working day of a quarter the Bank will issue DoF with their quarterly balances report for the last working day of the previous quarter and request that they confirm via return email that they agree with the account balances as provided in the report. This 3rd party confirmation is required by the Financial Control Division in the Bank. Bank Holidays

The Bank does not receive any SWIFT payments on designated TARGET bank holidays (Good Friday, Easter Monday, 1st May, Christmas Day and St. Stephen's Day).

All SWIFT payments received on Irish bank holidays will be applied with good value the following business day.

2.10 Interest on Overnight Deposit Accounts

Interest on Government Deposits is remunerated as per article 4 of the Domestic and Liability Management guideline.

A negative interest rate shall entail a payment obligation of the deposit holder to the Bank including the right of the Bank to debit the relevant deposit account accordingly.

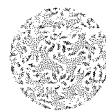
Interest is paid bi-annually in April and October with the funds being transferred across TARGET or by conducting a debit/credit instruction on the relevant account(s).

2.10.1 Notification

No later than the 5th business day of the new quarter (January, April, July, October) the Bank will issue DoF with interest reports that provide a daily breakdown of any interest that has accrued over each of



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DoF's overnight deposits accounts. The Bank will also provide DoF with a summary of the amount of interest owed on each account and confirm any changes to the ECB deposit facility rate.

Where the applicable interest rate results in a 'negative interest' charge accruing on DoF's overnight deposits accounts, DoF will arrange for payment to the Bank once the accrued interest has been agreed.

3. Account reconciliation and balancing procedures

Once all transactions have been processed and account balances have been updated on the Bank's system, at approx. 16:00, the Bank will commence the end of day balancing process.

3.1 NTMA

The NTMA provide end of day figures to the Bank. Once applied to the Banks system, a call-back is carried out with the NTMA to agree final balances. These figures form part of the Exchequer account end of day figures.

3.2 Revenue

The Bank process end of day transfers from the various Tax Head accounts to/from the Exchequer Current account.

The Bank will conduct the individual transfers on the Exchequer Current account for each tax type, i.e. VAT, UTD, CGT etc. and email DoF with final tax figures.

The tax figures will be sent by 17.00 except under exceptional circumstance, should there be a delay in sending the tax figures the Bank will notify DoF by 16.00 outlining the issue and giving an approximate expected time.

3.3 Exchequer Balancing

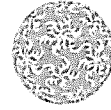
When all transactions have been processed and account balances updated, at approximately 16:00, the balancing for the Exchequer Account commences. Once complete, end of day figures are issued to exch@finance.gov.ie.

The Finance daily account statements and a copy of the Exchequer statement will be issued no later than 17:00, in the event of a potential delay the Bank will notify DoF by 16:00..

The Bank will notify DoF by phone, by 16:00 if there is any delay to figures/statements being issued.



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Department of Finance



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Central Bank of Ireland

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DoF will notify the Bank by phone, as soon as possible, if any discrepancy with the figures/statements has been identified.

Where amendments are required to be made to figures, the Bank will issue amended figures/statements as soon as available.

Balancing will be completed on a same day basis except under exceptional circumstances and on Bank Holidays.

Time	BAU Activity
16:00	<ul style="list-style-type: none"> Account balances updated End of day balancing commences
No later than 17.00	<ul style="list-style-type: none"> Once available end of day figures issued to DoF Daily Statements issued

Time	Bank holiday activity
No later than T+1 11.00	<ul style="list-style-type: none"> Account balances updated End of day balancing commences Once available end of day figures issued to DoF Daily Statements issued

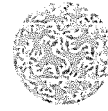
4. Grant of Credit

DoF can only request the Bank to make a payment from the Exchequer account where the Comptroller and Auditor General (C&AG) has granted a credit on the account of the Exchequer sufficient to cover the requested disbursement. Where the C&AG grants a credit on the account of the Exchequer, he/she issues a formal notification to the Bank of a credit granted to the Minister. See section 2.7 for process

The Bank and DoF will reconfirm the overall remaining credits available on a daily basis. The Bank will issue a report each morning detailing the payments made from the Exchequer account on the previous business day and the unutilised credit balances remaining in the account.



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DoF will confirm its agreement with the balances by return of email.

The Bank does not monitor whether payments for individual items that comprise a credit correspond to the specific amounts authorised for those items.

The Bank provides a daily statement of the Exchequer account to the C&AG.

5. Agency Accounts

DoF are responsible for administering a number of payments to/from various international agencies. These include cash payments and Promissory note updates. The Bank will process instructions as received. DoF will ensure there are funds available on the relevant account. The account may be funded via STP as part of the daily payments file or via an incoming payment from Danske Bank.

Payments may be warehoused in advance to ensure the funds are sent when TARGET opens on the value date of the transfer approx. 6.20am.



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Appendix A – New Payee Set Up Form

Column1	Column2
IBAN	
BIC	
Sort Code	
Account Number	
Account Name	
Bank Name	
Bank Address	
Swift Required	

Dept. _____ **of**

Finance

Prepared:

Authorised:

Date:

Central Bank:

Prepared:

Authorised:

Section:

Date:

