

# DÁIL ÉIREANN

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## AN COISTE UM CHUNTAIS PHOIBLÍ

## COMMITTEE OF PUBLIC ACCOUNTS

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*Déardaoin, 10 Iúil 2025*

*Thursday, 10 July 2025*

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The Committee met at 9.30 a.m.

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### MEMBERS PRESENT:

Deputy Catherine Ardagh,	Deputy Aidan Farrelly,
Deputy Cathy Bennett,	Deputy James Geoghegan,
Deputy Grace Boland,	Deputy Eoghan Kenny,
Deputy Joanna Byrne,	Deputy Paul McAuliffe,
Deputy Catherine Connolly,	Deputy Séamus McGrath,
Deputy Albert Dolan,	Deputy Joe Neville,

DEPUTY JOHN BRADY IN THE CHAIR.

*The committee met in private session until 10.15 a.m.*

**Mr. Seamus McCarthy** (*An tArd Reachtaire Cuntas agus Ciste*) called and examined.

### **Business of Committee**

**An Cathaoirleach:** I remind all of those in attendance to ensure their mobile phones are on silent or switched off. Before we proceed, I have a few housekeeping matters. I remind members of the constitutional requirements that to participate in public meetings, members must be physically present within the confines of the Leinster House complex. Members of the committee attending remotely must do so from within the precincts of Leinster House. Members are also reminded of the provisions within Standing Order 226 that the committee shall refrain from enquiring into the merits of a policy or policies of the Government or a Minister of the Government, or the merits of the objectives of such policies. Members are further reminded of the long-standing practice and ruling of the Cathaoirleach to the effect that members should not comment on, criticise or make charges against a person outside the House or an official by name or in such a way to make him or her identifiable.

The Comptroller and Auditor General, Mr. Seamus McCarthy, is a permanent witness to the committee. We will now examine accounts and statements, correspondence and the work programme. We will then suspend the meeting and resume at 10.30 a.m. for an engagement with officials from the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation and the NSSO. Six sets of accounts and financial statements, which were laid between 30 June and 4 July 2025, are due to be considered today. I ask the Comptroller and Auditor General to address them before opening the floor to members.

**Mr. Seamus McCarthy:** We have the financial statements of the University of Galway for the accounting period 2023-24. They received a clear audit opinion. The financial statements of Uisce Éireann for the calendar year 2024 received a clear audit opinion. The Marine Casualty Investigation Board 2024 financial statements received a clear audit opinion. The Corporate Enforcement Authority financial statements for 2024 received a clear audit opinion. The National Treatment Purchase Fund board financial statements for 2024 received a qualified audit opinion. In my view, the accounts give a true and fair view except that they account for the cost of retirement benefit entitlements only as they become payable, but that is a standard accounting presentation for the health bodies. The Child and Family Agency, also known as Tusla, financial statements for 2024 received a clear audit opinion. However, I drew attention to two matters. First, there were compensation and legal costs incurred by Tusla and the State Claims Agency in respect of four cases taken against Tusla. The compensation payments to the four individuals totalled €799,000. Plaintiff costs of €949,000 were paid in respect of two cases, with plaintiff costs in two cases yet to be determined. Tusla's own costs incurred to date are €1.6 million. The State Claims Agency's costs in these matters are not yet known. The second matter I drew attention to is a material level of procurement non-compliance, which was of the order of €5.4 million.

**Deputy James Geoghegan:** In respect of the National Treatment Purchase Fund, we dealt with this issue when CHI was before us. The position of the National Treatment Purchase Fund with regard to how its moneys have been used is that it relied on the governance controls in every hospital that received those moneys. In Mr. McCarthy's opinion, all things being equal, should the National Treatment Purchase Fund have done more to probe where its moneys were

being spent? In very simple terms, the allegations seem clear in the hospitals that are under investigation that, essentially, moneys were given to those hospitals and they were not used in accordance with the way they were supposed to be used and how they have drawn down those moneys. What is the obligation on the National Treatment Purchase Fund, even from its board's perspective, to ensure that the moneys that go into those hospitals are spent in accordance with the way in which they have been given those moneys?

**Mr. Seamus McCarthy:** They certainly have addressed the issue in the light of information that has come into the public domain. It was a matter that came up towards the end of the audit and we did discuss it with them. They are, I think, in the process of reviewing what they need to do. I think there is scope for them to do more, but it is an open matter at this stage. I do not want to be definitive about this. We will perhaps make recommendations to them about actions they could consider at least. The 2024 financial statements were presented, I think, just the night before they appeared here, so it is obviously open to the committee to bring them back and to discuss further with them, maybe in the autumn, what action they are taking to tighten up and to be able to provide the committee with better assurance.

**Deputy Catherine Connolly:** I will follow on from that suggestion. I think they should come back before us if we can fit them in.

To go back to the University of Galway, there is a clear audit. As someone from Galway, I welcome that, and the university is very important. I have not had a chance to look at the documentation, but as regards the foundation, we discussed this the last time I was on the committee. That foundation is still in existence.

**Deputy Séamus McGrath:** It is.

**Deputy Catherine Connolly:** Is it included now, parallel with the reports?

**Mr. Seamus McCarthy:** I can check for the Deputy but, from memory, they are publishing the financial statements of the foundation with their own financial statements but they are not consolidating-----

**Deputy Catherine Connolly:** I understand that, and they have made arguments for that-----

**Mr. Seamus McCarthy:** Yes, but I will check it for the Deputy.

**Deputy Catherine Connolly:** As regards Tusla, we have confirmed that will be on our clár oibre because there are serious issues there and it is a very important agency. I will not go into them now. They are outlined here and we will have the agency before us.

**An Cathaoirleach:** It has been agreed that we will add Tusla to our work programme. To get some clarity from the C and AG before I call Deputy McAuliffe, who I think wants to come in on this, these are extraordinary levels of expenditure in terms of legal costs, and it appears that that is not the definitive cost at this point. Do we know how this has come to light? Was it a protected disclosure or a whistleblower? Obviously, you cannot get into detail, but-----

**Mr. Seamus McCarthy:** I think it is really for Tusla itself to provide explanations to the committee, but what is explained in the governance statement is that there were matters and I think I have pointed out that there was a subsequent whistleblower disclosure on the same set of events and both processes were ongoing. An investigation was done into the matters that were brought forward in the protected disclosure and a report was produced at, I think, a cost

of €416,000, but that ended up being quashed after legal proceedings against the report. It is a very significant expense.

**An Cathaoirleach:** Where these issues flagged with you in the course of your work, Mr. McCarthy?

**Mr. Seamus McCarthy:** We identified these issues in the course of the audit and sought further explanations. I felt it was appropriate to see that there was a disclosure and for me to draw attention to it.

**An Cathaoirleach:** Were you looking to come in, Deputy McAuliffe? Anyone else? No? We will move on. Can we agree to note the listing of accounts and financial statements? Is that agreed? Agreed. The listing of accounts and financial statements will be published as part of our minutes.

The following B items of correspondence were considered. No. R0153 is correspondence from the Department of Education and Youth. I think Deputy McAuliffe raised this in private session and I think it was tied in with correspondence No. R0155, which is from the City of Dublin ETB and relates to Whitehall College.

**Deputy Paul McAuliffe:** This is an issue which the previous public accounts committee dealt with. It relates to Whitehall College, a building which has lain idle and unused for almost a decade. City of Dublin ETB has provided detailed correspondence with regard to the current position. Unfortunately, while the Department's reply is incredibly helpful in terms of the new project that will take place on the adjoining lands, it has not responded to the issues with regard to Whitehall College and the legal issues there. I ask that we go back to the Department and ask it to provide the details relating to the current case, the utilisation of the building and the costs which have been incurred.

**An Cathaoirleach:** Is it agreed by members that we take that action, that we write back and seek clarification on those items? Agreed.

No. R0187 is correspondence from the Minister for public expenditure. The committee agreed to note and publish that correspondence. That is agreed.

No. R0188 was correspondence from the Department of Transport. The committee has agreed to write to the Department of the Taoiseach to seek clarification on that correspondence and the memo that was sent out as regards accounts and statements. Is it agreed by members to write to the Department of the Taoiseach? I call Deputy Farrelly.

**Deputy Aidan Farrelly:** Can we ask specifically who else was in receipt of that outside of the NTA, just so that we can keep track?

**An Cathaoirleach:** Is that agreed? That is agreed, members.

Next week, the committee will meet with officials from the Health Information and Quality Authority to examine its financial statements for 2023. Officials from the Department of Health and the Health Service Executive will also be in attendance. The committee will return after the summer recess on 18 September, when it will consider the accounts and statements laid over the summer and correspondence received by the committee during the summer recess.

The committee has also agreed to schedule engagements with the following in September and October: Uisce Éireann, Tusla, the HSE, the National Treatment Purchase Fund, also look-

ing at bringing in Beaumont and other bodies, the Department of justice and the Houses of the Oireachtas Commission, with a specific focus on the issue relating to the broadcast workers within the Oireachtas. Are members agreeable with those? Agreed.

We move on to any other business. Are there any other items the committee members wish to discuss?

**Mr. Seamus McCarthy:** To come back to Deputy Connolly's question about the foundation financial statements, I have just looked at the copy I have here and it does not actually have attached the foundation financial statements. They would be published. Obviously, they are company financial statements so they are publicly available, but they are not associated with the version that appears to have been submitted.

**Deputy Catherine Connolly:** On that, I thank Mr. McCarthy for the clarification. On the last occasion, going back a few years, we thought it was very important - certainly, the members did - to have the two sets of accounts, even though the foundation does not come under our remit, but to have it there for clarity purposes and for context, so I ask that we go back and ask for that.

**An Cathaoirleach:** We can do that. I call Deputy McGrath.

**Deputy Séamus McGrath:** On the correspondence, when we had CHI before us, it was able to give us the legal costs involved for the dispute relating to the former chief executive. The representatives were not in a position to give us a figure for CHI's own legal costs. We sought that from them; they committed to provide it. Has there been any correspondence in that regard since?

**An Cathaoirleach:** We have issued correspondence to CHI this week so we await-----

**Deputy Séamus McGrath:** That is fine. Can we just ensure we get something back on that? It is critical information that we should know.

**An Cathaoirleach:** Yes, we will follow up on that, Deputy. If there are no other items, we will suspend for five minutes and resume in public session.

*Sitting suspended at 10.30 a.m. and resumed at 10.35 a.m.*

## **2023 Report of the Comptroller and Auditor General and Appropriation Accounts**

### **Vote 11 - Office of the Minister for Public Expenditure, National Development Plan Delivery and Reform**

### **Vote 12 - Superannuation and Retired Allowances**

### **Vote 39 - Office of Government Procurement**

## Vote 43 - Office of the Government Chief Information Officer

### Chapter 3 - Vote accounting and budget management

**Mr. David Moloney** (*Secretary General at the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation*) called and examined.

**Ms Bernie Kelly** (*Chief executive officer at the National Shared Services Office*) called and examined.

**An Cathaoirleach:** This morning, we will engage with the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation to discuss its report on the accounts of the public services 2023.

We welcome the following officials from the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation: Mr. David Moloney, Secretary General; Ms Niamh Duff, principal officer, corporate division; Mr. John Pender, principal officer, work and pensions division; Mr. David O’Sullivan, assistant secretary, Office of Government Procurement; and Ms Kate Ivory, principal officer, infrastructure division.

We welcome the following officials from the National Shared Services Office: Ms Bernie Kelly, NSSO CEO; and Mr. Seán Reilly, NSSO head of corporate services.

Finally, we are joined by officials from the Office of the Comptroller and Auditor General including: the Comptroller and Auditor General, Mr. Seamus McCarthy, who is a permanent witness to the committee, and Ms Irena Grzebieniak, deputy director of audit. The witnesses are all very welcome.

I will explain some limitations to parliamentary privilege and the practice of the Houses as regards reference witnesses may make to other persons in their evidence. The evidence of witnesses physically present or who give evidence from within the parliamentary precincts is protected pursuant to the Constitution and statute by absolute privilege. This means they have an absolute defence against any defamation action for anything they say at the meeting. However, they are expected not to abuse this privilege and it is my duty as Cathaoirleach to ensure this privilege is not abused. Therefore, if their statements are potentially defamatory with regard to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with such direction.

Witnesses are also reminded of the long-standing parliamentary practice that they should not criticise or make charges against any person or entity, by name or in such a way as to make him, her or it identifiable, or otherwise engage in speech that might be regarded as damaging to the good name of the person or entity. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue your remarks. It is imperative that they comply with any such direction.

I ask Mr. Seamus McCarthy to make his opening remarks.

**Mr. Seamus McCarthy:** Go raibh maith agat, a Chathaoirligh. As members of the committee are aware, the Secretary General of the Department of Public Expenditure, Infrastructure,

Public Service Reform and Digitalisation is the Accounting Officer for a number of Votes, reflecting the responsibility of his Department for the development and administration of a number of discrete cross-departmental functions in specialised and technical areas. I issued clear audit opinions in relation to each of the four appropriation accounts for 2023 on this morning's agenda.

The 2023 appropriation account for Vote 11 - Office of the Minister for Public Expenditure, National Development Plan Delivery and Reform records gross expenditure of just over €50 million under a single expenditure programme. Departmental staff pay accounted for €29.9 million. Grants to support the Department's aegis bodies accounted for just over €11.7 million. At the end of 2023, the Department had a surplus of €4.6 million for surrender.

Vote 12 - Superannuation and Retired Allowances, is used to pay pensions to retired civil and public servants across a wide range of departments, offices and agencies. The gross spend on Vote 12 in 2023 amounted to €814 million. Appropriations-in-aid, mainly comprising employee pension contributions, amounted to €618 million. Receipts of employee contributions in respect of the post-2012 single public service pension scheme were €112 million, or 28%, higher than estimated. This is the main reason that the net outturn on the Vote for 2023 was a surplus of €111 million for surrender. While I issued a clear audit opinion on the account for Vote 12, I drew attention to a matter disclosed by the Accounting Officer that related to controls over payment of chargeable excess income tax, CET, liabilities to the Revenue Commissioners. CET liability arises at the point of retirement for those retiring on high-value pensions. There is statutory provision for the tax liability to be paid on behalf of the pensioner by the pensions administrator with the recovery of the related debt over 20 years through reduced payment. Pension administration is carried out on behalf of the Vote by the NSSO. Of 21 cases where a CET liability had been identified between 2015 and 2023, the reductions in pension payments had been duly paid in each case, but the tax due had been paid to Revenue in only six cases. The tax due in respect of the other 15 cases amounting to €2.3 million had not been paid. A correcting payment, including a related interest charge, was made to Revenue in 2024, and this will appear as a charge on the 2024 appropriation account.

The Office of Government Procurement, OGP, carries out specialised functions in relation to the procurement of goods and services by public bodies. This includes the putting in place of framework agreements that public bodies can use to procure required goods and services. The 2023 appropriation account for Vote 39 Office of Government Procurement records gross expenditure of €18.8 million. The surplus remaining unspent at the end of 2023 amounted to €3.4 million.

The Office of the Government Chief Information Officer, OGCIO, provides an ICT shared service to a number of Departments and offices. This includes video and data services, email and productivity applications across the public service, and cybersecurity. The 2023 appropriation account for Vote 43 records gross expenditure of €44.5 million. The net surplus on the Vote at the end of the year was €953,000.

Arising from its responsibility in relation to central control and oversight of public spending, the Department sets the standard accounting policies for all appropriation accounts, and issues binding directions around public financial management and procedures and the corporate governance of public bodies. The Department is leading a project to move central government accounting from the current modified cash basis to a more standard accrual basis. This includes the development of a new framework of central government accounting standards, a number of which came into force in January 2024. These will impact the 2024 appropriation accounts,

which I will publish in September.

Chapter 3 - Vote accounting and budget management is a recurrent annual report which aggregates and summarises the results across all appropriation accounts as a permanent record. It also highlights any exceptional matters that potentially concern vote management and vote accounting generally. In that regard, the chapter in respect of vote accounting in 2023 explains the accounting treatment of certain advances of funds to the Office of Public Works for the development of Terminal 7 at Rosslare Europort. The works at Terminal 7 commenced in 2023 and I understand are expected to be completed later this year. The overall approved budget is €236 million. The project is being managed by the OPW on an agency basis on behalf of the main public bodies that operate in the port, which are the Revenue Commissioners, the Department of agriculture, An Garda Síochána and the Health Service Executive. Because of the agency arrangement, the costs of the project are being met *pro rata* by the user bodies. In 2023, amounts totalling €132.7 million were advanced from Votes 9, 20 and 30 to the OPW to meet the costs of development as they arose. By the end of December 2023, the OPW had disbursed €51 million to the contractors. The remaining €81.7 million was recorded by the OPW as credit balances in favour of the three Votes. The Department's public financial procedures indicate that only the amounts certified by the OPW as disbursed fell to be treated as charges in the 2023 appropriation accounts. However, exercising his statutory powers, the Minister for public expenditure determined that the total amounts advanced to the OPW in 2023 were appropriate for charging in the 2023 accounts. I am required by law to report on the correctness of the payments recorded in the appropriation accounts. I am satisfied that the statutory determination of the Minister made the charges in 2023 correct. However, to facilitate parliamentary accountability, audited financial statements need to be reliable, consistent and clearly understood by users. Given the departure from the public financial procedures principles and from the standard accounting policies for appropriation accounts in respect of the charges totalling €81.7 million, I considered it necessary and appropriate to draw this matter to the attention of Dáil Éireann.

**An Cathaoirleach:** I thank Mr. McCarthy. We will now move to the opening statements of our other witnesses as set out in the letter of invitation. They have five minutes to make their opening remarks. I ask Mr. David Moloney to make the opening statement on behalf of the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation.

**Mr. David Moloney:** I thank the Cathaoirleach and the members of the committee for the opportunity to attend to discuss the appropriation accounts for 2023. Much of what I have in my opening remarks has been covered by the Comptroller and Auditor General so I will endeavour to summarise it quickly. I am here to discuss Vote 11 - Office of the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation; Vote 12 - Superannuation and Retired Allowances; Vote 39 - Office of Government Procurement; Vote 43 - Office of the Government Chief Information Officer; and Chapter 3 of the Report on the Accounts of the Public Services 2023.

In each of these instances the mission of my Department is to drive the delivery of better public services, living standards and infrastructure for the people of Ireland. To support this, we undertake a range of actions under our three strategic goals of enhancing governance, building capacity and delivering effectively. In 2023, the surplus to surrender of €4.6 million was partly due to savings on payroll of €2.7 million and a saving of €2.2 million related to the management of EU programmes.

During 2023, the Department implemented a divisional reorganisation following a strategic review of its operating model in 2022. This means the Department now works in a more inte-

grated and joined-up way. Where there were previously two separate programmes, there is now a single, unified programme.

In respect of Vote 12 - Superannuation and Retired Allowances, the net outturn for 2023 was €195.9 million, compared to an Estimate of €306.7 million, giving a surplus of €110.8 million. The surplus primarily arose due to greater than anticipated contributions received from the single public service pension scheme, as well as underspend on established Civil Service pensioner lump sums.

I am the Accounting Officer for Vote 12. As provided for under the public financial procedures and in accordance with the relevant legislation, I discharge my obligations by preparing to the best of my ability an accurate appropriation account, ensuring lawful and efficient use of funds, maintaining internal controls, co-operating with auditors and being accountable to oversight bodies. In relation to shared services, I rely on a letter of assurance from the NSSO.

During the course of the Comptroller and Auditor General's audit of the Vote 12 appropriation account for 2023, and as set out in the statement of internal financial control, weaknesses were identified in the internal control environment within the NSSO and within the Vote 12 oversight processes. The issue related to the payment of chargeable excess taxes to the Revenue Commissioners by the NSSO. A review of the Department's internal controls was concluded and we made changes to our oversight arrangements.

In relation to the OGP, over the past decade public procurement has grown to become a much larger part of public spending, now accounting for an estimated €18.5 billion of public money awarded through procurement competitions each year. Public procurement has also taken on a much more strategic role. It is now a key tool for delivering broader economic and policy goals, such as managing inflationary pressures, supporting SMEs, advancing green and social initiatives or driving innovation and new technologies. In relation to the OGP's financial performance in 2023, the appropriation account shows a net outturn of €18.25 million, giving a surplus to surrender of €3.4 million. The surrender was driven in the main by savings on pay costs and some delays in commencing two projects that aim to digitalise existing procurement processes.

In relation to Vote 43, the OGCI0 Vote supports the Department's vision for a single, shared ICT platform across the Government and drives the digital government agenda. It leads on digital service delivery and innovation, oversees ICT initiatives across Departments, and represents Ireland at EU level on public service ICT and egovernment. A Supplementary Estimate of €4.9 million was approved in November 2023 via the Brexit adjustment reserve fund and this funding was used to extend the national low latency platform, NLLP, to the ports of Dublin, Rosslare and Cork.

In regard to chapter 3, in terms of overall performance, gross voted expenditure in 2023 was €94.9 billion when spending on the Social Insurance Fund and National Training Fund are included. Spending in 2023 supported investment in the public sector workforce; improvements in public services for a growing and changing population; investment in digitalisation and climate initiatives; and enhancing infrastructure. Spending in 2023 also reflected measures to address external developments, such as cost-of-living packages, aid for those affected by the Ukraine war, and supporting public services with the legacy impact of the Covid-19 pandemic.

Thank you for the invitation, a Chathaoirligh. We are happy to take any questions the committee may have.

**An Cathaoirleach:** I thank Mr. Moloney. We will suspend for a break at 12 noon and then resume shortly afterwards. We will now open the meeting to members. The lead speaker today is Deputy Connolly, who has 15 minutes. The next speaker will be Deputy Byrne, who, like other members, will have ten minutes. If time permits on the conclusion of that round of questions, I will allow members back in for a second round.

**Deputy Catherine Connolly:** I welcome the witnesses and the officials from the Department. It is a very important Department. I do not envy them their job. In comparison, our job is a little easier. They are required to deliver better public services, living standards and infrastructure for the people of Ireland. I cannot think of a more important job. They are also responsible for governance, so there is a particular onus on them.

I am going to look at Votes 11 and 12. I will ask a few general questions. I do not wish to appear curt but I just want to get answers as best I can. That is all. I respect the work the witnesses do, but there is a particular onus on them in regard to governance and responsibility and their own Department showing example to all the other Departments.

I want to very quickly deal with something that arose today. We have already agreed that we will respond to this correspondence. It relates to the submission of annual reports. A letter from the Department of Transport points something out, although it does not really matter to the presentation of annual reports. Guidance was issued on 30 May by the Department of An Taoiseach on the management of these financial reports. Is Mr. Moloney aware of that? The consequences from our point of view is that those financial reports will not appear before us for scrutiny until the autumn because it appears they have to go to the Cabinet first. First, is Mr. Moloney aware of the guidance that was issued on 30 May? Second, will he explain how some annual reports go before the Cabinet and others do not? To us, it appears to be random. Will he answer those questions, please?

**Mr. David Moloney:** There are a huge variety of State bodies that produce annual reports.

**Deputy Catherine Connolly:** Is Mr. Moloney aware of the guidance issued on 30 May?

**Mr. David Moloney:** I have not seen the guidance but I have heard of it and I understand the rationale behind it.

**Deputy Catherine Connolly:** Was the guidance not sent to Mr. Moloney in his very important role?

**Mr. David Moloney:** It would certainly have been sent to my Department. I just have not seen it specifically.

**Deputy Catherine Connolly:** What does he understand the rationale behind it to be?

**Mr. David Moloney:** The Department of the Taoiseach is trying to manage Government business in terms of the agenda of the Government, in particular in the run-up to the summer break. That may be the rationale.

**Deputy Catherine Connolly:** Perhaps Mr. Moloney could read it and come back to us on it. The consequence for us is that financial reports will not appear here for our scrutiny until later when the Comptroller and Auditor General has signed off on the reports. Now, there will be a delay. In the case of the Department of Transport, those reports will not be brought before the Cabinet until after the summer recess. That is uimhir a haon.

Uimhir a dó is whether Mr. Moloney can throw any light on how reports go to Cabinet. I understand only some financial reports go to it. It would appear random. Mr. Moloney can correct me if I am wrong.

**Mr. David Moloney:** There is a huge variety of organisations that produce annual reports. My understanding is that most annual reports that go to the Government do so on the basis of the legislation underpinning the establishment of the body or in some cases-----

**Deputy Catherine Connolly:** I refer to reports that go before the Cabinet.

**Mr. David Moloney:** Yes, before the Government.

**Deputy Catherine Connolly:** Perhaps Mr. Moloney could just reflect on that and come back to it because it is not clear. Some financial accounts do not go to the Cabinet and others do.

**Mr. David Moloney:** If Deputy Connolly has particular examples, we will happily follow them up.

**Deputy Catherine Connolly:** This letter Mr. Moloney is not aware of is one example. I will leave it with him to come back to us on it. The Chair might come back on it.

**Mr. David Moloney:** Of course.

**Deputy Catherine Connolly:** I want to ask specific questions about the pension in Vote 12, but first, given the Department's remit, what sort of targets does it set for itself to achieve in terms of providing infrastructure and improving daily life? What are the Department's performance indicators or metrics for achieving what it sets out to do?

**Mr. David Moloney:** We have a statement of strategy and each year we have an annual business plan that sets out the various actions the Department will take.

**Deputy Catherine Connolly:** How does the Department measure it? We have 16,000 homeless and we have a housing crisis. The Department has a significant role in that regard. I will not be specific, but I am just highlighting that. To me as a layperson, we are utterly failing in the achievement of the wonderful vision set out for the Department. How does Mr. Moloney measure the achievement in his Department?

**Mr. David Moloney:** We do that in a number of ways. We produce a lot of analysis each year demonstrating the outcome and impact of money that has been spent. We work with colleague Departments, in particular the Departments of Finance and the Taoiseach, on a well-being framework in terms of equality budgeting and well-being generally. At that very general level, we look at things like life expectancy and performance in the programme for international student assessment, PISA.

**Deputy Catherine Connolly:** Are there key performance metrics? Could Mr. Moloney name some of them?

**Mr. David Moloney:** The metrics we look at include things like life expectancy and quality of life indices as regards the health sector. We look at things like the accomplishment as measured by the PISA assessment in education. There are some very high-level indicators. It is less straightforward in other areas. When we look at the social protection area, we look at the ESRI's SWITCH model and the impact of those measures on different groups within the income distribution. That is the kind of approach we take.

**Deputy Catherine Connolly:** I have one more specific question. Children's Health Ireland, CHI, was before us and the former CEO confirmed that she had been there for five years and then a further five years. It was an employment matter. She said she was automatically entitled to a contract of indefinite duration. Was the Department aware of that?

**Mr. David Moloney:** Yes, certainly my Department would have been aware of that.

**Deputy Catherine Connolly:** Was Mr. Moloney aware of that?

**Mr. David Moloney:** Yes, I was informed of it.

**Deputy Catherine Connolly:** Will Mr. Moloney put that in context for me? What are the numbers in terms of what was before us in the context of the former CEO getting a contract of indefinite duration? I do not wish to focus on that person who was before us. What are the numbers in that position?

**Mr. David Moloney:** Is the question on how many people are on contracts of indefinite duration in the public service?

**Deputy Catherine Connolly:** Yes.

**Mr. David Moloney:** I do not have that information, because that would arise organisation by organisation. I would not know how many of the 370,000 public servants are in that position. It is something that has been a focus of HR policies. It is a situation we normally seek to avoid.

**Deputy Catherine Connolly:** I understand. There are reasons the Department would seek to avoid that. It is important. Has a review ever been carried out on the numbers?

**Mr. David Moloney:** Each organisation would look at that for itself. We have not carried out a review across the entire public service.

**Deputy Catherine Connolly:** I understand. The Department has a very important oversight function. It deals with a significant amount of money and very important areas. This issue came up for us at a meeting. What review, if any, has been carried out on this?

**Mr. David Moloney:** We have not carried out a review across the public service of the number of people on contracts of indefinite duration.

**Deputy Catherine Connolly:** I welcome the review of the national development plan in terms of our obligations on climate change and biodiversity. What is the status of the review?

**Mr. David Moloney:** The review of the national development plan is ongoing. As Deputy Connolly is aware, it is a commitment in the programme for Government and the intention is that the review would be completed by the end of this month.

**Deputy Catherine Connolly:** Can Mr. Moloney share any of the outcomes of the review with us?

**Mr. David Moloney:** We are at a very late stage of the negotiation but we have not completed the review yet. I am not able to share that in advance of completing the negotiations.

**Deputy Catherine Connolly:** Okay. I am watching the time, so I will move on to chapter 12, which deals with superannuation and retired allowances. Issues were identified in the

statement of internal control. I understand the issues were highlighted by the Comptroller and Auditor General, not by the Department. Is that correct?

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** It did not arise from the system of checks and balances working. Is that not an issue in itself for the Department?

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** Mr. Moloney highlighted that, when this issue arose through the good work of the Comptroller and Auditor General and his team, a review was carried out. This is all new language for me. Once a pension goes over a certain value, which I believe is €2 million,-----

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** -----there is a tax liability at a very high rate of 41% and several individuals crossed that threshold. Is that right?

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** As a result of work done by the C and AG, EDEN carried out a review from 2015 to 2023. Is that right?

**Mr. David Moloney:** Yes, I believe so.

**Deputy Catherine Connolly:** It would be helpful if Mr. Moloney told us because these are very important issues he should be leading me on.

**Mr. David Moloney:** Sorry. If the Deputy wants me to set out the issues, I am very happy to do so.

**Deputy Catherine Connolly:** I just want Mr. Moloney to quickly confirm some things. The review was done not a proactive one. As a result of that review, several cases were identified. I am reading from the Department's internal financial controls. We have 15 cases where the income tax was deducted from the individual retirees but not paid from the Vote. It was good the deduction was made. I am right in all of this?

**Mr. David Moloney:** Yes, the appropriate payment plan was put in place regarding those individuals.

**Deputy Catherine Connolly:** The money was then not passed on to Revenue.

**Mr. David Moloney:** Exactly.

**Deputy Catherine Connolly:** How did that happen?

**Mr. David Moloney:** It was an error in the oversight arrangements. In some cases, though not all, the money was not passed over to Revenue. In respect of the review we did, the idea was to put in strengthened oversight arrangements to ensure the money went to Revenue in future.

**Deputy Catherine Connolly:** I have read all of that and I understand the Department has strengthened this. Every group that comes before us tells us it has strengthened its processes.

In our own lives, we must also reflect on ourselves. I am not here to preach; I am here to find out information. The office did a review and there were 15 cases. This was an accountancy exercise. The money was deducted but left somewhere and not passed on to Revenue.

**Mr. David Moloney:** It was left in the Vote and not passed on to Revenue.

**Deputy Catherine Connolly:** It was left in the Vote. That was a pretty serious mistake.

**Mr. David Moloney:** Yes, it was a significant error, as the C and AG has rightly pointed out.

**Deputy Catherine Connolly:** I am a little confused on the next issue. Reading the report, are there a further 21 cases?

**Mr. David Moloney:** There were 21 cases in all, of which 15 did not have the money passed on to Revenue.

**Deputy Catherine Connolly:** A review uncovered 15 cases where the income tax was deducted but not paid over. Of the 21 cases where a chargeable excess tax liability has arisen to date-----

**Mr. David Moloney:** Over that period.

**Deputy Catherine Connolly:** Does that 21 include the 15?

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** Only six payments were paid to the Revenue.

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** How did that happen?

**Mr. David Moloney:** It was an error in the system that did not automatically trigger the payment to Revenue, and that is what we looked at in the review.

**Deputy Catherine Connolly:** Is Mr. Moloney telling me this has now been rectified?

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** A full review has been carried out. Is that another review on top of the review from 2015 to 2023?

**Mr. David Moloney:** No. The review follows on from the C and AG's work. We looked at the processes in place to ensure this would not happen again.

**Deputy Catherine Connolly:** Is there only one comprehensive review?

**Mr. David Moloney:** Yes, in respect of that CET issue.

**Deputy Catherine Connolly:** Is there another review in respect of other issues?

**Mr. David Moloney:** More recently, other issues have arisen relating to CET and there are other reviews on those issues.

**Deputy Catherine Connolly:** I will come to those now.

**Mr. David Moloney:** In 2023, there was only one review.

**Deputy Catherine Connolly:** In 2023, there was one review regarding that cohort of 21 cases, which have been sorted out and the mistake has been rectified.

**Mr. David Moloney:** Yes.

**Deputy Catherine Connolly:** Mr. Moloney signed off on that on 5 July 2024 and said no other weaknesses in internal financial control were identified regarding the 2023 cases.

**Mr. David Moloney:** Correct.

**Deputy Catherine Connolly:** Mr. Moloney was aware there were other issues when he signed off in July 2024.

**Mr. David Moloney:** In July?

**Deputy Catherine Connolly:** Yes. Mr. Moloney's signature is dated 5 July 2024.

**Mr. David Moloney:** No, at that stage I was not aware of other issues. I do not believe so.

**Deputy Catherine Connolly:** When did the other issues come to Mr. Moloney's attention relating to underpayments and overpayments of pensions?

**Mr. David Moloney:** That happened earlier this year in late March.

**Deputy Catherine Connolly:** How did that come to Mr. Moloney's attention? Through the media or the Department's own processes?

**Mr. David Moloney:** The most recent set of issues was brought to our attention by the NSSO.

**Deputy Catherine Connolly:** How did it come to the NSSO's attention?

**Ms Bernie Kelly:** The issues arising and identified in quarter 1 of this year were identified through a Revenue spot check. Revenue requested, through the Department, a sample of calculations to confirm if CET had been calculated correctly. The issue the Secretary General discussed was an issue of non-payover. Everything was calculated correctly but the final step had not been taken. The Revenue audit of sample cases highlighted that six out of 11 cases had not correctly calculated the chargeable excess tax.

**Deputy Catherine Connolly:** It came from a Revenue spot check, not from any internal processes.

**Ms Bernie Kelly:** Yes.

**Deputy Catherine Connolly:** That in itself is difficult for us, is it not? The NSSO is the oversight body and is under that Department. We look for reassurances from every Department that practices are working, yet here it came from the C and AG and a Revenue check. What is the extent of the difficulty that arose this year and was identified through Revenue? What is the extent of people affected and the overpayments and underpayments?

**Ms Bernie Kelly:** We have identified 23 cases. When the issue first arose as a result of that sample, I commissioned the team to do a full review to go back to when CET originally came in. Those 23 cases have been identified as possible CET-owing and, to date, 19 have been vali-

dated. There is a liability of €1.4 million that had not been calculated for those 19.

**Deputy Catherine Connolly:** Sorry, I am over time but I am sure my colleagues will follow up.

**Deputy Joanna Byrne:** I thank all the witnesses for joining us. I might pick up where my colleague left off. What prompted the 2015 to 2023 review that uncovered the 21 cases in the first place?

**Mr. David Moloney:** It arose out of a C and AG review of the account and an exercise he carried out.

**Deputy Joanna Byrne:** For my own understanding, Mr. Moloney stated to Deputy Connolly that when he signed off on 5 July 2024, a full review had been carried out. He was not aware of any further issues outside the 21 at that stage.

**Mr. David Moloney:** That is correct, Deputy.

**Deputy Joanna Byrne:** Was Mr. Moloney confident that corrective measures had been put in place?

**Mr. David Moloney:** Yes, for that issue.

**Deputy Joanna Byrne:** Will Mr. Moloney explain the other review that is ongoing and how many cases have been identified, if any?

**Mr. David Moloney:** The current review relating to CET, as the CEO has explained, is ongoing. There are several issues that have been discussed in recent times regarding the calculation of payments in the NSSO. The organisation is working through those issues to identify who and how many people were affected. Ms Kelly can give more information on the numbers but at any point in time, because we are working through those issues, the numbers change. The committee should be aware of that caveat.

**Deputy Joanna Byrne:** Is there an indicative amount?

**Mr. David Moloney:** I do not have the current estimate of how many people are affected by the CET but Ms Kelly would have that information.

**Ms Bernie Kelly:** Right now, we have identified 23 cases. We have done a comprehensive review, starting at the higher grades right down to assistant principal grade. There are several cases out for query at present. To give context, the calculation of CET also includes any private pension, AVC and so on that someone joining the Civil Service has. There is other information that needs to be collected in order to do the calculation. There are some queries out so there is a possibility the figure could go up but it is likely to be less than 30 cases.

**Deputy Joanna Byrne:** If I may come back to Mr. Moloney, the corrective measures in July 2024 that he was confident in were put in place. How has there been a downfall in them, given another 20 to 30 cases have arisen since then?

**Mr. David Moloney:** The issue in 2023 was that the money was not paid over to Revenue but the money was calculated. The issue currently is that CET was not calculated in regard to these cases because it was not understood they were subject to CET or that the standard fund threshold was reached. I understand that happened for a number of reasons. As Ms Kelly said,

one of the factors was that some people may have private pensions. Another possible issue might be that the standard fund threshold, when it was established, was seen to apply only to the most senior grades in the public service but, in fact, it is a value threshold and is not related to grade. That may have caused some confusion.

One of the things the Minister has asked for, and the chair of the NSSO is in the process of commissioning, is a full end-to-end review in order that we fully understand these issues. At the moment, we are giving the best information we can based on the work done in recent months in catching up on the issues. We will procure a full audit of the issues and, at that stage, we will have a much clearer view of the full range of causes. For the moment, the factors I mentioned are what we see as the most likely source. Using an external auditor, we will validate that.

**Deputy Joanna Byrne:** Going back to the original 21 cases, where six payments were made to Revenue and 15 were not, Mr. Moloney's explanation for that at the beginning of the discussion was there was a significant error. Was it an IT error, a human error or just arising from a lack of understanding of the obligations?

**Mr. David Moloney:** It was a weakness in oversight, policies and procedures. Money owed to Revenue should be paid to Revenue.

**Deputy Joanna Byrne:** I was coming to that. For the NSSO to collect just over €2.3 million in tax for a period of nine years and not hand it over to Revenue is quite a significant oversight. I am sure Mr. Moloney will admit it is not minor in any way, shape or form.

**Mr. Seamus McCarthy:** To clarify, and the Accounting Officer may be able to give a view on this as well, the deductions were not resulting in cash pile-up. What was happening was the pensions payable to the individuals were reduced in quantum. There was not a deduction from what they were paid; it was just never paid to them. Therefore, cash was not building up in a suspense account that would have triggered an earlier realisation there was a problem. It is actually a very complicated calculation and I can see how the errors would have occurred. The important thing is to have systems that trigger an early detection and an early resolution.

**Deputy Joanna Byrne:** I appreciate that, Mr. McCarthy.

A broad range of groups have been affected by the pensions issue. The Minister, Deputy Chambers, has been very clear that he is initiating a scoping exercise to identify the number of retired civil and public servants whose pensions will need to be checked. The figure that was quoted is a maximum of 13,000 people but it may not reach that. Has Mr. Moloney any idea what the number is at the moment? Is it foreseen to reach 13,000?

**Mr. David Moloney:** The numbers keep changing. When we initially addressed the issue publicly, the number was 13,000 people's pensions potentially needing to be checked to see whether they were affected by the issue that affects work sharers. I do not have the current number because that work is ongoing but Ms Kelly will have an approximation of it.

**Deputy Joanna Byrne:** Will Ms Kelly indicate the number?

**Ms Bernie Kelly:** We do not have a validated number at this point but we expect it to be much lower than 13,000. That figure was picked as the largest possible scoping we could have because those people are in our system in receipt of a pensionable allowance but may not be impacted by all of this. We are working to validate the number.

**Deputy Joanna Byrne:** On the overpayments, what is the intention or parameter as to how that money may be recouped?

**Mr. David Moloney:** Where overpayments arise, a repayment plan is put in place with the person who has made the overpayment and the money is fully recouped.

**Deputy Joanna Byrne:** Will that be done under the Public Service Pay and Pensions Act? Is there legislation defining the process?

**Mr. David Moloney:** I will check the legislative basis but the policies and procedures we operate are really clear that overpayments are fully recouped.

**Deputy Joanna Byrne:** Is it a realistic expectation that they can be recouped, bearing in mind that a lot of these people may be pensioners? An example being cited is of a pensioner who may owe up to €280,000. Over what timeframe is it intended for such recoupments to be made without crippling and crucifying pensioners in their remaining years?

**Mr. David Moloney:** The large numbers relate to the chargeable excess tax for people who have a standard fund threshold of greater than €2 million. The legislative provisions for this are that the money can be paid by the employer but must be repaid over 20 years. The 20-year period is set out in legislation for that particular overpayment. It is not an immediate tax bill. It is the impact of the standard fund threshold on the pension that should be paid over the 20-year period.

**Deputy Joanna Byrne:** Not to be the grim reaper or a pessimist in any way but if people do not have 20 years, is there a realisation that there may be a loss and not all this money is recoupable?

**Mr. David Moloney:** The legislative provision is that the liability expires upon death.

**Deputy Joanna Byrne:** That suggests there is a realistic expectation that not all this money may be recouped.

**Mr. David Moloney:** That is correct. If a person passes away during that period, the legislation provides that the debt is extinguished.

**Deputy Joanna Byrne:** That relates to undercharges on pensions. Have any cases been identified where people were overcharged and would be entitled to rebates?

**Mr. David Moloney:** I am not aware of any overcharging in regard to the chargeable excess tax but Ms Kelly may have more information.

**Ms Bernie Kelly:** I am not aware of any such overcharging. Each chargeable excess tax charge is validated through the Department before it is agreed with the taxpayer.

**Deputy Joanna Byrne:** I thank the witnesses.

**Deputy Eoghan Kenny:** I welcome the witnesses and thank them for their attendance. My main focus to begin with is the review of the national development plan and the key areas of focus in that regard. The Labour Party has a focus on education. Is that a key focus for the Department?

**Mr. David Moloney:** It absolutely is. We begin with a €165 billion national development plan and the Government has announced its intention to greatly expand that. Within the overall

figure, education is a key focus, alongside health and other social issues. The previous Government, in its last budget, and this Government, in the programme for Government, have put a priority on delivering certain things, including, in particular, the water grid upgrades and transport services needed to deliver housing. That does not mean other areas are not in receipt of very significant moneys under the NDP and will not be in receipt of very significant moneys under the revised NDP. In fact, education is an area where the capital spent has increased hugely over the past ten years.

**Deputy Eoghan Kenny:** What is the Department of public expenditure's oversight of how the Minister for education is spending money on particular issues arising within her Department? This year, for example, we see a serious issue consistently happening in respect of special educational needs provision. Is advice provided to the Minister for education in terms of how she should spend the money allocated to her Department?

**Mr. David Moloney:** The main role of the Minister for public expenditure is to agree the allocation with the Minister for education and, within that allocation, the latter considers priorities. In terms of the overall management of that budget, we are constantly engaged in discussion with the Department of education at official level on how the budget is being managed and, in particular, how it is being managed with a view to meeting priority needs.

**Deputy Eoghan Kenny:** For example, at the eleventh hour the Department of education opened up 400 new special classes this year but the allocation for the budget would have been made last October at budget stage. Was there any negotiation between the Department of public expenditure and the Department of education regarding extra funding being needed and being allocated for special education needs, in particular?

**Mr. David Moloney:** There are ongoing discussions and there have been discussions specifically on that topic. One of the decisions the Government took since the previous budget was to provide an additional sum of money for education in 2025, an amount of €210 million.

**Deputy Eoghan Kenny:** When was the €210 million provided?

**Mr. David Moloney:** It is being provided in this year, in addition to the provision set out in budget 2025.

**Deputy Eoghan Kenny:** In regard to the review itself, who is carrying it out?

**Mr. David Moloney:** We are. My Department is carrying out the review.

**Deputy Eoghan Kenny:** There is no additional cost to the review.

**Mr. David Moloney:** No, it is a process whereby we engage with other Departments as we have been since early in the year and we bring proposals. The Minister has engaged extensively with his colleagues. He has had number of bilateral engagements with all other Ministers at this point. That is the process. It is discussed at official level with the various teams and Departments. Then there are political level engagements as well and that will come to a head during the next two weeks.

**Deputy Eoghan Kenny:** I know Deputy Connolly touched on this, but Mr. Moloney cannot provide any sort of indication of outcomes from that.

**Mr. David Moloney:** At this stage we are still in the final negotiations phase, so I am not able to at this point.

**Deputy Eoghan Kenny:** In regard to projects within the national development plan, for example, there is the Cork to Limerick motorway, which is a significant project we hope to get over the line eventually because it has been ongoing for a number of years. I refer to the Department's oversight of the Cork to Limerick motorway in terms of spending on that. Obviously, that is something that has been brought to its attention. In terms of communication with the Department of Transport, in particular, or TII, is there a commitment from the Department of public expenditure to build that road network?

**Mr. David Moloney:** The Minister's role is to set the allocation and the Minister for Transport will then decide within that allocation what the priority projects are. That would account for-----

**Deputy Eoghan Kenny:** Does the Minister for public expenditure at any stage say to the Minister for Transport that this project is something that is necessary?

**Mr. David Moloney:** The Department, in terms of its engagement, would not select individual projects within the transport allocation, but we would engage with the Department in relation to projects in terms of value for money and suchlike.

**Deputy Eoghan Kenny:** That is an important question in regard to value for money. The Department itself understands the issue of value for money in terms of capital projects, in particular, or large projects within several Departments. How does the Department value that value for money in terms of the projects being spent on by each relevant Department?

**Mr. David Moloney:** We have capital appraisal frameworks that allow us to estimate the benefits of projects and set them against the costs. As part of bringing forward any project, including the M20-----

**Deputy Eoghan Kenny:** Does the Department have oversight of the capital projects?

**Mr. David Moloney:** The delivery of capital projects is overseen by the Departments themselves and reported to us. We publish the capital tracker for the major projects.

**Deputy Eoghan Kenny:** Have there been any capital project that has been reported to the Department that has not been value for money, in the Department's opinion, maybe during the course of the previous Dáil term and coming into this new Dáil term? Can Mr. Moloney name one capital project he believes has not been a value for money project, from any Department? Has the Department of public expenditure identified a project that has not been value for money?

**Mr. David Moloney:** There are projects that do not meet the value for money criteria.

**Deputy Eoghan Kenny:** Which projects?

**Mr. David Moloney:** For example, recently the Minister for housing took a decision about a PPP bundle that it did not represent value for money. As part of the process, there are decisions that are taken to indicate some projects are not value for money. All these projects are attempting to meet a need and it is often a question of seeing if the need can be met in a different way that is a value for money way. That really is the emphasis.

**Deputy Eoghan Kenny:** The public would probably be thinking that there have been a number of capital projects. Are there particular capital projects that have taken place during the previous Dáil term and into this Dáil term that Mr. Moloney would say have not been value

for money at all? Can he identify a particular project, or perhaps a number of them, over every Department?

**Mr. David Moloney:** There are a number of projects that have come into the public domain very clearly that the project promoters have admitted are not value for money. We do have that in regard to some projects.

**Deputy Eoghan Kenny:** What is then done in terms of the Department's role? The project comes to the Department and it says the project is not value for money. Is it a case of saying it is not value for money, so we will move on now? If a project comes to the Department's attention and it is made clear it is not value for money, does it just move on?

**Mr. David Moloney:** The way our public capital appraisal works is that we insist a value for money appraisal is done. That is generally a financial appraisal. Then, depending on the value of the project, it will fall to a Minister or to the Government to decide whether, on balance, that project should be proceeded with or not.

**Deputy Eoghan Kenny:** The oversight arrangements were mentioned in terms of the pension errors. What has Mr. Moloney done in terms of the oversight arrangements? Obviously, there were errors within the oversight arrangements. What has Mr. Moloney done, in his role as Secretary General, to identify those errors? Is it specific staff within the Department who made those errors or is it a system within the Department?

**Mr. David Moloney:** In terms of asking for a review to be carried out, which I did, it was weaknesses in the oversight arrangements. There was the potential to strengthen the oversight arrangements within both the Department and the NSSO, so the reporting of where money is due to Revenue and whether the money has been paid is now put on a more regular footing. I can give the Deputy more detail on that if he would like it but that is effectively it. Ms Duff is the finance officer involved.

**Deputy Eoghan Kenny:** When did the Department complete the review of the oversight arrangements?

**Mr. David Moloney:** Will Ms Duff answer?

**Ms Niamh Duff:** Following the C and AG's audit of Vote 12 last year and the errors being highlighted, the Department did a review of the processes in place. We depend quite regularly on the NSSO giving us reports for CET and then we rely on those reports and record those numbers in our appropriation account. Prior to the C and AG's findings we did that on an annual basis and subsequently what we did was that we went through the whole process and identified what information we needed from the NSSO. We looked at the frequency of the information we were getting and what kind of data we were getting. We also created a shared file depository, so it means we can double check the data the NSSO provides to us.

**Deputy Eoghan Kenny:** Great. I wish the witnesses well.

**Mr. David Moloney:** I thank the Deputy.

**Deputy James Geoghegan:** I thank the witnesses. I will pick up where we finished there. In Mr. Moloney's opening statement, he was very clear, and Ms Duff just clarified that point. Mr. Moloney pointedly said, "... in relation to shared services I rely on a letter of assurance [from the accounting officer] from the National Shared Services Office." Was he trying to

draw some kind of distinction between his governance responsibilities as it relates to the NSSO versus all of his other governance responsibilities or what was his purpose or motivation in clarifying that point?

**Mr. David Moloney:** No, I am the Accounting Officer for Vote 12, so the integrity of that reporting is my responsibility. I was simply making the point that in large parts of my responsibilities, where they are delivered by third parties, public financial procedures and-or legislative frameworks can exist where I am entitled to rely on certain statements of assurance I have been given. It is no more than that. In regard to the issues that have arisen, we see ourselves as having a very active role in identifying what the issues are and helping to fix them within our own processes and within processes elsewhere. We envisage the NSSO and the HR and finance units of line Departments having a significant role. We believe the end-to-end issues will be addressed in the context of the review the Minister has asked the chairman to commission.

**Deputy James Geoghegan:** From a governance standpoint, the separate issues of the Revenue Commissioners underpayment and the pension overpayment are both important, perhaps one more than the other. The buck stops with Mr. Moloney as Secretary General of the Department. Was he trying to muddy the waters by stating he relies on an assurance statement from the CEO of the NSSO? Was he trying to draw any kind of distinction in that regard?

**Mr. David Moloney:** Absolutely not. I was simply clarifying what arrangements are in place.

**Deputy James Geoghegan:** Not paying the Revenue Commissioners the moneys owed to it is about as serious an issue as can possibly be imagined. Any businesses watching will be aware that the impact on businesses that do not pay the Revenue Commissioners is unbelievably serious. What is the impact when an issue emerges? I take the Comptroller and Auditor General's point on the complexity involved in the particular type of tax that was not paid to the Revenue Commissioners, but what actions do the Revenue Commissioners take against either the NSSO or the Department when underpaid?

**Mr. David Moloney:** In relation to the 2023 CET issue, obviously the Department has paid interest, and any further action that the Revenue Commissioners could take in terms of penalties is a matter for them. They have not come back to us with a determination on that.

**Deputy James Geoghegan:** How much interest has been paid to the Revenue Commissioners in relation to this?

**Mr. David Moloney:** A sum of €430,000..

**Deputy James Geoghegan:** The Department has paid €430,000 in interest penalties arising from this issue. What Mr. Moloney is saying is that the Revenue Commissioners reserve the right to take further action against the Department on the underpayment. Is that correct?

**Mr. David Moloney:** I am not sure if the Revenue Commissioners actively reserve the right but they do have the right, in closing out the case, to consider whether penalties are appropriate.

**Deputy James Geoghegan:** What could they look like? What penalties could the Revenue Commissioners conceivably impose on the Department in addition to the €430,000 in interest?

**Mr. David Moloney:** I am not sure. It would be a matter for Revenue to calculate and present to us.

**Mr. Seamus McCarthy:** In a circumstance where a voluntary disclosure is made, there may not be penalties. Again, however, there are rules around this. We can provide a brief for the committee on this.

**Deputy James Geoghegan:** Aside from the imposition of the interest penalties, do the Revenue Commissioners have direct engagement with Mr. Moloney as the Accounting Officer of the Department or Ms Kelly as the Accounting Officer of the NSSO, or is it simply the case that they state what has been found in a random audit? As the Comptroller and Auditor General has pointed out, Mr. Moloney made the voluntary disclosure. Is it just a case of correspondence to correspondence, or do the Revenue Commissioners come in and have a look at what is going on?

**Mr. David Moloney:** To clarify, €468,744 is the exact figure. I do not want to get it wrong for the Deputy.

**Deputy James Geoghegan:** I thank Mr. Moloney for that.

**Mr. David Moloney:** In both organisations, teams of Revenue Commissioners officials would engage on an ongoing basis. The Revenue Commissioners do audits, asks questions-----

**Deputy James Geoghegan:** This is obviously very different. It essentially concerns an enforcement action because the Revenue Commissioners were not paid moneys owed to them. I am referring to that type of incident, in particular. Does it happen quite a lot that the Department omits to pay the Revenue Commissioners moneys owed to them? Perhaps it has happened from time to time but I would not have thought so.

**Mr. David Moloney:** I am not aware of any other incidents affecting the Department, but overpayments and underpayments do occur occasionally, including, I suppose, where the Revenue Commissioners have a different calculation. Therefore, I would not exclude it.

**Deputy James Geoghegan:** However, has it happened before that interest penalties were imposed upon the Department?

**Ms Niamh Duff:** In very minor instances, we would get charged prompt payment interest and things like that, but no, not-----

**Deputy James Geoghegan:** Not to the amount of over €400,000.

**Ms Niamh Duff:** No.

**Deputy James Geoghegan:** Therefore, this was a unique scenario.

To move on to another issue, we had the former CEO of Children's Health Ireland before this committee last week and she made clear that, in relation to her former position as CEO, she had been automatically given a contract of indefinite duration because of two five-year, fixed-term, consecutive contracts. The outworking of her asserting that legal right through a mediation process with the hospital, and, as I understand it, the Department of Health, was that the Department of Health had to write to the Department of public expenditure and reform seeking sanction for her to remain in a new role at precisely the same salary she would have had if she had remained on as CEO. How problematic is it that a Minister who is determined, against the wishes of the board, not to reappoint a CEO is essentially stymied? A new CEO can be appointed but the taxpayer has to ensure that whoever is taken out of the position has to stay on. Is this unique to CHI or does Mr. Moloney believe there are wider issues? There are over 900

non-commercial State entities, according to the CSO report in 2023. Could this affect hundreds of CEOs? What is his view on that?

**Mr. David Moloney:** I do not believe so, but the issue does arise from time to time. The legislation is such that contracts of indefinite duration can and do arise. As I indicated in reply to Deputy Connolly, the management of that in more recent years has been much more active across the public service. There is much greater awareness of what triggers a contract of indefinite duration. As an employer, you have a legal responsibility you have to meet, and that is not avoidable. I do not wish to comment on any individual HR case or person. In many cases, there might be a negotiation of some kind or a suitable alternative role might be found, but it certainly is a restriction.

**Deputy James Geoghegan:** Does Mr. Moloney's Department supervise other Departments that have a function in respect of bodies and CEOs under their aegis to ensure a situation like the one in question does not arise? If so, how?

**Mr. David Moloney:** The management of that is a matter for individual Departments and individual Accounting Officers. With regard to the engagement people have around sanctioning requests, there is a very clear view in my Department that contracts of indefinite duration should be avoided. That is a conversation that often happens in relation to CEO renewals or applications for CEO renewals. Where somebody was seeking sanction from my Department to reappoint an existing CEO, we would ask a number of questions about it. One of those questions would be on the potential to create a contract of indefinite duration.

**Deputy James Geoghegan:** I have a final question on another issue. How concerned is Mr. Moloney that the moneys his Department awarded to the Department of Health, that were then given to the NTPF and other waiting list initiatives and that were subsequently granted to hospitals for a specific purpose, were not in fact used for the purpose intended? How concerned is he, as we head into budget negotiations, about moneys his Department might allocate to the Department of Health that then go to the NTPF? Is his Department taking action on that?

**Mr. David Moloney:** Clearly, serious issues have been signalled in relation to that. We are very concerned about those issues. We are aware that, in the first instance, the Department of Health is taking action regarding them. We will engage with interest on the review and oversight of what is happening and how extensive the practice is. However, as with all of these things, the first step has to be the establishment of the facts. Once we have established the facts, we will be better placed to recommend actions to the Government, including the Minister.

**Deputy James Geoghegan:** I thank Mr. Moloney.

**Deputy Aidan Farrelly:** I thank the witnesses for joining us this morning. If they do not mind, I am going to pick up on Deputy Geoghegan's points on CEO positions. What I am struggling to get my head around a little is that despite the policy of the Government and Department on not wanting to extend CEO contracts automatically, we hear there is legal entitlement to extend them. I am not talking about any individual but about the role of CEO. Are we relying on people to not avail of their right? Is that the reason this is not endemic? How many CEOs has Mr. Moloney received similar requests about in the past 12 months?

**Mr. David Moloney:** There has been a conversation about at least one other CEO post in this regard in the past 12 months.

**Deputy Aidan Farrelly:** Who is that?

**Mr. David Moloney:** These are individual HR issues. I can tell the Deputy the same conversation has been had in another situation. In the code of practice for State bodies we say there can be two five-year terms for CEOs. That is the policy position. We believe that reflects good governance practice, in that the person could be the head of an organisation for ten years and then we would provide fresh thinking and a change for all those good organisational reasons. That is what drives the policy position as set out in the code of practice. The legislation is as it is and under the legislation a contract of indefinite duration can be triggered under certain circumstances. The legislation also allows that situation to be managed in such a way that a contract of indefinite duration is not triggered. We fully respect the legislation and people's rights under it, but the legislation does provide a framework that can be managed in a way to avoid the creation of a contract of indefinite duration. Mostly, that implies just following the code, which specifies two five-year terms and completion.

**Deputy Aidan Farrelly:** I am conscious that Mr. Moloney does not want to speak about that other person. Are legal proceedings under way in that regard?

**Mr. David Moloney:** No, that was just an administrative conversation. My recollection is that it finished without any contract of indefinite duration being triggered.

**Deputy Aidan Farrelly:** There was correspondence from the Department to CHI indicating that, as part of the sanction for the role of strategic director, another national director post in the HSE had to be suppressed. What does that mean?

**Mr. David Moloney:** In our view if a senior role is to be created then, if possible, that should be compensated for elsewhere in the HSE. What we are calling for is a reprioritisation of senior management roles, unless there is a strong argument to increase the level of senior management roles.

**Deputy Aidan Farrelly:** I was trying to understand it from the correspondence. Is it the case that one position was lost across the entirety of those positions within the HSE because another position had to be created in CHI?

**Mr. David Moloney:** Our view is that unless there is a strong argument for increasing the number of very senior managers within the HSE, then the choice to add one will affect other positions.

**Deputy Aidan Farrelly:** Yes. In that correspondence it was also suggested that having regard to the potential ongoing legal and operational risks the Department needed to be assured that this was the most economically cost-effective outcome. Is Mr. Moloney assured that was the outcome?

**Mr. David Moloney:** It is cost effective in the sense that there is no net additional cost.

**Deputy Aidan Farrelly:** I am concerned about the policy implications of the fact that we have had to suppress a director role in another HSE department. There is a hypocrisy between the policy and the legislation. Do we not face a significant issue, whereby we could lose multiple HSE directors or similar roles if multiple CEOs decide to avail of that entitlement, which is their right? Policy is meant to be the driver but instead we are going to have to do something different.

**Mr. David Moloney:** I may not have properly explained the position. There is not an automatic entitlement to a contract of indefinite duration.

**Deputy Aidan Farrelly:** The Minister refused the extension for this role on multiple occasions.

**Mr. David Moloney:** I do not want to comment on any particular case but, for example, if a contract was extended multiple times, that might create the conditions in which a contract of indefinite duration was triggered. There are clauses in the legislation that could trigger a contract of indefinite duration, but a CEO serving two terms, which is done, would not trigger a contract of indefinite duration.

**Deputy Aidan Farrelly:** I thank Mr. Moloney very much for that.

I will not ask him about specifics with regard to the national development plan, but who is involved in the negotiation process? Does he share my concern that it is politically vulnerable in terms of cost effectiveness and the policy on public procurement? Is there a risk with the national development plan as it stands, and the negotiation process, given that we have seen people say on the public record that they have secured this, that and the other in the national development plan review? Mr. Moloney says we are still in negotiation. Is it politically vulnerable?

**Mr. David Moloney:** To answer the first part of the question, initially, it is engagement between my Department and other Departments. We have teams that look after each area of expenditure and they engage with line Departments. Ministers put in their bids and set out their priorities and asks. It is a public policy process and choice. Fundamentally, it is the priorities within the NDP, and the relative importance of priorities within it is not a technical matter, it embodies a range of policy choices which in the final instance will be made by the Government.

**Deputy Aidan Farrelly:** Is there a risk with premature announcements or the position some are taking to the balance between value for money and procurement? I refer to the case of commitments being made without any sort of business case being put or feasibility study being undertaken.

**Mr. David Moloney:** Negotiations are what they are. No money can be spent without a business case or the appropriate procurement and value-for-money rules being followed. The Minister puts a suggestion before the Government about the allocations, which is what will happen in the next couple of weeks, and then Ministers are responsible within their own areas to decide priorities. Once they present projects, all of the governance in terms of value for money and public procurement kicks in then. A Minister is not able to spend the money without undergoing those processes.

**Deputy Aidan Farrelly:** I have another quick question. The Minister reported in April that a task force was being set up to tackle the slow pace of infrastructural provision and that expertise from Uisce Éireann, EirGrid and the ESB would come to the table, meet on a monthly basis and report in July. Could he provide an update on the status of the task force? Has it met, how often and has the report been made yet?

**Mr. David Moloney:** A report is being drafted and the ambition is to present it to the Government by the end of July. A couple of things have happened: in addition to the organisations mentioned by Deputy Farrelly, we have An Coimisiún Pleanála and secondees have been allocated to the Department from all those organisations to form part of an infrastructure team which is looking in particular at barriers. The first phase of the report at the end of July will be about barriers to infrastructure and identifying what the key barriers are with a view to seeking

to remove them.

The accelerating infrastructure task force, chaired by the Minister, has met but I do not have the exact number of meetings. I can provide that information to the Deputy. I would say it has met four times but I will confirm that.

**Deputy Aidan Farrelly:** We will not hold Mr. Moloney to that.

**Mr. David Moloney:** It is a very active group. It has the CEOs of the major utilities and a number of external members who have significant experience. As things stand, all that is up and running and on schedule.

**Deputy Aidan Farrelly:** I thank Mr. Moloney very much for his time. I appreciate it.

I will quickly turn to Ms Kelly with regard to the status of the inquiry. It was reported that the cost was €13,000. When does she expect it to be fully complete and communications made with everybody affected?

**Ms Bernie Kelly:** Since we had the direction on the issue in terms of the correct calculation, we have undertaken a review. We do not believe it will be near €13,000. We have started by identifying cohorts within that and we will be working on the first cohort, which contains about 2,000, over the next weeks. We are trying to automate the solutions so we are testing over the next few weeks to validate that we will be able to get that correctly. We have put a programme of communication under way since the issue was raised. We spoke to colleagues in the Retired Civil and Public Servants Association, RCPSA, a few weeks ago about the issue, to clarify it. The association has since put two statements on its website stating that no action is required by anybody on their behalf, and that we will reach out and communicate. We continue to engage with the stakeholders and we will advise them of the progress we are making.

**Deputy Aidan Farrelly:** Does the 2,000 include all grades? Has it affected all grades?

**Ms Bernie Kelly:** Yes.

**Deputy Aidan Farrelly:** Great. I thank Ms Kelly.

**Deputy Albert Dolan:** I thank everyone for being here today. I greatly appreciate the contribution of the witnesses to the work we are trying to do here. There is huge public concern at the moment about how public moneys are being managed and spent and concern about transparency across the State and how every competent authority functions. We need to gain an understanding of that because sometimes it is not clear how things happen. Does the Department have a figure for how much was spent on public procurement in 2024?

**Mr. David Moloney:** I referred to a figure of some €18 billion for 2023 in my opening statement. Mr. O'Sullivan of the Office of Government Procurement would have more detail on this.

**Mr. David O'Sullivan:** Oversight of expenditure is obviously important to the Department. If I go back a bit, data is important in making better decisions, informing people and helping in creating evidence-based policy. The EU itself has recognised the importance of data and has published an EU strategy for data. From a procurement point of view, data is important to the State for building confidence in decisions of Government and also for resourcing organisations. In terms of sourcing data, the EU has recognised its importance and is creating a public procurement data space.

**Deputy Albert Dolan:** Is the figure of €18 billion the public procurement figure for the Department of public expenditure or is that for the whole State?

**Mr. David O’Sullivan:** The whole State.

**Deputy Albert Dolan:** I want to know specifically about the Department of public expenditure. How much was spent on public procurement in 2024?

**Mr. David O’Sullivan:** That would be a much smaller amount. There are two aspects to the Department’s role. The Department itself buys goods and services to function. I do not have that figure.

**Deputy Albert Dolan:** I have coverage of about €189 million, but that is only what has been published, based on purchase orders online. Obviously there is a significant amount of spending that might fall below purchase-order publishing requirements. I just want to know what the Department’s total public procurement is.

**Mr. David Moloney:** The annual budget of the Department, excluding the superannuation Vote, is a good bit less than €189 million. A lot of purchasing tenders would be over a multiyear period. I take the question and we can clarify what is from our Department in public procurement and get the number to the Deputy.

**Deputy Albert Dolan:** In a wider context with that €18 billion figure, I received an answer from the Department of Health to a parliamentary question regarding the HSE’s public procurement. What we found was shocking. Between 2020 and 2024, public procurement in the HSE has gone from more than €1 billion to more than €4 billion. Are there any checks and balances on that or how does the Department feel about this public expenditure and the significant increase? I saw it reported last Sunday in the *Business Post* that the rate of increase in spending this year was something like 91% and we are only halfway through the year. I want to see how the Department of public expenditure is managing the HSE’s ballooning public procurement spend. Do we have any accountability as to where that goes?

**Mr. David Moloney:** The public procurement in the budget in the Department of Health have increased very significantly in recent years. The public procurement would include the procurement of drugs of all kinds - ordinary drugs, high-tech drugs, etc. - as well as cleaning services. It is a figure that reflects a huge range of different types of activities. We manage the overall budget. In the Department of Health and the HSE there are roles such as the Accounting Officer and the accountable person to manage the specifics of their budgets. The Department of Health is one of the central purchasing bodies under our procurement arrangements. We would expect the public procurements to be managed in a way that focuses on value for money.

**Deputy Albert Dolan:** When spending is rising at such a rapid rate, it is vital that there is value for money incorporated into it. The health budget seems to be ever increasing and ever expanding and will only ever contract when the economy contracts, as opposed to better management currently. The Department needs to ensure that spending is reined in and managed effectively. Why is it the case that the HSE only has to publish purchase orders worth more than €50,000, as opposed to every other public entity, where orders worth more than €20,000 have to be published?

**Mr. David Moloney:** In recent times, we have tried to make the limit more consistent across Departments. Mr O’Sullivan will have the details

**Mr. David O’Sullivan:** In terms of the public sector, the obligation is twofold; one is through legislation and one is through policy. All organisations are obliged to publish contract-award notices for all competitions, including those that are subthreshold.

**Deputy Albert Dolan:** Do they?

**Mr. David O’Sullivan:** The evidence we see would suggest not. We are working with those organisations to increase their adherence to this requirement. The public procurement-----

**Deputy Albert Dolan:** Are there any penalties for public bodies not publishing the contract-award notices?

**Mr. David O’Sullivan:** No.

**Deputy Albert Dolan:** Are they mandated to do it?

**Mr. David O’Sullivan:** They are required to do it under the statutory instrument and also through Government policy as outlined in Circular 5/2023.

**Deputy Albert Dolan:** Is it up to the Secretaries General or the Ministers to make sure that the bodies under their aegis are publishing these contract-award notices?

**Mr. David Moloney:** It is a matter for each Accounting Officer, so ultimately, the Secretary General.

**Deputy Albert Dolan:** Would the Office of Government Procurement be able to provide a list of who is compliant and who is not, at the moment? I doubt that any public body is fully compliant with the contract-award notices, but is there any body that is better or worse?

**Mr. David O’Sullivan:** It is important to bear in mind that when we speak of being compliant that a competition might be advertised today and might not be concluded for a number of months or even years. It is very difficult to say that a body is not compliant with something. Certainly the OGP has a responsibility to look at the tendering data and is working towards that.

In terms of an oversight body, the public procurement advisory group was set up as a working group to look at the development of public procurement. It is focused on data quality and accuracy and is made up of senior officials from the big-spending Departments and the big-spending agencies. It is co-chaired by two assistant secretaries. There is a significant focus on improving the data quality through eTenders.

**Deputy Albert Dolan:** That is really important. The matter of eTenders is complex enough so it is important that it is accessible to all who are tendering. It is also important for the procurement managers in each State body to have good knowledge. I know the OGP is doing great work to provide information to people and to ensure that procurement is accessible to everyone and that there is shared opportunity across the State.

I refer to the €430,000 in penalties that was mentioned. Sorry, was it €460,000?

**Mr. David Moloney:** We did say €430,000 but we corrected the figure to €468,000.

**Deputy Albert Dolan:** It is a bit ironic that €468,000 will be paid in penalties from the Department of public expenditure to Revenue. Where does Revenue send the money afterwards?

**Mr. David Moloney:** All revenues to the State go into the Central Fund.

**Deputy Albert Dolan:** It goes back to the Department of public expenditure to send it out to somebody else again. It is a bit ironic, because the Department is not going to be held to account for that error. The money will be sent back to Revenue, which will send it back to the Department to send out. What do the witnesses feel about this?

**Mr. David Moloney:** It is really important that we identify these issues so that we can correct them. That is the commitment and that is the purpose of the accountability. I take the Deputy's point that an organ of State fining another organ of State becomes something of a circular transaction, but that is the nature of it.

**Deputy Albert Dolan:** It is particularly relevant for the OGP because it sends the money out to all other entities, if I am correct. That is one of its main functions. It is ironic that it will pay a penalty but will get it back in the other hand. There is no real punishment or no real cost. The National Gallery, another State entity which was before us, had a nightmare and will have to find the money to figure things out whereas in this case it is: "There is going to be a penalty but, what about it, we will get it back". I do not like that, but what can we do?

In the time remaining, I will talk about the national development plan. Why has there been persistent underspending on some capital projects across the NDP? We got the national development plan, an incredibly ambitious document, but we see so many projects where a shovel has never been put in the ground. How is the Department working through that and trying to get projects up and running?

**Mr. David Moloney:** The national development plan for 2021 represented a huge increase in ambition and funding. In the early years of that increase in funding, Departments did struggle to get projects up and running, and did struggle to start spending that, so we had very significant underspends in capital in those early years. Departments are now up and running. They are now spending their capital. It is now really just about putting the systems and processes in place for the higher level of investment within the NDP. We now see considerable demands even within the increased envelope in the NDP and some pushing up against it.

**Deputy Albert Dolan:** I thank Mr. Moloney and I thank everyone for all their answers.

**An Cathaoirleach:** I am sorry Deputy Ardagh, who has been waiting eagerly, but as it has just gone 12 o'clock, I will suspend the meeting and we will resume after 15 minutes.

*Sitting suspended at 12.01 p.m. and resumed at 12.17 p.m.*

**Deputy Catherine Ardagh:** I thank the witnesses for coming in to answer our questions today. We all know, anecdotally, that there are lots of schoolchildren looking for school places, particularly children with autism. The NCSE has stated that it is a capacity issue. That is one of the reasons we are not seeing new classes and new schools opening, and prefabs being dropped at schools. How many schools have been stalled or re-profiled due to fiscal constraints or the perception that there is a value-for-money issue?

**Mr. David Moloney:** I do not have that information to hand. I am not aware of particular projects. I would not have sight of that. Obviously the actual amount of money allocated to education in capital has increased very rapidly over recent years, albeit from a relatively low base. We see a large number of schools having been completed and made up but we can look at that detail and provide a note.

**Deputy Catherine Ardagh:** Is Mr. Moloney aware of any schools that have been stalled or

re-profiled? Has that information come across his desk?

**Mr. David Moloney:** As we do not look at individual projects, it would not necessarily be visible to us, but we can get the information.

**Deputy Catherine Ardagh:** I thank Mr. Moloney. Some of my colleague have touched on the mechanisms in place to monitor and respond to cost escalations and delays generally. We have MetroLink and the children's hospital. What infrastructure does the Department have in place to intervene when we see a huge ballooning of costs for capital projects?

**Mr. David Moloney:** There are a couple of things in that. I thank the Deputy for her question. On an ongoing basis we monitor the spend across government. Where we see issues, we can get involved. For example, in relation to the national children's hospital, we were involved at quite an early stage in the escalation of costs in that over the years. We do that as part of our overall Vote monitoring, on an ongoing basis.

The other piece around that is that one of the things we want the accelerating infrastructure task force reports to do is to identify how we can unblock some of the things that causes delays. Costs are an issue for any project. Obviously for the children's hospital there were elements of insufficient design at an early stage and other things. However, as we know, for many projects, there are also planning, regulatory and consent process delays so we are looking at that. We are looking to remove any roadblocks we can with a view to taking away the causes of those escalating costs.

**Deputy Catherine Ardagh:** Obviously, we have the children's hospital huge cost escalation. How often on average would the Department of Health go back to Mr. Moloney's Department looking for extra funding? How many times a year would it happen? Obviously, the cost increases are incremental. I do not like to use the phrase "cap in hand", but how often is the ask put to Mr. Moloney's Department to fund the children's hospital, per year?

**Mr. David Moloney:** Most projects, and particularly projects that are relatively standardised, come in on time and in budget. There are particular challenges around some very large major megaprojects and I suppose the children's hospital brought that very much to the forefront or very much to light.

In effect, over the last number of years the conversation around the children's hospital in part has been constant, so the allocation might not be changed more than once a year in relation to it. The timing of that is also influenced by commercial considerations because the allocation is partly the result of our commercial exchange with the contractors. That can happen according to a cycle that is really about the negotiation with the contractors but there is an ongoing discussion. We have monthly meetings with the Department of Health where we go through a range of issues. Those meetings would have visibility on issues like the children's hospital and its potential future costs.

**Deputy Catherine Ardagh:** As part of Mr. Moloney's presentation, he talked about shared services across Departments. Can Mr. Moloney give examples, I suppose, for the public, where we can see value for money for shared services across Departments?

**Mr. David Moloney:** They are not always visible. Obviously, we think of the National Shared Services Office and we think of the 4 million transactions it conducts each year instead of having a plethora of small salary sections trying to make payments to people. There are benefits to aggregation in that but there are also, less visibly, services that Departments provide to

each other. So Revenue would provide services to people, given the extensive IT network and capacity that it has. That is maybe not as visible.

**Deputy Catherine Ardagh:** Is that the MyGovID type?

**Mr. David Moloney:** MyGovID is a general cross-government service as well. It happens where a Department has a capacity. Often it is a technical capacity or an expertise. It would use that capacity to assist other Departments. That is an ongoing part of how we deliver services.

**Deputy Catherine Ardagh:** That is a frustration we see as public representatives where you have people saying, “Why don’t Departments talk to each other a little more?”.

**Mr. David Moloney:** There is no doubt that whole-of-government co-ordination is difficult. If you look internationally at the literature you see that that is a big challenge but we certainly attempt to get over silos and attempt to work across government to deliver our services to people.

**Deputy Catherine Ardagh:** Part of Vote 39 also relates to gender budgeting. How much has been allocated to gender budgeting recently and how does the Department mark the success or key performance indicators, KPIs? Are there any examples Mr. Moloney can give the public in relation to the impact of gender budgeting?

**Mr. David Moloney:** Our performance framework is informed by value for money but it is also informed by impact on the lives of people. What we do there is we see things in terms of an equality-budgeting lens and gender budgeting then is part of our equality-budgeting lens so we report on that. I suppose we are still at the stage where our emphasis is to try to embed the impact on various lenses of equality as people examine policies and I suppose that is kind of hard to measure. It is hard to capture but it is part of the process thinking. It is part of the policy-making piece that well-being and equality would be taken into account in making policy choices and in spending money. Of course, we produce reports with these outputs and we are continuing to develop that. I suppose our next stage will probably be a kind of a tagging. I do not really have the kind of information the Deputy is looking for because we do not really tag things in that way just now but we are trying to move towards a stage where we tag things and we will have a greater visibility on how much money is being specifically directed at the various equality and well-being dimensions.

**Deputy Catherine Ardagh:** Returning to the overpayments, some individuals have been overpaid up to €280,000. Have those individuals repaid or what is the status of those repayments?

**Mr. David Moloney:** In all cases where people owe money, a repayment plan will be agreed with those people. The large sums of money that have been floating around really relate to chargeable excess tax, which is, of course, a large sum of money but is normally repaid over 20 years under the legislation, so the repayment plan in that case would be a repayment plan over the 20 years in accordance with the legislation.

**Deputy Catherine Ardagh:** Can Mr. Moloney clarify exactly how many current or former Ministers are implicated in the overpayment or underpayment?

**Mr. David Moloney:** I am reluctant to use numbers of Ministers. It is a small group of people-----

**Deputy Catherine Ardagh:** Identifiable.

**Mr. David Moloney:** -----and it becomes identifiable quickly. We know that a significant number of current Ministers are.

**Deputy Catherine Ardagh:** There is some anecdotal coverage in the public domain that some of these errors were flagged as far back as 2017 but obviously it has not come to light until more recently. Are there governance issues within Mr. Moloney's Department in relation to flagging and referring matters up the line? Why did these issues not come into the public domain until now?

**Mr. David Moloney:** It is important to allow the end-to-end review that is going to take place to answer that question. It is an important question. Where policy is made in our Department, there is certainly a question about how it is communicated, how it is understood and how it is applied. That relates to the NSSO and it relates to line Departments. That is one of the things we hope to get greater clarity on in terms of the external review that the chairman of the NSSO has been asked by the Minister to commission.

**Deputy Catherine Ardagh:** Finally, artificial intelligence, AI, uptake across Departments is different and varied. Is there a policy from Mr. Moloney's Department in relation to streamlining the uptake of AI and perhaps linking it in with the shared services office? With 13 seconds left to me, Mr. Moloney might give a short answer.

**Mr. David Moloney:** It is a new and emerging technology and people are using it in lots of different ways. We have recently produced a responsible use AI strategy. We are working by end year on a national digital and AI strategy. That is being led out by the Department of the Taoiseach. Obviously we are responsible for public administration side of that and the Department of enterprise is responsible for the business side of that. Whether that will lead to a uniform - because there are different products and there are issues of competition - approach and a uniform set or suite of software, we will have to see but we believe that the adoption of AI is really essential to future efficiency and future growth. It is about doing that in a way that safeguards appropriate and protects the trust of the citizen.

**Deputy Catherine Ardagh:** I thank Mr. Moloney very much.

**Deputy Joe Neville:** The issues I want to raise today are more general. I might bounce around a few things. I want to touch on an overriding theme that might help me in the future inform how I understand the running of the country and, indeed, how we spend our money. To clarify, the overview of the brief states that the Accounting Officer of the Minister for the Department has a number of key statutory responsibilities for public administration and spending, including the provision of formal sanction for public expenditure oversight and control of public spending, setting the general accounting policies for all appropriation accounts and issuing directions around public financial management and procedures and standards for corporate governance of public bodies. Is that correct?

**Mr. David Moloney:** Yes.

**Deputy Joe Neville:** I want to clarify that that is correct because sometimes we have a number of different issues. I might use different examples of spending, so I get to understand how we use it.

I will use a local example. We are talking about the 2023 accounts. In 2023, the OPW

failed to buy the lands at Castletown House. They were purchased by a third party. There was always a question of how much was spent. Who would ultimately sanction the amount spent by the OPW, if it had put in a bid at that time? What I am trying to get at is who is ultimately responsible for spending and for what can be spent, because sometimes one group will say the Department of public expenditure did not allow it, the OPW will turn around and agree it was the Department of public expenditure and then the Department of public expenditure will say it was the OPW? Who can sanction the amount? That is the question I am asking here.

**Mr. David Moloney:** No money can be spent without the sanction of the Minister for public expenditure.

**Deputy Joe Neville:** The limits are set by yourselves.

**Mr. David Moloney:** The sanctioning authority to spend money is our Department. In many respects, we do delegate a sanction. For different types of spending, day-to-day spending, etc., we tell others they can make decisions on it.

**Deputy Joe Neville:** What limit is it up to?

**Mr. David Moloney:** They vary.

**Deputy Joe Neville:** So there is no chain of command where you set a limit. Say, with the OPW, and, in fairness, we could even talk about the bike shed in this context if we wanted to if we are talking about the OPW, who would ultimately sanction the sign-off there or does it become very arbitrary?

**Mr. David Moloney:** The amount of money that the OPW would spend is sanctioned by the Minister and the Department, and then the decisions about what to spend that on are, in general, done by the OPW under delegated sanction, with particular requirements for State capital projects of different amounts.

**Deputy Joe Neville:** So, say the lands at Castletown House, which has ultimately cost the State a lot of money since.

**Mr. David Moloney:** There are particular rules are in place around the purchase of land.

**Deputy Joe Neville:** Okay.

**Mr. David Moloney:** The purchase of land or the amount the OPW was going to bid for the lands at Castletown House was subject to sanction. There were a number of attempts to buy or there were a number of engagements around that purchase. One was an off-market transaction where it did not meet the requirements, so we did not provide sanction. Another was a bidding process where we did provide sanction for the amount sought by the OPW, but, unfortunately, the OPW was not successful.

**Deputy Joe Neville:** The Department did not provide sanction in time, it then went to public bidding and we failed to buy it.

**Mr. David Moloney:** It did not meet the conditions of sanction for the off-market transaction. We did sanction it when it was an open bidding process.

**Deputy Joe Neville:** When it was too late. No, that is fine. I just want to move something else. A lot of money has been spent on IPAS centres in the State over the past couple of years,

has it not?

**Mr. David Moloney:** Yes.

**Deputy Joe Neville:** I have heard numbers like €4.3 billion. Is this correct?

**Mr. David Moloney:** I do not have the exact number to hand, but the scale is in that region.

**Deputy Joe Neville:** We hear numbers like it. Who would have oversight on those? Is that the individual Department or would Mr. Moloney's Department have a role in the individual spending there? I know it will probably come up later and I just want to find out now when we are asking the Department questions. I would just like to clarify now what role Mr. Moloney's Department plays in this regard, because it will be raised later. It is huge spending.

**Mr. David Moloney:** The decision on the allocation of the funds is done by my Department and the decision to spend and how to spend those funds is a matter for the Department of justice, and previously for the Department of children.

**Deputy Joe Neville:** Yes, because it was all set up under the previous Department, which I think was Deputy Roderic O'Gorman's Department. What sort of procurement is there? This ties in with the issue of procurement we will be talking about later. How are individual sites procured and how was it ensured that the Department of children was acting under compliance if the Department of public expenditure was sanctioning the funding?

**Mr. David Moloney:** So, I-----

**Deputy Joe Neville:** I can use another example in my area if I want. A house was bought and used. Who would have sanctioned that we use that? Would it have been the Department of public expenditure that sanctioned the spending on it?

**Mr. David Moloney:** We set the rules for that, and the relevant Department makes decisions about what to buy and how to buy. The one thing I would say about the need to accommodate people-----

**Deputy Joe Neville:** We can talk about needs, but your role is not about needs but about actual procurement and setting rules. It is about the provision of formal sanction, oversight and control and setting the general accounting policies. It is not necessarily about where needs are.

**Mr. David Moloney:** Exactly so.

**Deputy Joe Neville:** Your job cannot be woolly if it is about spending.

**Mr. David Moloney:** Just to say, that under the rules around procurement, there are provisions for exceptional emergency decisions to be made.

**Deputy Joe Neville:** That is where mistakes can be made too, though. Is that not correct?

**Mr. David Moloney:** Absolutely, it increases the risk on spend. I suppose, however, when we have to accommodate a large number of people at very short notice, there are provisions there-----

**Deputy Joe Neville:** You do not have to do anything. The decision is made. There are policies and strategies-----

**Mr. David Moloney:** Yes.

**Deputy Joe Neville:** -----and, ultimately, mistakes can be made. This is where we end up in a situation here. Just to clarify the role of the Department of public expenditure is that it sanctions the spending of the €4.3 billion. Does it?

**Mr. David Moloney:** Yes, the overall level of spending.

**Deputy Joe Neville:** Okay. Would you have a role in setting different fees per night or would that be done by the other Departments?

**Mr. David Moloney:** Yes, that is done at Department level.

**Deputy Joe Neville:** You have no role in that.

**Mr. David Moloney:** No.

**Deputy Joe Neville:** But you do have a role in how much you give to them.

**Mr. David Moloney:** Yes.

**Deputy Joe Neville:** Okay. Turning to NGO expenditure, does the Department have oversight of it and of individual NGOs where funding is given to individual groups by different Departments?

**Mr. David Moloney:** Funding to third parties is part of it. We give money to Transparency International Ireland for protected disclosures, so I will have responsibility for that, but each Accounting Officer would be responsible for the NGOs funded out of their Vote.

**Deputy Joe Neville:** How much spending is given to those NGOs and how many of them are there, where, ultimately, you are sanctioning the spending of those Departments?

**Mr. David Moloney:** The total level of expenditure is sanctioned. The HSE annual financial statement, for example, lists out all the NGOs it funds. There are a very large number, even in that sector.

**Deputy Joe Neville:** How many are there?

**Mr. David Moloney:** I do not have the number to hand, but it is listed in the annual financial statement.

**Deputy Joe Neville:** How much are we talking about? How much would they give to NGOs that would be sanctioned by your Department, ultimately?

**Mr. David Moloney:** There would be a considerable number. I cannot give the exact number.

**Deputy Joe Neville:** If you do not know now, we can come back to it. You can provide the information after. It is no problem.

**Mr. David Moloney:** I suppose there is also a problem with definition. Is the Mater hospital, for example, an NGO? It is not really. It is a different type of entity. It is a private entity but not an NGO. I think if we are thinking about the smaller NGOs-----

**Deputy Joe Neville:** Yes, individual groups, where we might have 20 or 30 of them.

**Mr. David Moloney:** -----we would get to €100 million or €200 million.

**Deputy Joe Neville:** We might come back and clarify this later. You can provide that information after. I can probably get it. I get that I am asking questions blindly.

**Mr. David Moloney:** Sure.

**Deputy Joe Neville:** On the specific issue of pensions, then, just to clarify for my own knowledge, is the issue here that we are overpaying pensions to individuals? This the pension issue we are covering.

**Mr. David Moloney:** With the CET issue, no. Where the CET was not calculated, there should have been-----

**Deputy Joe Neville:** I am sorry. I do not like acronyms.

**Mr. David Moloney:** I apologise. For pensions above €2 million, there is a big lump sum owing that can be paid back over 20 years. In cases where this should have been calculated and owing, those pensioners have not had that one-twentieth deduction from their pensions.

**Deputy Joe Neville:** That is individual pensioners. Is that the pension pot or the individual pensions they receive? I am sorry.

**Mr. David Moloney:** No, it is the tax owing because their pension pot is more than €2 million.

**Deputy Joe Neville:** Have they been overpaid or is this purely a tax issue?

**Mr. David Moloney:** Well, they would certainly-----

**Deputy Joe Neville:** What I mean is-----

**Mr. David Moloney:** -----have been paid the correct pension, but they should have been repaying the tax on the amount over the standard fund threshold. Effectively, they should have been paying one-twentieth of the tax that would be due under CET.

**Deputy Joe Neville:** The Department has been undercollecting, so they have been overpaid. Too much cash has gone in-----

**Mr. David Moloney:** They have been paid the gross amount-----

**Deputy Joe Neville:** Yes.

**Mr. David Moloney:** -----but money should have been taken off that.

**Deputy Joe Neville:** Okay. They have been overpaid. No one has been underpaid, have they?

**Mr. David Moloney:** Not on CET, no.

**Deputy Joe Neville:** Typically, when people are underpaid, they let you know. When they are overpaid, they typically do not. That is my experience and you have to figure that one out. Are salaries also paid out of the same group?

**Mr. David Moloney:** Yes, the NSSO pays salaries.

**Deputy Joe Neville:** Have we had any issues with salaries?

**Mr. David Moloney:** There have been no issues with salaries.

**Deputy Joe Neville:** Is it all pension-related payments?

**Mr. David Moloney:** The set of issues we are currently looking at are all related to pensions and historic-----

**Deputy Joe Neville:** Okay, so we have had no-----

**An Cathaoirleach:** I will just let the C and AG, Mr. McCarthy in here.

**Mr. Seamus McCarthy:** There would be on many appropriation accounts a small amount of overpayment of salary. It could arise because perhaps the payment instructions have gone out but then the person was not at work and was not entitled to be paid. There are figures in each of the appropriation accounts in respect of that amount, but it is quite small, generally.

**Deputy Joe Neville:** Okay, so it is less of an issue. In fairness, pensions are more complex, so I get it. I have one last little question relating to RTÉ. It is slightly from left field, but I know it was referred to as well. I think it was one of the last points. It is in areas where there is variance in funding that might have been seen. RTÉ would, obviously, has less money coming in. Fewer people have been paying their licence fees in recent years. Is this a concern for the Department or would you be leaving this issue with the Department of communications? Would the Department perhaps be advising that there be a different strategy taken towards having a different model of funding for RTÉ on an ongoing basis?

**Mr. David Moloney:** That is a conversation that has been had. On the one hand, there is the sectoral decline in the number of households with televisions, so this is reducing the taxpayer base. On the other hand, there were issues impacting RTÉ that were perceived to have affected people's confidence and willingness to pay the TV licence. In our view, the licence is an important stream of income and we have been in conversation with the relevant Department in this regard. Our view, though, is that the licence fee continues to be an important stream of income.

**Deputy Joe Neville:** I have moved around many different issues. I thank the witnesses for their time and for being open and clear in their answers.

**Deputy Cathy Bennett:** I thank all the witnesses for coming in today.

To get it clear in my head, the difference between the Mr. Moloney's department and the Department of Finance is his Department has oversight of any money that comes out. Could Mr. Moloney give me a briefing on this?

**Mr. David Moloney:** The effective difference is we are responsible for public spending and public sector reform while they are responsible for tax, banking and financial services. It also sets the overall expenditure limit on budgetary policy. The Minister for Finance is responsible for the overall expenditure limit but once that limit is set, we look after the rest.

**Deputy Cathy Bennett:** The Department looks after oversight. Is that its main role?

**Mr. David Moloney:** Yes, allocation by Department and oversight.

**Deputy Cathy Bennett:** I want to discuss Vote 29 - IT and procurement overspends. Mr. Moloney will be aware that we had the Arts Council before us a few weeks ago. It had ef-

fectively wasted €6.7 million in taxpayers' money on a failed IT system. If the Department is involved in oversight, how could this have happened at its hand? How was this not sorted out before it ever came to us?

**Mr. David Moloney:** The role in IT is very specific. It is set out in the relevant circular, which I can make available to the Deputy. Effectively, my Department approves new IT projects. The Arts Council IT project would have come to my Department, I think, in 2019 - I will have to check - and been approved as a viable IT project. At that point, the delivery of the project is a matter for the responsible Department.

**Deputy Cathy Bennett:** Again, Mr. Moloney's Department is responsible for oversight. In all the years there was an issue regarding the Arts Council, was there no oversight by the Department to see where that €7 million went? At the time, going across all the Departments as well, the Residential Tenancies Board and RTE were also examples of IT projects. Is the vendor that was used for those specific IT projects still used in public procurement? Is public procurement under the Department's remit for all IT?

**Mr. David Moloney:** The choice of vendor is done by the Department procuring the IT project. That is not something we are involved in. I could probably find out that information for the Deputy.

**Deputy Cathy Bennett:** If Mr. Moloney could, that would be great. I would like to know if that vendor is still in use across other Departments.

**Mr. David Moloney:** I can check whether we have that information. We may well have it in the sense we do approve all new IT projects.

**Deputy Cathy Bennett:** I find this very difficult to understand when it was such an issue and such a waste of money. The Department is responsible for oversight. I find it difficult to understand that this IT provider would still be in use and right across other Departments. Does Mr. Moloney find that difficult to understand?

**Mr. David Moloney:** I do not know the provider and I do not know if they are being used elsewhere. Under public procurement legislation, the scope to exclude people from bidding contracts is narrowly defined. I will just put that out there.

**Deputy Cathy Bennett:** Does Mr. Moloney think that vendor is still on the list then?

**Mr. David O'Sullivan:** If I can-----

**Deputy Cathy Bennett:** Yes, I thank Mr. O'Sullivan.

**Mr. David O'Sullivan:** There is narrow scope to exclude people under poor past prior performance. However, that has to be a material failure and has to have led to damages or the contract being terminated. That is largely through the courts and takes quite a long time. Potential suppliers and economic operators cannot be eliminated because of hearsay or because of a project failure. There are many reasons why projects fail; they are not all due to the economic operator or supplier. There could be poor organisation, delays through internal resources or delays through equipment.

In relation to this particular project, I do not have sight of that particular vendor but to remove them through that, they would need to have gone through the courts. It is also important to bear in mind the policy is to use the open competitive procedure, which attracts bids widely.

Excluding people is a very serious undertaking.

**Deputy Cathy Bennett:** If a State organisation came to the Department about the money it was spending and said it was in over their head and did not have the right resources to decide if this IT system was working for them, would the Department help in that instance?

**Mr. David Moloney:** We would.

**Deputy Cathy Bennett:** The Department would provide assistance.

**Mr. David Moloney:** We would provide advice. That is one of the things we do at that stage.

**Deputy Cathy Bennett:** Does it provide expertise to them at that stage?

**Mr. David Moloney:** It is more in the line of advice and pointing out what expertise they would need to procure for themselves. With the Arts Council project, if memory serves, they came back to the Department in 2023 to say they were in difficulties with the project.

**Deputy Cathy Bennett:** They had a long list of times it had come back to the Department looking for assistance and they did not get it.

**Mr. David Moloney:** I would have to go back and look at that more carefully, however, in 2023, they engaged with the Department.

**Deputy Cathy Bennett:** Would the Department view that as not its problem or is it somebody else's problem?

**Mr. David Moloney:** Fundamentally, it is the relevant Department's responsibility to oversee and deliver the IT.

**Deputy Cathy Bennett:** What is the Department's role and responsibility?

**Mr. David Moloney:** The role and responsibility is set out in the circular, which I am happy to make available to the committee. It is to approve the IT project itself.

**Deputy Cathy Bennett:** When we look at the waste of taxpayers' money on the failed IT project we just discussed, there are also the PPP; nearly €1.5 million spent on a security hut in the Department of Finance next door; €600,000 for a revamp at the Department of Transport; the shop out the front of this building was €1.3 million; and then the bike shed. Who had oversight of all those projects? Who am I to blame or whose head should be on the chopping board for all those incidents? The Department is supposed to have oversight of everything. Maybe it is not the Department; I do not know. What is the difference? The Department of Finance gives the Department the money to have oversight and ensure this does not happen but as far as I can see, there is a lot of wastage of taxpayers' money. If it was my money, it would not be wasted and if it was Mr. Moloney's money, it would not be wasted but this is the taxpayers' money. I want to ensure their money is not being wasted. Whose responsibility is it?

**Mr. David Moloney:** Clearly, for all expenditure, there is an Accounting Officer responsible for the delivery of that expenditure. The IT project in my Department is my responsibility.

**Deputy Cathy Bennett:** And who is that again?

**Mr. David Moloney:** The Accounting Officer in the Department.

**Deputy Cathy Bennett:** In Mr. Moloney's Department.

**Mr. David Moloney:** No, in each individual Department.

**Deputy Cathy Bennett:** I am so confused about this. What is Mr. Moloney's Department's role then?

**Mr. David Moloney:** We set the frameworks in place. In relation to the IT projects-----

**Deputy Cathy Bennett:** What if the frameworks are not working?

**Mr. David Moloney:** The accountability is all Departments are subject to audit and effectively, they end up here in the public accounts committee.

**Deputy Cathy Bennett:** I thought Mr. Moloney's Department had nearly a similar role to us and that before anything ever comes to us, the Department would find issues like this and make sure from the point of view of oversight and value for money for people, that these they did not happen.

**Mr. David Moloney:** We engage with Departments on a daily or monthly basis to try to encourage the appropriate use of the frameworks we set out and the guidelines. Where it is drawn to our attention they are not being complied with, we engage with Departments on that.

**Deputy Cathy Bennett:** My party colleague Deputy Farrell has introduced a Bill in the Dáil and is currently trying to progress. It relates to procurement and procedures that should be in place for scoring a performance of a contractor. If it was delivered on time, projects would be delivered on cost but the Minister has said it will take at least two years for that to happen. Does Mr. Moloney believe it would be positive to provide more transparency to the public on the waste of money that is currently happening?

**Mr. David Moloney:** Any proposals of draft legislation are a policy matter and I and allowed comment on policy matters.

**Deputy Cathy Bennett:** I will move on then. Regarding Vote 12, in recent weeks it has come to light that Ministers and senior civil servants have been overpaid a significant amount. I understand the Department said it did not know but it was reported in the papers that this included two Ministers, 39 former Ministers and 30 senior civil servants. That is a total of 71 individuals. Is there an overlap between the current and former Ministers who have received additional payments who should not have done so?

**Mr. David Moloney:** The point I made was we received legal advice and talking about small numbers of people runs the risk of identifying individuals and we have to take care with that.

**Deputy Cathy Bennett:** Do we not have parliamentary privilege here for us to discuss numbers?

**Mr. David Moloney:** GDPR applies here as much as anywhere. In broad terms, and Ms Kelly would probably be able to give more granularity than I can, we are working through these things. It is an ongoing process. The numbers that are being talked about are with a view of trying to give people a good idea of the scale of what is going on, but they are not final numbers. They keep moving and changing.

**Deputy Cathy Bennett:** How confident is Mr. Moloney that the total amount owed to the Exchequer will be recouped?

**Mr. David Moloney:** I am fully confident.

**Deputy Cathy Bennett:** Even with the history of everything else that has happened within Departments, he is fully confident.

**Mr. David Moloney:** We have the means to recoup overpayments from pensions.

**Deputy Cathy Bennett:** Those are all my questions for now. I thank Mr. Moloney.

**Deputy Paul McAuliffe:** I thank the witnesses for being here today and the work they do every other day. I want to continue to focus on the issue relating to pensions. Perhaps the representatives from the National Shared Services Office can also assist. What has gone wrong here is that the correct amount was not reduced in the individual calculations of people's salaries. I know there are three different sections, but in relation to the Ministers affected it appears the correct deductions were not made by the people who were processing the salaries. Is that correct?

**Mr. David Moloney:** Yes, that is correct. One of the issues is that there are different rates of pension deduction depending on the scheme one is in. In some cases people were not put on the correct rate for the scheme they should be in.

**Deputy Paul McAuliffe:** Obviously that was an error. Am I right in saying that it is also connected to amounts that were gifted back to the State?

**Mr. David Moloney:** The issue with the gifting of amounts back to the State is that the additional superannuation contribution, ASC, which is an additional pension contribution, was not deducted from the gifted amount. However, because the pensions include the ASC as a basis for calculation, it should be. There was a misunderstanding on how to apply the ASC.

**Deputy Paul McAuliffe:** A person might have decided to give back a sum of money back to the State, but when they gifted that back they should also have paid a figure on top of that?

**Mr. David Moloney:** There would still have been an additional superannuation contribution amount due on that gifted amount of money, despite the fact that they gifted it back.

**Deputy Paul McAuliffe:** For the privilege of gifting that back to the State, there should have been an additional cost to them?

**Mr. David Moloney:** Yes.

**Deputy Paul McAuliffe:** Could the cost have come from the total gift?

**Mr. David Moloney:** I do not think so. The link is to the pension entitlement that it gives the person. If a person is gifting €10,000, it is still calculated as part of his or her gross salary for pension purposes and that is subject to an 8% deduction.

**Deputy Paul McAuliffe:** I am not aware of any other category of workers who gift large portions of their salary back to the State. Is there another category that does this?

**Mr. David Moloney:** I am completely unaware of any other category that does this. The provisions under which gifting takes place are general provisions that are open to anyone to use,

but I am not aware of any other category.

**Deputy Paul McAuliffe:** The only category I can think of that has not been mentioned is Members of the Oireachtas.

**Mr. David Moloney:** The ASC is 10%, my apologies.

**Deputy Paul McAuliffe:** Members of the Oireachtas do give back amounts of their salary.

**Mr. David Moloney:** Yes. It is an individual decision to gift-----

**Deputy Paul McAuliffe:** I accept that-----

**Mr. David Moloney:** It is a political choice.

**Deputy Paul McAuliffe:** I want to see if a similar issues arises in another category of workers.

**Mr. David Moloney:** I understand. That would not be visible to me.

**Deputy Paul McAuliffe:** Is that because the National Shared Services Office does not deal with that and the Oireachtas does?

**Mr. David Moloney:** It is an Oireachtas payroll issue.

**Deputy Paul McAuliffe:** It is likely it did not arise because there are two different providers and it is unlikely that the same mistake was made by both providers.

**Mr. David Moloney:** I cannot speak to the Oireachtas payroll, but the issues that we are looking at were within the NSSO and just affected the ministerial portion.

**Deputy Paul McAuliffe:** I will move on to the standard funds threshold and the chargeable excess tax, CET, scheme. I am looking for clarification on the idea of a pension pot. A number of people have spoken about when a pension pot exceeds €2 million. My understanding of public sector pensions is there is no pot. It is effectively payment for one's retirement. It is dealt with as a salary but the person does not attend a place of work.

**Mr. David Moloney:** It is pay as you go rather than an accumulated pension fund.

**Deputy Paul McAuliffe:** I do not understand how a pot is accrued because there is no pot to calculate.

**Mr. David Moloney:** It is part of the complexity of it. Mr. Pender could give more information but, in broad terms, it is an estimate of the lifetime value of the stream of income the person will get from retirement. It is a financial estimate.

**Deputy Paul McAuliffe:** It is a financial estimate. We are aware that the salaries and pensions of civil servants have changed over time. In fact, they have decreased. It is easy to calculate when a person has a very large pension pot of €2 million. The person has €2 million in an account and the amount they should be charged is known. It seems that we are entering shaky territory when we are trying to estimate what might accrue in the future when we do not know what that will be.

**Mr. David Moloney:** There is a methodology that we use to do it but it does rely on assumptions about returns. Mr. Pender probably-----

**Deputy Paul McAuliffe:** If reductions were made then repayments will be made back. Is that how this applies?

**Mr. John Pender:** In terms of the calculation of the standard funds threshold, Revenue has capitalisation factors that it prescribes to use.

**Deputy Paul McAuliffe:** I think the term it uses is crystallisation.

**Mr. John Pender:** It is at the point of crystallisation, which is retirement. At the point of retirement, Revenue says that every €1 of pension is worth €20, for example. It multiplies it by 20 or a different-----

**Deputy Paul McAuliffe:** In reality, it is not worth €20. That is a notional amount.

**Mr. John Pender:** It is creating a notional amount for the purposes of this tax.

**Deputy Paul McAuliffe:** There is no pot where civil servant X has a certain sum in an account. That does not exist.

**Mr. John Pender:** The Deputy is correct.

**Deputy Paul McAuliffe:** If that were to change in the future, such as if there were a reduction, for example, would that be owed back?

**Mr. John Pender:** It would not because it is done at the point of retirement only. There is no looking back or forward. It is done purely at the point of retirement.

**Deputy Paul McAuliffe:** When the FEMPI measures were introduced, there was no review at that point because people had retired.

**Mr. John Pender:** Exactly.

**Deputy Paul McAuliffe:** I want to move to broader issues of public expenditure and focus on the tenant in situ scheme. It is a good initiative. Most small businesses would say it is often cheaper to buy their premises than to rent them. I have a big issue with how we procure housing under the HAP scheme. Some of the most vulnerable people in the country are essentially procuring on behalf of the State. They are doing so as individuals rather than us collectively procuring it. I do not think we would do that for any other form of public procurement. We are fragmenting our purchase rather than pulling it together and getting better value for money. That is how the HAP scheme works, however. The tenant in situ scheme offered good value for money. The State would gain a capital asset while reducing current expenditure. It has the additional benefit of providing security to the tenant. On the value of money element, why are we not putting more money into the tenant in situ scheme rather than less?

**Mr. David Moloney:** Some of these are policy issues, but in terms of the value for money-----

**Deputy Paul McAuliffe:** I am asking about the value for money element.

**Mr. David Moloney:** To answer strictly on the value for money element, the tenant in situ scheme has two challenges from a value for money perspective. There is a significant estate management cost to social housing and a consequence of the tenant in situ scheme is that it leads to having a diverse range of units in very different places. The estate management piece of that needs to be taken into account in terms of its costs. The other aspect is the equity around

access to social housing. The tenant in situ scheme is triggered by a landlord's decision to sell rather than an objective assessment of the need of the tenant. When we look at the tenant in situ scheme from a value for money perspective-----

**Deputy Paul McAuliffe:** It is a landlord's decision to sell a home that, often, the person has occupied for a long time. I have never received a complaint from someone at the top of the housing waiting list about a person who has been in a HAP property for ten or 15 years having an unfair advantage. That is not an argument that is being made.

**Mr. David Moloney:** Those are just the aspects from a value for money perspective. I can only comment on that.

**Deputy Paul McAuliffe:** One could also counter the argument about estate management costs. There is a cost to concentrating low-income housing in one area and that is often an additional cost to the State. Mixed tenure or mixed income are far better principles to apply. I am surprised that the Department of public expenditure is not telling the Department of housing that the latter should be progressing the tenant in situ scheme. In fact, we should be trying to procure as many properties as possible because it reduces the State's expenditure and the State gains an asset. In other areas of public facilities, we would be actively looking for opportunities to purchase properties, but not in this area. I accept Mr. Moloney's Department is not responsible for housing policy. From a value-for-public money perspective, the continuation of HAP and the failure to seek or roll out opportunities offered by the tenant in situ scheme appear to be bad value for money and bad management of public money.

**Mr. David Moloney:** It is-----

**Deputy Paul McAuliffe:** Mr. Moloney is the Accounting Officer with responsibility for public expenditure. I am not asking about Government policy.

**Mr. David Moloney:** There are policies to be made, though in this regard and from our perspective, when we look at the unit costs involved, including the estate management costs and equity of access issues, there are significant issues and I-----

**Deputy Paul McAuliffe:** I have one last question and I am over my time. Has the Department carried out any value for money exercises related to the tenant in situ scheme and HAP?

**Mr. David Moloney:** Yes, we have done some internal analysis of the tenant in situ scheme.

**Deputy Paul McAuliffe:** Could Mr. Moloney make it available to the committee?

**Mr. David Moloney:** I assume I could. I will dig it out.

**Deputy Paul McAuliffe:** I would appreciate that.

**Deputy Séamus McGrath:** I thank the witnesses for being here. I will try to use my time as efficiently as I can.

I will pick up on housing, as I am the party's housing spokesperson. In the context of the upcoming NDP review, the housing Minister has said he is treating the housing crisis as an emergency. I fully agree with that. Are we prepared in the NDP review to treat it as an emergency with regard to our public expenditure on housing?

**Mr. David Moloney:** The previous Government in its budget statement and the current

Government in the programme for Government emphasised that the NDP review would particularly focus on the water, grid and transport services needed to support housing. Delivering 300,000 housing units will require significant expansion of the capacity of the water and wastewater facilities and significant investment in the grid. It has been strongly signalled and it was specifically stated in the programme for Government that it will be required.

**Deputy Séamus McGrath:** The figure currently being bandied about is that we are spending €6.8 billion per annum on housing. It is one of the highest figures in the European Union and that is welcome. However, we have a particular emergency in this country. Are we prepared to significantly upscale that figure in the NDP review?

**Mr. David Moloney:** I do not have to hand the current NDP profile figure for housing. I think it is more in the nature of €5.2 billion. There are other ways the State funds housing-----

**Deputy Séamus McGrath:** Yes, directly and indirectly.

**Mr. David Moloney:** -----such as through the Housing Finance Agency, Irish Strategic Investment Fund, ISIF, and the Land Development Agency, LDA. The cumulative figure is, therefore, from a number of different sources. It is €5.275 billion of the NDP.

**Deputy Séamus McGrath:** However, the overall figure is €6.8 billion.

**Mr. David Moloney:** The Deputy will be aware that the NDP discussions are reaching a final stage and the Government will make decisions about the actual level of expenditure, but it is clear that it is a priority.

**Deputy Séamus McGrath:** I agree with Deputy McAuliffe about the tenant in situ scheme. Some local authorities are not participating in it for funding reasons. Currently, a pipeline of schemes in the Department of housing are stalled because of funding issues. In a crisis, that seems ludicrous. The NDP is coming but I want an assurance that it will be treated as an emergency as the Minister for housing has stated. That is what we need to see. I know Mr. Moloney has commented on it, but I wanted to make that point.

Regarding large-scale projects such as the children's hospital, where an overall figure of €2.3 billion is likely, other large-scale projects are coming and, in the context of the NDP, we will see a lot of capital expenditure. What reassurance can we give the public that we will not see significant budget overruns in other projects like there have been in the children's hospital?

**Mr. David Moloney:** We did a fair bit of analysis of what caused and drove the overruns in the children's hospital. We recognise that large-scale projects are by their nature extremely challenging. We have put in place in the infrastructure guidelines a framework that will better manage the risk of those projects. In particular, we have put in place a major projects advisory group for large-scale projects and a requirement for external evaluation. Those reports are published so people can see-----

**Deputy Séamus McGrath:** It is fair to say - I apologise for interrupting, but we are caught for time - that we have learned a lot of lessons from that debacle.

**Mr. David Moloney:** Yes.

**Deputy Séamus McGrath:** Is Mr. Moloney confident that we will not see that scale of overrun in future projects?

**Mr. David Moloney:** We have adopted approaches now that manage that risk far better than the ones we used in the past.

**Deputy Séamus McGrath:** Mr. Moloney is confident that we will not see that scale of over-run of budgets.

**Mr. David Moloney:** I certainly hope not.

**Deputy Séamus McGrath:** That is not the same as confidence.

**Mr. David Moloney:** Things are or are not.

**Deputy Séamus McGrath:** Okay. I will accept Mr. Moloney's hope.

**Mr. David Moloney:** The risk will be managed in a much better way. Large, complex projects are very challenging in the sense of the tendered amount and events-----

**Deputy Séamus McGrath:** I understand.

**Mr. David Moloney:** -----and getting to the tendered amount in the performance of the actual contracts is a considerable challenge.

**Deputy Séamus McGrath:** I understand that.

The Comptroller and Auditor General sets out Mr. Moloney's Department's role and it is an onerous one, as it is central in setting standards and procedures for financial accountability and governance of public bodies and the evaluation of public spending and investment. It is an onerous task. We all appreciate that. However, in projects other than capital ones that have become known in the public domain, such as the bicycle shelter, the Arts Council IT project and so forth, we have seen waste of public funding. Mr. Moloney's Department is ultimately responsible for public expenditure. It is in the title. What lessons have we learned from those cases and what procedures have been put in place to ensure we do not have repeated examples of waste of public money?

**Mr. David Moloney:** The Government has recently agreed a value for money statement that sets out to remind individuals who take decisions on spending taxpayers' money of their responsibilities in relation to value for money. I will shortly be issuing a circular to all Departments emphasising that fact. In addition to that-----

**Deputy Séamus McGrath:** What frustrates people is the lack of accountability. Ultimately, no one is held responsible and answerable for these projects. We see review after review but there is no accountability. Will we see accountability in the future?

**Mr. David Moloney:** What we want to see is delivery of value for money outcomes. The frameworks of accountability we have encourage us to identify where we are not meeting that standard and to figure out what went wrong and how we can do it better. That is very much our focus.

**Deputy Séamus McGrath:** Okay.

With respect to the State's expenditure on external management consultants, a figure was quoted that, in 2023, the State spent €800 million on external management consultants. I suspect that figure has increased. I would argue there is an overreliance on external management consultants. Is Mr. Moloney concerned about that as the Accounting Officer for the Department

of public expenditure? Is he concerned that there is an overreliance on them by public bodies?

**Mr. David Moloney:** We deliberately chose a mixed delivery mechanism because, in a lot of areas, the Civil Service and the wider public service do not have the necessary skills to do certain things. They can sometimes be basic things. Some of the money is spent on temporary call centres, for which it would not make sense to hire permanent civil servants. Some of it was to support the digitisation of the public service and such sophisticated types of activity. Value for money should inform how we deliver our services and whether we use external consultants or deliver a project or service using civil servants. The preference has always been to use civil servants where possible. The reality is that, sometimes, the knowledge transfer and access to expertise does not allow that.

**Deputy Séamus McGrath:** Is there an up-to-date figure for what we are spending on external management consultants?

**Mr. David Moloney:** I will get the source from the Deputy for the figure he quoted and see whether we can replicate and update it.

**Deputy Séamus McGrath:** It is a newspaper article that says that, in 2023, the figure was €800 million.

**Mr. David Moloney:** It is quite a task to calculate it across the Government.

**Deputy Séamus McGrath:** I understand that.

**Mr. David Moloney:** It would have to be defined in a particular way, but we can try to create it.

**Deputy Séamus McGrath:** It has been commented on that a small number of companies provide this service and are receiving large sums of money for management consultancy services. Is it in Mr. Moloney's focus or spotlight to try to look at that from a value for money point of view?

**Mr. David Moloney:** I am happy to do that. I caution that the big four provide lots of services to the private and public sector, but those services are not just management consultancy. They would often be involved in other types of----

**Deputy Séamus McGrath:** I understand that. Is it something that is constantly under review and being examined?

**Mr. David Moloney:** Yes.

**Deputy Séamus McGrath:** I will turn to the national pay agreements. I met with a former section 39 organisation recently. Their staff are still not benefiting from the pay increases that were agreed through the Workplace Relations Commission, WRC. St. Luke's Home in Cork is a not-for-profit organisation that was formerly paid through section 39. It is now paid through the HSE services and the National Treatment Purchase Fund, NTPF. Its staff are still not benefiting from the increases in wages and so on that have been agreed. Is Mr. Moloney aware that some former section 39 organisations are still not benefiting from the national pay agreement?

**Mr. David Moloney:** I do not have visibility generally on that. The agreement is in place now. There are still some things to be ironed out with the application of the agreement to lower pay. Sometimes these things take a while to get through payroll, but I certainly will chase up

on any individual organisation.

**Deputy Séamus McGrath:** I would appreciate it if Mr. Moloney could do so. Clause 4.1 in the agreement provides that it should be used as a framework for additional payments to be made to cover wages. In this particular case, it is NTPF and the HSE, but they are basically bouncing off each other. The staff are the victims here. They are not getting their pay increases. These are health professionals working in dementia units, long-term residential care, day services and so on. I think Mr. Moloney will agree that it is deeply unfair. I would appreciate it if he could take that issue up directly. It is a small cohort. It possibly involves fewer than ten organisations across the country. I acknowledge that many of the section 39 organisations are getting the pay agreements, but there are some that are not. It needs to be addressed because we are now several months after the agreement.

**Mr. David Moloney:** I will follow that up.

**Deputy Grace Boland:** I was looking forward to today to welcome the witnesses in to get a good understanding of how the system works, how the public service works and what the witnesses' roles are in it. I appreciate that. It gives us a good understanding of whether it is Humphrey or Hacker in charge. It has been interesting to hear the responses. I grew up acutely aware of the value of the public service. However, we still have the possibility of huge inefficiencies in the public service. It is incumbent upon the Department to set the standard and to make sure we are delivering better public services. It must continually look to reform from within and to reduce the red tape rather than add to it. That is a role that certainly needs to be far improved, particularly as our State grows.

On the overpayments of the pensions, Mr. Moloney referred to legislation as the basis on which he is fully confident that we will recoup all the money. What legislation is that?

**Mr. David Moloney:** I said I would check what the legislative basis was, but we are-----

**Deputy Grace Boland:** Is it legislation or a circular?

**Mr. David Moloney:** It is the Taxes Consolidation Act.

**Deputy Grace Boland:** Has the Department got legal advice on whether any defences like a stop or change of position would be relevant? Has anyone indicated that they may challenge the potential recoupment by the State?

**Mr. John Pender:** Under the Taxes Consolidation Act, it is clear that it is the tax. It is a mechanism for repayment of the tax in the line with all other taxes.

**Deputy Grace Boland:** Has anyone challenged the fact that the Department is going to come looking for this?

**Mr. John Pender:** That is probably better answered by Ms Kelly. On the updates that we get, there is a process being undertaken by the NSSO in contacting the individuals. They are working through repayment plans with each individual.

**Deputy Grace Boland:** Has anyone-----

**Ms Bernie Kelly:** The recoupment plans are under way. A number of recoupment plans have already been agreed. There are some questions coming from individuals, which would be expected, on validating the calculations. That is the point we are at. We will go back and

follow up on that.

**Deputy Grace Boland:** Will the NSSO report to the Comptroller and Auditor General on whether there are any issues beyond who has agreed repayment plans and who has not? Will we get sight of that?

**Ms Bernie Kelly:** We will not go through individual-----

**Deputy Grace Boland:** No, not the individuals, but the numbers.

**Ms Bernie Kelly:** We will confirm the numbers to the Department, for example with regard to how many are in the recoupment plan. The engagement is ongoing.

**Deputy Grace Boland:** When does the NSSO plan to have those recoupment plans in place?

**Ms Bernie Kelly:** Some of them are already in place.

**Deputy Grace Boland:** What is the target date for all of them?

**Ms Bernie Kelly:** We are doing it as soon as we can. There is engagement ongoing. As soon as we have engaged back and forth with them on any queries they have, we will do it as efficiently as we can.

**Deputy Grace Boland:** If anyone challenges it, will the NSSO raise that with the Department?

**Ms Bernie Kelly:** We will. We will exhaust all collection challenges in the first instance.

**Deputy Grace Boland:** Will the NSSO fight it? Will it get into a contested-----

**Ms Bernie Kelly:** We will raise it with the Department. The decisions will be made then in terms of-----

**Mr. David Moloney:** The principle is clear: where money is owed, it is repaid. We would actively seek the repayment of the full amount of the money.

**Deputy Grace Boland:** We are talking about huge amounts of money here. People could seriously have changed their position. They would have taken government payslips, deductions, etc., in good faith. Now the Department is coming back to say that there could potentially be tens of thousands-----

**Ms Bernie Kelly:** It is regrettable. We sincerely regret-----

**Deputy Grace Boland:** It is not the standard the public service should be meeting.

**Ms Bernie Kelly:** Agreed. We sincerely regret that. For those individuals in the main part, the collection starts late.

**Deputy Grace Boland:** Every time we have had someone before us - we see it right across the accounts - there are inevitably huge numbers in regard to legal settlements. What is the process in getting sign-off for settlements? Does the Department have to sign off any settlements of more than €50,000, but there is no oversight or accountability of the legal fees for all of the cases right across the public service?

**Mr. David Moloney:** Yes, the Deputy is right that we authorise legal settlements of more than €50,000. We do that on the basis of the Accounting Officer confirming that they are in order and represent good value for money. That is the process.

**Deputy Grace Boland:** I am asking about the actual settlement of the legal fees.

**Mr. David Moloney:** There are mechanisms in place whereby the actual levels of the legal fees can be contested. They can be sent to the taxing master.

**Deputy Grace Boland:** As a lawyer who has worked in this space before, I know that unless we have someone who knows what they are doing with managing litigation - certainly, contested and protracted litigation - the legal fees will spiral and we will be paying for things we do not need in the context of legal fees. There needs to be much more hand holding by the Department in managing the legal fees. I looked at one set of accounts recently. There were four legal cases in which the total compensation paid in settlement was €250,000 and the legal fees paid were six times that.

**Mr. David Moloney:** It is absolutely a feature. If we look at the State Claims Agency's figures setting out the level of legal fees against the level of awards, we see that it is a significant proportion. That is actively managed.

**Deputy Grace Boland:** Is the Department helping anyone in the public service to manage the legal cases?

**Mr. David Moloney:** There are secondees from the Attorney General's Office in most Departments. There is access to legal advice. The State Claims Agency itself----

**Deputy Grace Boland:** If, for example, the Arts Council was going off taking litigation and running up legal fees-----

**Mr. David Moloney:** That would be a matter for the parent Department to offer assistance. The parent Department would have access to suitable expertise.

**Deputy Grace Boland:** The Department of public expenditure is responsible for the spending of public money. The payment of legal fees-----

**Mr. David Moloney:** Overall, yes, but the Accounting Officer for the Department-----

**Deputy Grace Boland:** -----is the spending of public money. We are not getting value for money if we look at the amount we are spending and the cases we are defending.

**Mr. David Moloney:** The reform of the legal profession and the impact that might have on legal fees is an ongoing topic.

**Deputy Grace Boland:** It is key in the management of it. I urge the Department to look at helping other Departments and State entities to manage legal cases because it is costing us an absolute fortune. Unless I am wrong, there does not seem to be any oversight relating to it.

**Mr. David Moloney:** We do have some mechanisms with the State Claims Agency and the claims it manages.

**Deputy Grace Boland:** It only manages a fraction of the claims across the State.

**Mr. David Moloney:** Yes, in terms of individual cases-----

**Deputy Grace Boland:** I am highlighting it as an issue that is costing the State real money.

**Mr. David Moloney:** Certainly. I will take note of that.

**Deputy Grace Boland:** I ask the Department to put in place the mechanisms to make sure that does not happen.

I have worked in the procurement space. I always thought that public procurement was supposed to drive transparency, efficiency and competition and get value for money. However, we only have to look at the OPW issues. Anecdotally I have heard of a case recently on an OPW estate involving a new small kitchen. They could have walked down the road to any of the kitchen providers and it would have cost €20,000. The OPW came back and told them it was going to be €120,000. That is six times more. Instead of public procurement driving value, it is driving up the cost. We have to do better. How fit for purpose are the public procurement processes and frameworks, and the legal frameworks agreements? Are refunds and service credits being put in place? One of the witnesses we had before the committee told us they were not allowed include penalties for non-service delivery. That individual pointed to Mr. O'Sullivan's office to say that was the case.

**Mr. David O'Sullivan:** In relation to that part, you are actually allowed use it. One of the principles of public procurement is around transparency. Once the competitions are advertised, if all the contractual clauses and penalty clauses, and the scope of work, are made clear, then it is allowable. There is a difference between what is allowable in public procurement, what is understood in public procurement and, in some cases, the application of public procurement rules. The EU has also recognised that because public procurement has become more challenging, and there a lot of expectations on it in terms of green and social considerations, there is a need for some practitioners to be upskilled to ensure they are applying the rules in the way these are actually done.

It is also important to remember that public procurement is not just a rules-based system. It is also the commercial acquisition of goods and services. There has to be commensurate focus on those commercial requirements, including penalty clauses and payment clauses, and including robust scopes of work with timelines that actually allow for that.

**Deputy Grace Boland:** I am really tight for time. The Department has a piece of work to do on awareness because certainly the witness who was before us told us they were not allowed to put in penalties for non-delivery. We should absolutely be making sure that we have the most robust legal contracts, so that we are penalising providers who are not delivering services for us.

**Mr. David O'Sullivan:** It is also important to quote that, through our offices, we have standard tendering and contractual templates, which are approved by the Chief State Solicitor's office-----

**Deputy Grace Boland:** I will ask Mr. O'Sullivan about those when I come back in.

**Mr. David O'Sullivan:** -----and allow and assist greatly public sector bodies with their requirements. These templates allow for the inclusion of those things the Deputy spoke about.

**Deputy Grace Boland:** The big question on that is what support the likes of the Arts Council and other entities get in making sure those template contracts are amended for their specific project. We saw that the Arts Council, from the outset, was set up for failure because it did not know what it wanted, and it did not have KPIs, deliverables, penalties or service credits. Where

is the level of support for entities that do not have the expertise, either legal or IT, within them to make sure that they are amending any templates?

**Mr. David O’Sullivan:** That is a very wide question in terms of the skills and capabilities that each civil servant or each organisation requires to deliver on their particular mandate. If I look particularly at public procurement, the OGP itself provides supports to organizations. We have a number of seminars and a number of procurement offers for buyers. The Department itself has-----

**Deputy Grace Boland:** In terms of amending contracts, this is a very specific thing, right across all of these State entities, they will need to obtain to do public procurement. If they do not have in-house legal expertise or the IT expertise, as we saw in the Arts Council, we are paying money for absolute disasters.

**Mr. David O’Sullivan:** It comes back to the whole planning of the procurement and the involvement of the right stakeholders.

**Deputy Grace Boland:** Agreed.

**Mr. David O’Sullivan:** The vast bulk of public sector-----

**Deputy Grace Boland:** What you do not know, you do not know.

**Mr. David O’Sullivan:** Yes, but the vast bulk of public sector bodies have access to legal resources, whether that is through in-house resources or the Chief State Solicitor’s office or independent-----

**Deputy Grace Boland:** Will the OGP target to help the ones that do not?

**Mr. David O’Sullivan:** We provide supports for them. As I said, we have contracting templates and we have commercial supports for them.

**Deputy Grace Boland:** Templates are no good if you do not know how to use them.

**Mr. David O’Sullivan:** There are workshops and the guidance.

**Deputy Grace Boland:** I am way over, I know.

**An Cathaoirleach:** Hopefully, the Deputy will have an opportunity to come back in.

I have a number of questions. I thank all the witnesses for attending. It has been a useful engagement. There is a lot of concern, rightly and understandably, from the public about the mismanagement and overspending of money by what I categorise as a serial offender, namely, the Office of Public Works. A number of incidents were referenced, whether these involved bike sheds, security huts or walls. In my constituency, there are issues with the provision of a Coast Guard unit in Greystones. That is a small sample. Does the Department share those concerns regarding mismanagement and overspending within the Office of Public Works?

**Mr. David Moloney:** The Chairman of the OPW has been in front of the public accounts committee and has set out very clearly that we do collectively share those concerns about how value for money is taken into account in terms of decisions-----

**An Cathaoirleach:** So the Department shares those concerns.

**Mr. David Moloney:** The OPW has produced the report. It has committed to implementing that report from Deloitte and also addressing-----

**An Cathaoirleach:** What actions has the Department taken on those concerns? The Deloitte report is there. What actions has the Department taken on foot of those concerns?

**Mr. David Moloney:** The actions taken to date by the OPW have met the concerns that we have. Obviously, we will continue to examine that to see if our frameworks need to change in any way. Some of the instances were very specific. They were related to projects that fell below a certain monetary limit. The two things that we have to manage at the same time are the need to drive value for money across all projects of all scales and to make sure that taxpayers' money has an impact. There is also a strong sense that where we overly regulate, or where the level of regulation that we apply in areas is overly complex, that actually imposes costs and reduces value for money. In terms of our activities, there is always that trade-off.

**An Cathaoirleach:** The Department is confident. Is that what I am hearing? It has a level of confidence that we will not see-----

**Mr. David Moloney:** I am confident that the OPW will deal with these issues.

**An Cathaoirleach:** -----reoccurrences to the same degree we have witnessed within the OPW.

**Mr. David Moloney:** I am. I believe that the risk management and governance pieces that are being rolled out in the OPW will be effective.

**An Cathaoirleach:** Does Mr. Moloney have concerns about any other bodies? Is he engaged in any specific work in relation to any other bodies?

**Mr. David Moloney:** I am not engaged in any specific work with other bodies, but a part of what we do on a day-to-day basis is engage with Departments. The value for money piece is part of that engagement.

**An Cathaoirleach:** What is the specific function of the Office of the Government Chief Information Officer?

**Mr. David Moloney:** The Office of the Government Chief Information Officer, OGCIO, is a division of my Department. That is what it is. It is there to drive digitalisation of public services, including egovernment, and to support that.

**An Cathaoirleach:** Does that office provide information with regard to GDPR responsibilities, etc.?

**Mr. David Moloney:** It is more to do with IT. It also runs and chairs the data governance board. The data sharing agreements intersect with GDPR, obviously, but GDPR is primarily under justice and the Data Protection Commissioner.

**An Cathaoirleach:** The reason I raised that is there is a concern. There is an issue I imagine Mr. Moloney is familiar with in relation to the public services card. Concern has been expressed by the Data Protection Commissioner about the collection and usage of biometric data. That issue has been going on for a lengthy number of years. Mr. Moloney will be aware of the recent ruling by the Data Protection Commissioner. Has the OGCIO any involvement in providing any information, assistance or guidance on that issue?

**Mr. David Moloney:** The OGCIOW works very closely with the Department of Social Protection on the public services data card and the underlying data infrastructure to support that, but the decision-making on that is with the Department of Social Protection under the particular legislative basis for it. Obviously, there is an aligned role for the OGCIOW because it drives *gov.ie*. It is also driving the public service digital wallet. There are initiatives-----

**An Cathaoirleach:** Has that ruling by the Data Protection Commissioner influenced the use of *gov.ie*?

**Mr. David Moloney:** This is a very technical area. I will have to confirm it but my understanding is that the specific ruling refers to the use of biometric data for fraud prevention purposes and that those issues do not arise in respect of *MyGov.ie*.

**An Cathaoirleach:** Mr. Moloney is aware of the considerable fine of €550,000 by the Data Protection Commissioner concerning the use of that biometric data in respect of the public service card. It has been suggested that the fine will be appealed. Experts in the field have said it does not amount to value for money and could potentially end up in the European courts. Has the question of appealing the decision by the Data Protection Commissioner come before the Department of public expenditure in terms of the value-for-money aspect?

**Mr. David Moloney:** As the Cathaoirleach knows, this is a sensitive enough area. It is primarily a matter for the Department of Social Protection to take a view on what it does next now that the determination has been made.

**An Cathaoirleach:** Does the Department of public expenditure have any role in it?

**Mr. David Moloney:** We have been involved in discussions relating to it.

**An Cathaoirleach:** Okay. In regard to public private partnerships, there has been a lot of focus on the recent decision to scrap bundle 3 of the PPP that would have provided for the construction of 486 houses. We had officials from the Department of housing before the committee some weeks ago and we asked them specific questions about this. What role did the Department of public expenditure play in the decision-making process that ultimately led to the pulling of that bundle?

**Mr. David Moloney:** We did not have a role in that decision-making process.

**An Cathaoirleach:** The Department had no role whatsoever in it.

**Mr. David Moloney:** We had no role. The way PPPs are set up is that we run the guidelines for them but once the package is approved by the Government, it is a matter for the individual Departments.

**An Cathaoirleach:** Mr. Moloney is indicating that the Department of public expenditure has no role in this. It has been cited that there were value-for-money issues, costs had grown considerably and a particular decision was taken. Is the Secretary General saying there was no engagement between the Department of housing and the Department of public expenditure in regard to this PPP bundle?

**Mr. David Moloney:** We did not have a role in making that decision. The teams in my Department talk to people in other Departments all the time. I could not for sure say they did not discuss PPPs but there is no decision-making role in this for my Department.

**An Cathaoirleach:** There is no decision-making role but Mr. Moloney says he is not sure whether there was discussion and maybe there was.

**Mr. David Moloney:** I simply do not know but I am very conscious we talk to other Departments all the time.

**An Cathaoirleach:** I have a report to hand indicating that Department of housing officials raised concerns about this issue as far back as March and there were attempts to communicate with Mr. Moloney's Department. It states that the officials "repeatedly sought" a meeting on the project with housing officials, later "requesting discussions as soon as possible" as a decision was due to be made on the future of the homes by May. The Department of housing officials were seeking a meeting with officials from the Department of public expenditure, with the issue being flagged as far back as March. The report further states: "In one email, housing officials sought an urgent meeting with the Department of public expenditure and reform about the project and it was deemed as urgent." There was a sense of urgency and, it seems, repeated requests for meetings to be held with Mr. Moloney's Department. That is concerning to me given the evidence we have heard at this committee, which is in the public domain, that the developers were ready to go on site within a week of the decision being taken on 3 June to collapse the bundle. These attempts by Department of housing officials to engage with the Department of public expenditure seemingly were going on in the background. Will Mr. Moloney enlighten us in this regard?

**Mr. David Moloney:** I will check the facts for the Cathaoirleach and give him a note on the matter. To be clear, I do not know what the meeting would have been about.

**An Cathaoirleach:** To clarify, was no review carried out within the Department of public expenditure regarding value for money in respect of this bundle?

**Mr. David Moloney:** I do not believe we had any part in that decision.

**An Cathaoirleach:** Will Mr. Moloney check for any communications between the Department of housing and his Department with regard to this particular bundle?

**Mr. David Moloney:** Absolutely, a Chathaoirligh.

**An Cathaoirleach:** What is in the public domain is quite concerning, namely, that there were repeated requests for urgent meetings.

The review of the national development plan is ongoing and is due to conclude at the end of the month. Will the findings of the review be made public at that stage?

**Mr. David Moloney:** The question of what is made public at that stage will be a matter for the Government. Decisions in that regard will feed into the budget. The Government will take a view on what should happen.

**An Cathaoirleach:** Mr. Moloney referenced a number of key areas to which focus is being given, including the delivering of housing, water infrastructure and national grid upgrades. Are any other key infrastructural areas being given a particular focus?

**Mr. David Moloney:** The priorities referenced are the ones set out in budgets by the previous Government and by the current Government in the programme for Government but, of course, there is a very significant investment programme across all areas involved in the NDP review. The areas mentioned are priorities but there is very significant investment across all

areas.

**An Cathaoirleach:** A key infrastructural project that was curtailed back in 2021 was the N11-M11 upgrade scheme, which is key not only for my constituency but also key for the greater good. Concerns were expressed when the decision was taken in 2021 to mothball that project. A particular concern was expressed by the Road Safety Authority at the time in respect of the N11-M11 scheme and a number of other key road projects across the State. Are the concerns expressed by the authority feeding into the review process?

**Mr. David Moloney:** As I said earlier, it is an active negotiation. The Minister, Deputy Chambers, has met with the Minister for Transport several times. I imagine the balance between road, rail and other forms of transport is key to the Minister for Transport's considerations in terms of what decisions he makes when he gets an allocation. This month, we will agree the five-year allocations by Department. The sectoral Ministers will then have a period to identify the projects with which they will proceed.

**An Cathaoirleach:** I have engaged with the Minister on this issue but I wanted to flag it here. It is a key project and mothballing it back in 2021 was the wrong decision not just for Wicklow but for the greater good. It has a negative economic impact on the wider economy when thousands of commuters are stuck in traffic and delivery of goods and services is delayed. It is an oxymoron that vehicles are left idling in traffic when the funding was pulled for environmental reasons and redirected. I hope the scheme will be looked at on foot of the review and the decision reversed.

I will now open the floor to members, with three minutes each for additional questions, after which we will conclude. Is that acceptable to the witnesses?

**Mr. David Moloney:** Absolutely.

**Deputy Catherine Connolly:** I have a few practical questions and an observation. I will put all my questions and my observation in one go.

I am conscious of the workload of the Department of public expenditure and other Departments. A continuing theme is staff vacancies, an inability to predict when people will retire and the uncertainty around that. Department heads must have some idea how many staff are going to retire but that issue is a recurring theme, along with vacancies, recruitment and retention.

I have a specific question on the Land Development Agency. I understand Mr. Moloney's Department and the Department of housing are the sole shareholders in the agency and quite an amount of money was allocated to it. Were any more sums allocated in 2024 or 2025? An equally important question relates to the oversight role of the Department of public expenditure in that regard.

My observation concerns the tenant in situ scheme. I am one of those who highlighted that it was being withdrawn and local authorities were being left in the lurch. However, I echo the comments Mr. Moloney is making that there are equity issues in this regard. It is a scheme that should be reviewed. I am the first, as a TD, to call for the tenant in situ scheme as an emergency response, but we have got into a situation with an emergency crisis that has gone on for way too long in housing. Every scheme is a reaction. This is a cause of serious concern to me, as is the help to buy scheme. While as a TD I am calling for the tenant in situ scheme, at the same time, I am calling for an absolute review of it because I know of people on a waiting list for up to 20 years in Galway. Their place on the list means nothing when someone is in trouble in

relation to a house. I am the first to be shouting for that person too but we need a policy here. We need a review of it. I echo what Mr. Moloney is saying. I will stop because I want to give him a chance to answer.

**Mr. David Moloney:** I thank the Deputy. Having vacancies in a full employment labour market is very challenging.

**Deputy Catherine Connolly:** I have read that. I just want to know the numbers. How many vacancies-----

**Mr. David Moloney:** I do not have the numbers to hand. I will provide the Deputy with the vacancy numbers.

**Deputy Catherine Connolly:** Is it big? Is it significant? How is the workload managed? What money is going towards agencies or staff who have been brought in as a result?

**Mr. David Moloney:** In the health sector, for example, the agency versus vacancy thing is a very significant issue. It is probably the sector which is most relevant. We can certainly provide the numbers of Civil Service vacancies.

On the retirement question, there are categories of people who can retire anytime between 60 and 70 at two weeks' notice.

**Deputy Catherine Connolly:** How many retirements happen with two weeks' notice? Has the Department looked at that to see? Do a substantial number just give two weeks' notice?

**Mr. David Moloney:** I have not looked at that piece but we keep an eye on the numbers at different age cohorts with a view to looking and assessing the risk. We do that. As the Deputy can see from the lumpsum payments in Vote 12, there is a level of unpredictability.

**Deputy Catherine Connolly:** There is huge variation.

**Mr. David Moloney:** For example, post Covid, there was a big spike. That does change. On the LDA, the Minister is the shareholder. There is a technical shareholder piece in the accounts. It might be better if we give the Deputy a note on that, if that is alright.

**Deputy Catherine Connolly:** Not a note on the technical aspect but more the Department's oversight of the LDA and who provides that oversight.

**Mr. David Moloney:** Primarily it is the Department of housing, but we are a shareholder and have a principal officer on the board of the LDA.

**Deputy Catherine Connolly:** There was just one last question. Mr. Moloney might not want to comment on the tenant in situ and policy.

**Mr. David Moloney:** I have said as much as I can about that in a policy area.

**Deputy Catherine Connolly:** Is a review under way?

**Mr. David Moloney:** Not that I am aware of, no.

**Deputy James Geoghegan:** I have a few follow-up questions. When did the Revenue audit, that sample spot check, happen? When was Ms Kelly first notified of it?

**Ms Bernie Kelly:** I was first notified around March, if I recall.

**Deputy James Geoghegan:** How long did it take to validate the 19 cases with the liability of €1.4 million?

**Ms Bernie Kelly:** The 19 cases came from a broader review. My understanding was that the team got 11 cases per sample and that the audit turned up six as not having been calculated correctly. As a result of that, I commissioned a full review. There are 23 cases in a bucket we are looking at, of which 19 were validated. We then went through the process of validating-----

**Deputy James Geoghegan:** The liability was €1.4 million.

**Ms Bernie Kelly:** Yes.

**Deputy James Geoghegan:** When did the Department get to that figure of €1.4 million?

**Ms Bernie Kelly:** It has been a process over the past number of weeks. I do not know when we actually bottomed it out. It has been a process from March onwards. In the timeframe of March, April and May, we were going through this process.

**Deputy James Geoghegan:** Was it one year between the spot check and the liability?

**Ms Bernie Kelly:** No.

**Deputy James Geoghegan:** What was the period? That is all I am trying to work out.

**Ms Bernie Kelly:** It was weeks or months.

**Deputy James Geoghegan:** Which was it, a couple of weeks or a couple of months?

**Ms Bernie Kelly:** It probably was a couple of months by the time we had gone through the process.

**Deputy James Geoghegan:** A couple of months. How do you go from that to the qualified disclosure to Revenue?

**Ms Bernie Kelly:** We are making a disclosure to Revenue but we will not make a full disclosure until the review is completed.

**Deputy James Geoghegan:** How has it already imposed penalties of interest if a full disclosure has yet to be made?

**Ms Bernie Kelly:** We are making payments for anything that we are recouping on this particular cohort. Interest is then calculated at that point. The penalties are for the previous disclosure, which was last year, in terms of the non-payover.

**Deputy James Geoghegan:** What do the penalties of €460,000 from Revenue relate to?

**Ms Bernie Kelly:** That relates to the amount that was not paid over to Revenue. They were correctly deducted from the pensioners. It was as a result of the Comptroller and Auditor General's audit and the disclosure that was made on behalf of Vote 12.

**Deputy James Geoghegan:** Could there be more penalties from Revenue arising from the review that is being carried out?

**Ms Bernie Kelly:** There will certainly be interest calculated on the late payment of the CET.

**Deputy James Geoghegan:** Is there an estimate as to what those penalties will be?

**Ms Bernie Kelly:** Right now, on the 19 cases we have validated, there is an estimated interest of €230,000.

**Deputy James Geoghegan:** That is €230,000 in addition to the €460,000 relating to the other matters. In total, you are talking about €700,000, give or take, of penalties that will go to Revenue.

Turning to Mr. Moloney, how embarrassing is this for the Department of public expenditure and reform? Does the fact that his Department is subject to penalties of up to €700,000 from Revenue for failure to pay Revenue undermine his Department when it is telling other Departments how to spend their money?

**Mr. David Moloney:** The €468,000 relates to interest. A decision on penalties is yet to be made.

**Ms Bernie Kelly:** As is the €230,000.

**Mr. David Moloney:** The €230,000 relates to interest also.

**Mr. David Moloney:** It is interest. There is a distinction between interest and penalties.

**Deputy James Geoghegan:** The interest is being imposed upon the Department due to the late payment to Revenue.

**Mr. David Moloney:** Yes. In revenue terms, the interest is almost automatic.

**Mr. Seamus McCarthy:** It is. Essentially, it takes account of the time value of money. Money that you should have had a year ago is charged interest to make it equal in economic terms. Interest, as such, is not a penalty within the terms of the tax Act.

**Deputy James Geoghegan:** The Department may not in fact face penalties, but rather just interest. Is that right? It might face penalties in addition to the interest.

**Mr. David Moloney:** Yes. It is a matter for Revenue.

**Deputy James Geoghegan:** The interest the Department is paying as a result of this, in addition to the moneys that were available to us, is €700,000.

**Mr. David Moloney:** Yes.

**Deputy James Geoghegan:** The interest is not technically a sanction then, as such.

**Mr. David Moloney:** It is interest on money that should have been paid. In answer to the Deputy's question, we are not happy about it. Certainly, we, the NSSO and line Departments strive in everything we do to pay people and tax correctly. That is what we want to do.

**Deputy James Geoghegan:** Ms Kelly said the Department will have to make a qualified disclosure that has not been made yet to Revenue. Is that right?

**Ms Bernie Kelly:** Once we have bottomed out all of the full review in terms of the 23 cases we have identified. We have given over information as it is, but the disclosure will be completed once we have the review.

**Deputy James Geoghegan:** Questions of penalties will arise from Revenue after that qualified disclosure has been made. Is that right?

**Ms Bernie Kelly:** That will be a matter for Revenue once we make the disclosure.

**Deputy James Geoghegan:** Is it not a very serious issue for the Department that this issue has arisen? Has there ever been a case like this where the Department of public expenditure and reform is making qualified disclosures to Revenue regarding revenues it has not paid that could ultimately be subject to penalties at the levels we are talking about?

**Mr. David Moloney:** I agree. As I said before, I am not aware of any other case of this nature.

**Deputy Cathy Bennett:** I am coming back in with one issue regarding projects that require business plans to be submitted. Are those business plans submitted to the witnesses' Department in order to get funding? Does a business plan have to be sanctioned in advance in order for funding to be sanctioned?

**Mr. David Moloney:** It depends on the amount of money. Up to a certain point, Departments can sanction-----

**Deputy Cathy Bennett:** What is the value?

**Mr. David Moloney:** Large projects come to us. Ms Ivory might go through the detail.

**Ms Kate Ivory:** The infrastructure guidelines set out the different quantum and the different processes under that. Depending on how much money it is, it might come to us or it might just be at departmental level. If it is over €20 million, it is subject to the infrastructure guidelines. If it is over €200 million, it is subject to Government approval. Government approval involves going to the major projects advisory group. There is an external assurance process and the business case then goes to Government. Anything that is subject to the infrastructure guidelines will either be subject to checks and balances within the Department itself as a matter for its Accounting Officer or it will come into our Department for assessment as well.

**Deputy Cathy Bennett:** I thought that is what happened as well. During the week, I mentioned Monaghan hospital's need for emergency services to the Taoiseach. He told me that you cannot just go and do that, that there is a route to doing that, which involves putting a business case or whatever else forward. It worried me and I thought of other major projects that are happening. The Minister of State, Deputy Harkin, stated in the Dáil one day that a surgical hub will be put in place in Sligo hospital. Was a business case put in place for that?

**Ms Kate Ivory:** I am not aware of those specific details. However, under the infrastructure guidelines, we would expect there would be a business case within the Department of Health.

**Deputy Cathy Bennett:** Is it the Taoiseach or the Minister of State, Deputy Harkin? Who is saying the right thing there? Is the Taoiseach saying the wrong thing that something could not be built without a business case?

**Mr. David Moloney:** We can explain the rules that apply, but we have not heard either statement.

**Deputy Cathy Bennett:** It is to ensure that all areas and counties are treated equally, and that there are business plans put in place for everybody.

**Mr. David Moloney:** The processes are the same for everybody.

**Deputy Séamus McGrath:** I thank the witnesses for staying with us. I have a couple of follow-up questions. To return to the theme of housing and the significant issue of local authority vacant housing and voids, it has been estimated that there are more than 3,000 vacant properties across the country. In respect of value for money and public expenditure, when we are spending €50,000 a year on emergency accommodation per family and close to €20,000 a year per individual, how does it make sense that we have such a large stock of vacant local authority housing, with the local authorities stating there is a funding issue with bringing many of those back into use? Does the Department have a role to play in ensuring value for money in terms of how it is spent in respect of housing needs, in order that we can get those properties back into use, instead of spending it on emergency accommodation for example?

**Mr. David Moloney:** Primarily, the decisions about how to spend the housing budget are a matter for the Department of housing, but we have, over time, taken part in discussions at various different stages about specific funds to tackle voids. It has been an ongoing issue and we all accept that using the existing housing stock makes a lot of sense. For the sake of value for money we wish to do that.

**Deputy Séamus McGrath:** The Department has a role to try to ensure that.

To go back to large-scale projects I saw in the news that the greater Dublin drainage project has been given the green light from a planning point of view. That is welcome. It is a project of a scale of €1.3 billion. Can Mr. Moloney clarify that a contract will be signed for that project? It is obviously a very large-scale project. Will the Department have a role in overseeing the robustness of the content of that contract? To go back to my earlier questioning, we do not wish to have a repeat of the likes of the children's hospital.

**Mr. David Moloney:** I am not absolutely sure who will sign that contract, although I imagine it will be Uisce Éireann. Obviously we, along with the Department of housing, would take an active interest in that. Uisce Éireann has responsibility for the delivery of its own projects, but we would maintain a very active interest in a project of that scale, as would the Department of housing.

**Deputy Séamus McGrath:** With regard to our public sector workforce, what is its overall number?

**Mr. David Moloney:** I will get the precise number for the Deputy. It is approximately 370,000.

**Deputy Séamus McGrath:** What I am getting at is the key vacancies that exist in front-line services. I met the INMO recently to discuss some of the gaps in its services in terms of workforce staffing levels not being adhered to in previous agreements. The representatives mentioned not having security staff at accident and emergency department doors at night for example. They mentioned that when it comes to administrators and managers, if something has to be purchased, it has to go through five or six different decision makers. What is the Department's role in ensuring that when recruitment is taking place, it is in critical front-line services and where there are gaps in the services, as opposed to just adding more administration and bureaucracy to the systems? That is a critical issue for this country.

Many people would say we are heavy on administrators and seriously lacking in front-line services. Does the Department have a key role in trying to turn the dial on that?

**Mr. David Moloney:** Yes, we agree a pay and numbers strategy with the Department of Health and the HSE every year. We have one in place for 2025. There can be real challenges with some front-line services in getting vacancies filled. However, we take the point completely about not substituting front line for administrative. We meet with the Department of Health every month and that is one of the issues we maintain a very strong focus on.

**Deputy Grace Boland:** If people do not agree a recoupment plan, will the Department automatically deduct amounts from their monthly pension payments?

**Ms Bernie Kelly:** We will look to have an agreement in the first place. I would have to check what the recruitment policy says.

**Deputy Grace Boland:** Ms Kelly might let us know what the Department is going to do if recoupment plans are not agreed.

As regards procurement, with legal contracts, you always have to be updating standard templates and learning from experiences when things go wrong. Can the witnesses confirm whether that happens? Does they continually update the contracts to make sure we are learning and in particular that the templates for IT service contracts and cloud procurement are fit for purpose?

**Mr. David O’Sullivan:** I can confirm that. There are two particular aspects to that. The baseline contracts are constantly updated by the CSSO to reflect any new developments. Recently, both the OGP and the OGCIO produced cloud advice notes and included in those cloud advice notes are model contraction clauses and commercial supports to help PSBs in the procurement of IT solutions, in particular cloud solutions.

**Deputy Grace Boland:** Will the Department hold the hand of entities which do not have the expertise to complete those templates and make sure that they have SLAs, KPIs, milestone service deliverables, penalties, credits, etc., in there? If they do not know what they want and how to make sure they have a legal, robust framework, is the Department helping them to procure effectively?

**Mr. David O’Sullivan:** We are helping with certain matters. We do not have the capacity to co-pilot everybody’s procurement, particularly ICT procurement, however-----

**Deputy Grace Boland:** We are paying millions of euro for it on the other side if it goes wrong.

**Mr. David O’Sullivan:** Through our particular supports, whether contractual supports, commercial supports or the work of our service delivery organisation, we are there to help in the system. Fundamentally, the---

**Deputy Grace Boland:** Does the Department keep track of every IT project procured in the public service?

**Mr. David O’Sullivan:** Not the OGP.

**Deputy Grace Boland:** Who keeps track of that?

**Mr. David O’Sullivan:** As Secretary General, Mr. Moloney said, certain projects come through the OGCIO for approval.

**Deputy Grace Boland:** So no one keeps track of all the IT projects being secured. There is no one office with oversight.

**Mr. David Moloney:** Just to be clear, approval for all IT products of more than €5 million is done by the OGCIO, but the oversight, implementation and delivery of those projects is a matter for the promoting Department or agency.

**Deputy Grace Boland:** We do not know which ones are over-budget, over-spending or failing. The Department does not know until it goes wrong, until it gets into the media or until we-----

**Mr. David Moloney:** Until it is reported to us.

**Deputy Grace Boland:** There is room for improvement there. Public reform is mentioned in the title. Can Mr. Moloney give me a couple of examples of the public reform the Department is currently spearheading in the public service?

**Mr. David Moloney:** We are delivering a public data strategy. I mentioned national data and AI and the AI guidelines we have produced. These are all initiatives to drive better government into the future. In terms of the workforce of the future, we have a lot of initiatives around inclusion in particular, and increasing access to public service employment. We have attempted to strengthen the workforce of the future through apprenticeship schemes and, in particular, an ICT apprenticeship scheme.

**Deputy Grace Boland:** How does the Department evaluate itself and the public service? Does it have KPIs for response times in terms of meeting project deadlines, targets and delivering things?

**Mr. David Moloney:** As I said, we set out a business plan which sets out what we want to achieve, and then we review whether we are achieving that.

**Deputy Grace Boland:** There is an annual business plan.

**Mr. David Moloney:** Yes.

**Deputy Grace Boland:** Does the Department publish its performance record?

**Mr. David Moloney:** We publish a public service performance report, but it is not quite what the Deputy means.

**Deputy Grace Boland:** I am asking if the Department did a performance review of its work for the past 12 months? Did it meet its targets?

**Mr. David Moloney:** We do not publish that format of document.

**Deputy Grace Boland:** Did the Department do a performance review?

**Mr. David Moloney:** We review our businesses plan.

**Deputy Grace Boland:** Does the Department report on that to the Minister?

**Mr. David Moloney:** The business plan is approved by the Minister.

**Deputy Grace Boland:** Does that include the performance part of it, as in whether the Department met what it said it was going to do at the start of the year?

**Mr. David Moloney:** There is no specific procedure around that. Obviously the Minister is someone we report to throughout the year.

**Deputy Grace Boland:** Is there any standard across public service Departments in terms of what they will do for the next 12 months, and then a look back to see whether they have achieved and delivered that?

**Mr. David Moloney:** Most Departments adopt a business plan.

**Deputy Grace Boland:** Why would some not do so?

**Mr. David Moloney:** It is a matter for the Departments. I think nearly all Departments have business plans.

**Deputy Grace Boland:** Is that not a standard the Department should set for other Departments, as in telling them? We have seen circulars here.

**Mr. David Moloney:** The fundamental accountability for the Department is to the Minister, the Government and the Oireachtas. That is the accountability piece. There are choices about how you do that. All I am saying is that the particular format of the performance report on an annual or occasional basis is the not the format you use.

**Deputy Grace Boland:** In any business what you would do is set out your plan for the year, look back and see how well you did and what the challenges were, and the room to improve. It could be something the Department might look at with regard to public service reform.

**Mr. David Moloney:** Absolutely.

**Deputy Grace Boland:** We need to make sure that we are delivering as best we can, getting value for money and achieving what we set out to achieve.

**An Cathaoirleach:** I thank the Deputy. I have a couple of concluding questions. Ms Kelly referenced pensions earlier on. Where there is an overpayment to an individual with respect to their pension entitlements, she wants to put in place an agreement with that individual to see that repayment being made. Is there any sort of timeframe that prohibits a clawback in law? It has been suggested that there may be a four-year clawback clause there and there is no legal basis with anything that exceeds that. Is that correct, or is Ms Kelly aware of any particular time?

**Ms Bernie Kelly:** I am not aware of that. On the pension, where they were on the incorrect scheme and were reduced at a lower rate, we are in discussions on all of those and agreeing over a period time how to recoup that.

**An Cathaoirleach:** Ms Kelly is not aware of any legal impediments that would prohibit that.

**Ms Bernie Kelly:** It has not come up in any of the discussions.

**An Cathaoirleach:** I thank Ms Kelly. On the CID contracts, to get a bit of clarity, Mr. Moloney referenced earlier on that he is aware of one other case involving a former CEO where there were some conversations held that ultimately did not materialise to anything. I think I am right on that.

**Mr. David Moloney:** That is right.

**An Cathaoirleach:** Has any review been carried out by the Department regarding any other circumstances outside of that one he referenced, maybe looking back over the past number of years?

**Mr. David Moloney:** We have not done a specific review of it. When sanction requests come in to replace or extend a CEO contract, it is one of the issues we look at on a case-by-case basis. We have not done a broader review.

**An Cathaoirleach:** I do not expect Mr. Moloney to have this specific information here but it might be helpful to the committee if we could, from the past five years, have details of any cases that came before the Department seeking approval in those similar situations. Does Mr. Moloney have that information to hand?

**Mr. David Moloney:** We will provide the Chair with the information. I am trying to figure out what format we can provide that in. We will figure that out.

**An Cathaoirleach:** I am not looking for the specific detail on the individuals or anything like that. That is obviously data-sensitive. It would be useful to the committee.

**Mr. David Moloney:** Certainly.

**An Cathaoirleach:** That concludes our questioning for this morning and our engagement with the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitisation for today. I thank Mr. Moloney and his officials for attending. I also thank Ms Bernie Kelly and her staff from the NSSO for attending and assisting the committee. Is it agreed that the clerk to the committee seeks any follow-up information and carries out any agreed actions arising from today's meeting? Agreed.

The committee is adjourned until next Thursday when we will engage with the Health Information and Quality Authority to examine its 2023 financial statements.

*The witnesses withdrew.*

The committee adjourned at 2.04 p.m. until 9.30 a.m. on Thursday, 17 July 2025.