SECTION D

AN OVERVIEW OF FINANCIAL MANAGEMENT AND THE VALUE-FOR-MONEY FRAMEWORK

MAIN FEATURES OF FINANCIAL MANAGEMENT

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Introduction

1. The vote accounting system is a cash receipts and payments system. It is operated by Departments to provide for parliamentary control over public expenditure by ensuring that public moneys are spent legally and properly in accordance with parliamentary grants.

2. The importance of public sector activities and the absence of a bottom line of profit and loss underline the need for good public sector financial management. Civil servants at all levels have to ensure that their use of the public resources entrusted to them is marked not only by ensuring legality and propriety, but also by the economic, efficient and effective use of these resources. As indicated in Section A5, Accounting Officers have a particular statutory responsibility in this regard. In addition, as indicated in Section A6, Departments/bodies are subject, at the Comptroller and Auditor General's discretion, to examination regarding the economy and efficiency of their operations and the adequacy of the management systems that they have in place to appraise the effectiveness of their own operations (i.e. a value-for-money audit).

Management Information Framework

3. Significant changes have taken place under the Management Information Framework (MIF) and other initiatives directed towards achieving value for money, efficiency and effectiveness in terms of the delivery of programmes and strengthening governance and accountability arrangements in the Irish Civil Service. Collectively, these changes are designed to provide greater accountability and openness for the work of the Civil Service and to improve its performance so that it can give better service to the Government and the public. Policy areas with particular relevance for financial management are the introduction of multi-annual capital and administrative envelopes, and the focus on value for money. Under the MIF project, enhanced financial management systems have been introduced, which underpin a reporting methodology where all of the resources employed in delivering programmes and projects can be properly costed. This, in turn, facilitates the production of annual output statements as required under MIF, where progress against objectives and targets in strategy statements can be assessed. These enhanced financial management systems also provide timely and relevant management information and accounts for internal management and assist with the production of the Appropriation Accounts and other statutory accounts.

Main Features of Financial Management

4. Each Department has the responsibility of preparing and updating on a regular basis its own plans for developing financial management within such broad guidelines as are set by the Department of Finance. In general, the main features of financial management include:

(a) business plans giving effect to the strategy statement prepared under the terms of the Public Service Management Act, 1997 (PSMA);

(b) a management structure matching responsibility with accountability, as provided for under the PSMA;

(c) a framework for assignment of responsibility for managing resources to line managers;

(d) effective systems of budgetary control;

(e) transparency in relation to full costs of departmental operations, activities and programmes;

(f) monitoring of performance against plans/targets;

(g) periodic in-depth evaluation of major departmental operations and programmes;

(h) appraisal of capital projects, including construction projects (*see* Section D2.25-29);

(i) good asset management, including the maintenance of an Assets Register;

(j) effective cash management;

(k) effective monitoring and control procedures vis-à-vis bodies under the aegis of Departments;

(l) internal audit (*See* Section A5.12-18);

(m) the production of annual output statements;

(n) prompt implementation of all corrective measures when the need has been identified.

Planning and Budgeting

5. The setting of objectives, and the translation of these into meaningful operational priorities and performance targets, is a key task of departmental top management. Proper budgeting, costing and accounting mechanisms, based on reliable financial reporting systems (*see* Paragraph 3 above), are key features required to ensure that individual managers can discharge properly their responsibilities for managing their share of departmental resources. Targets for output and performance should be set which are realistic but demanding; even if this means that they will not be achieved in every instance.

In-depth Evaluation

6. Apart from the ongoing monitoring of performance, there is also a need to have periodic (say, every 3 to 5 years), formal, in-depth reviews of financial management operations and programmes. Reviews of this type require careful and systematic planning, as well as technical know-how, and must be of practical use to decision makers. They also require satisfactory follow-up procedures.

VALUE-FOR-MONEY FRAMEWORK

Value for Money

1. Value for money is concerned with the efficient and effective use of resources. **Efficiency** involves ensuring the optimum use of resources in developing and delivering programmes and services, while **effectiveness** involves ensuring that the objectives of programmes and services are actually achieved for the resources available.

2. Government Departments and public bodies have a duty and responsibility to the taxpayer to secure value for money in the use of public resources. This duty and responsibility extends to all stages in the planning, management and delivery of programmes and services, and is provided for in legislation, in the conditions of sanction from the Minister for Finance to incurring public expenditure and in various value-for-money-related guidelines issued by the Department of Finance. (*See* Sections D2.15, D2.22 and D2.25.)

3. Legal requirements in regard to securing value for money in the use of public resources range from the responsibilities of Accounting Officers under the Comptroller and Auditor General (Amendment) Act, 1993 (*see* Section AA, Appendix 4), the obligations on Secretaries General of Government Departments and Heads of Offices under the Public Service Management Act, 1997 (PSMA), requirements on certain public bodies in legislation establishing and governing the operation of those bodies, and requirements under EU Regulations and Directives governing such matters as EU public procurement requirements. (*See* Sections D2.33 and D2.34.)

4. Under the PSMA, Secretaries General and Heads of Offices (Sections 4(1) (f) and (g) of the Act) are required to ensure that the resources of their organisations are used in a manner that has regard to, among other things, economy and efficiency. They are also required to examine and develop means that will

improve the ability of their organisations to deliver cost-effective public services. An example of a public body governed by legislation other than the Public Service Management Act is the Health Service Executive (HSE), which is obliged under Section 7(5)(e) of the Health Act 2004 'to secure the most beneficial and effective use of its resources'.

5. Compliance with Department of Finance Guidelines on Value for Money is generally linked to the conditions of the Minister for Finance's sanctions to incurring expenditure. Government Departments and public bodies also have the option of adopting their own more detailed value-for-money guidelines and procedures, provided that they incorporate the basic principles set out in the various guidelines from the Department of Finance.

Value-for-Money framework

6. The elements of the value-for-money framework in place to assist Government Departments and public bodies to achieve value for money are outlined below under the following headings:
    - Annual Output Statements to facilitate consideration by the Oireachtas of the Estimates of public expenditure.
    - Value-for-Money and Policy Reviews.
    - Rolling 5-year multi-annual capital envelopes, which include the facility to carry over to the following year up to 10% of unspent Voted capital moneys.
    - Department of Finance guidelines on:
        - the appraisal and management of capital expenditure proposals in the public sector (*See* Section D2.25);
        - public procurement requirements (*See* Sections D2.32 and D2.44);

  - Public Private Partnerships (*See* Section D2.48);
  - the commissioning and management of consultancies and other external support services (*See* Sections D2.23 and D2.40);
  - the appraisal and management of Information Communication Technology (ICT) Projects (*See* Section D2.43).

- The Central Expenditure Evaluation Unit in the Department of Finance is responsible for promoting best practice in evaluation and project appraisal, and compliance by Departments and public bodies with capital appraisal and value-for-money requirements.

Annual Output Statements

7. Under reform of the Estimates and budgetary process introduced in 2007, Ministers are required to prepare and submit to the relevant Dáil Select Committee an annual output statement to facilitate consideration of the Estimates of Public Expenditure. The purpose of the annual output statement is to enable the Dáil to assess what is being achieved for the public expenditure involved.

8. For each Vote under the Minister's aegis, the annual output statement must set out, in accordance with a set template and by reference to the strategic objectives in each of the relevant Department's or Office's Statement of Strategy, details by programme of:

- the staffing, financial allocations and output targets for the financial year;
- the provisional financial outturn and the outturn against the previous year's output target.

9. The annual output statement must be submitted to the relevant Dáil Select Committee as soon as possible after publication of the Revised Estimates Volume.

Value-for-Money and Policy Reviews

10. Public expenditure is assessed for value for money in a variety of ways – through appraisal of capital programmes and projects, evaluation of National Development Plans and programmes, sectoral policy reviews and reviews under the Value-for-Money and Policy Review Initiative.

11. Under the Value-for-Money and Policy Review Initiative, the Government decides the programme of topics to be reviewed for value for money and the proposed cycle of reviews over a particular period of time, normally a 3-year cycle.

12. Government Departments and Offices must arrange to carry out the reviews in their area of responsibility. Individual reviews should be undertaken under the aegis of a steering committee, which should be representative of the Department or Office managing the programme or service being reviewed and of the stakeholders. For significant reviews, the Department of Finance should be represented on the steering committee.

13. The steering committee should draw up the terms of reference for the review for approval. Approval of the terms of reference is the responsibility of the Secretary General of the Department or Head of Office responsible for the review, following consultation with the relevant Assistant Secretary in the Department of Finance.

14. All value-for-money reviews must be assessed for quality before completion. The Department of Finance has established a panel of independent evaluation experts for this purpose and Government Departments and public bodies may draw on this panel to appoint quality assessors. Completed value-for-money reviews should be published on the website of the Department/ Office, laid before the Houses of the Oireachtas and submitted to the relevant Select Committee for consideration.

15. The Department of Finance has published a comprehensive Guidance Manual on how to conduct Value-for-Money Reviews as a resource and reference for Government Departments and public bodies.

Rolling 5-year Multi-Annual Capital Envelopes

16. The rolling 5-year multi-annual capital envelopes provide Government Departments and public bodies with greater certainty in regard to their medium-term budget and therefore enable them to improve the planning and management of their capital programmes and projects.

17. The capital envelopes are determined by Government, normally in the annual Budget. They set out the commitment of Exchequer capital allocations and targets for capital expenditure via Public Private Partnerships for each Ministerial Group of Votes for each of the years over the period of the envelope.

18. The Post-Budget Estimate of Exchequer capital for each Vote covered by the envelope for the relevant financial year is set out in the Revised Estimates Volume, which is published annually in the spring each year. The Public Capital Programme, which is published in tandem with the Revised Estimates Volume, gives summary details of total public capital investment, including investments under the multi-annual capital envelope and capital expenditure undertaken by State bodies funded from sources other than the Exchequer, i.e. expenditure from the Central Fund authorised by legislation, internal resources and borrowings.

19. Unspent Voted moneys at the end of each financial year must normally be surrendered to the Exchequer. The exception to this requirement is Voted capital under the rolling 5-year capital envelopes. Section 91 of the Finance Act 2004 provides that a maximum of up to 10% of the capital envelopes of each Vote may be carried over by way of '**deferred surrender**' to the following year for spending in that year on priority capital programmes. Annual provision for the allocation and expenditure of capital carryover amounts by Departments and public bodies is subject to Oireachtas approval. The detailed procedures for approving and accounting for capital carryover are set out in Department of Finance Circular Letter S212/4/03 of 13 October 2004, as amended by Circular 34/07 of 22 October 2007.

20. The main requirements in this regard are:

- Government Departments must notify the Department of Finance of their capital carryover amount by Vote for inclusion in the Budget Estimates and in the annual Appropriation Bill.

- Provision is made in the Revised Estimates Volume (REV) for the capital carryover amount by subhead consistent with the amount by Vote in the Appropriation Act and in a Ministerial Order to be made by the Minister for Finance before 31 March of the year of carryover. The gross amounts cited in the REV and Ministerial Order are identical.

- The Oireachtas provides approval for the carryover amounts through its approval of the Appropriation Bill and the Estimates. Dáil approval of the Minister for Finance's Draft Capital Carryover Order and the making by the Minister of the Order renders capital expenditure on the programmes, which have been included in the Order, a first charge against the carryover amounts for those programmes.

- Carryover amounts may not be ‘vired’ from the subheads specified in the Ministerial Order (*see* Section C2.6 for the general rules of virement). If they are not spent in the year of carryover, the carryover amounts must be surrendered to the Exchequer.

21. Expenditure under the capital envelopes is subject to the sanction of the Minister for Finance. Under the capital envelopes, Government Departments and public bodies are delegated responsibility to manage their capital programmes and capital projects within their approved envelope commitments. This is achieved through the issuing of an annual sanction by the Minister for Finance for each financial year. The annual delegated sanction from the Minister for Finance to incurring expenditure under the capital envelopes is subject to certain general conditions (set out in the *Capital Appraisal Guidelines*). These conditions include compliance by Government Departments and public bodies with the Department of Finance’s guidelines on capital appraisal and value-for-money requirements, as set out in the Department of Finance Letter to Secretaries General of 25 January 2006. The general conditions of sanction also require Government Departments, among other things, to protect the State’s interest in grants to private companies and individual and community groups; to put in place a system to ensure compliance with value-for-money requirements including carrying out spot-checks for compliance; and to report to the Minister for Finance annually in a set format on progress under their capital envelopes and on the findings of their spot-checks for compliance.

22. Detailed guidance for Government Departments and public bodies on carrying out of spot-checks for compliance with capital appraisal and value-for-money requirements are set out in Department of Finance Letter to all Secretaries General and the Chairman of the Office of Public Works of 15 May 2007, entitled '*Procedures for carrying out spot-checks for compliance with the General Conditions of Department of Finance Sanction for Multi-Annual Capital Envelopes'*.

Accounting for expenditure on consultancy and external service provision

23. In accordance with Department of Finance 2006 Guidelines for the Engagement of Consultants and other External Support by the Civil Service:

- All expenditure on consultancy in respect of intellectual services should be charged to a specific consultancy subhead within the Administrative Budget Subhead A.
- Expenditure on contractors and external service provision should be charged to the relevant element of the A5 subhead or to a programme subhead as appropriate and not classified as consultancy
- Expenditure on value-for-money and policy reviews should be charged to a separate dedicated subhead for this purpose within Subhead A.
- Consultancies related primarily to the management, development and delivery of programmes and services should be charged to the relevant programme subhead.

24. Under Section 3 of the Department of Finance Letter to Secretaries General of 25 January 2006 on Value for Money, Accounting Officers must certify annually to the Department of Finance, in their capital progress report, compliance by their organisations with the Department of Finance's Guidelines for

Engagement of Consultants (*see* paragraph 23 above), Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector (*See* paragraph 25 below) and with their Administrative Budget Agreement requirements. They must also confirm that all expenditure on consultancy is necessary and provides value for money.

Capital Appraisal

25. Both the Department of Finance's *Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector* of February 2005 and its 'Letter on Value for Money' of 25 January 2006 set out principles and factors to be taken into consideration by Government Departments and public bodies when developing and managing capital projects and programmes so as to secure value for money.

26. The Guidelines set out the roles and responsibilities of Government, Ministers, Government Departments and public bodies when acting either as the sponsors of capital projects or as the sanctioning authority for approving capital projects. The sponsoring agency for a project must obtain the approval of the sanctioning authority before proceeding through the different stages of project development. All projects must be subject to appraisal, planning and implementation, as follows:

- **Appraisal** – Assessing the options for a project and determining if it should proceed in principle, before proceeding to planning and implementation of the project.

- **Planning** – Developing project management structures, preparation of a project brief, detailed planning and design, costs, tender documents, etc. with a view to procurement of a contractor to deliver the project.
- **Implementation** – Determining contractual arrangements with the successful tenderer and

monitoring and managing progress on project implementation.

- **Post-project review** – All projects costing above €30 million, and a sample of at least 5% of the value of all other projects, must be subject to review for lessons that could be learned for the development and management of future projects.

27. The Guidelines specify the types of appraisal appropriate in different circumstances, including a simple assessment for minor capital projects below €0.5 million; preliminary and detailed appraisal for projects costing between €0.5 million and €5 million; a multi-criteria analysis for projects costing between €5 million and €30 million; and a full Cost Benefit Analysis for projects costing above €30 million or projects involving complex or specialist issues, untried technology, pilot projects and projects that would generate additional substantial ongoing operational or maintenance costs. The Guidelines also detail the principles and factors to be taken into account in carrying out such appraisals.

28. Guidance is also provided on planning capital projects and the management structures to be put in place and practices to be followed to procure and manage delivery of capital projects. **An individual must be appointed as project manager, with personal responsibility to monitor progress against contract requirements for all capital projects. A senior official should be appointed as project manager for capital projects costing above €30 million**.

29. Capital programmes with an annual value in excess of €50 million and with a duration of 5 years or more must be subject to prior and mid-term evaluation.

Public Procurement

30. Government Departments and public bodies should include procurement objectives in their Statements of Strategy. Under the National Public Procurement Policy Framework, Government Departments and public bodies must develop and implement a Corporate Procurement Plan. This plan should be underpinned by an analysis of procurement expenditure, policies and skills. It should set out objectives, agreed targets and relevant and appropriate indicators to measure change and improvement. It should also include mechanisms for implementing agreed changes in procurement practice and procedure.

31. The objective of the above process is to carry out procurement more effectively and efficiently, and to achieve value for money, including savings from procurement. Procurement reform is being supported centrally by the National Public Procurement Policy Unit (NPPPU) in the Department of Finance through capacity-building and training and education measures, in tandem with incremental and suitable e-procurement measures.

32. Arrangements for Government procurement (i.e. purchasing of goods or commissioning of works and services usually under contract) must be conducted in accordance with the general procedures governing the award of contracts. These are set out in the procurement guidelines issued by the NPPPU (in particular, *Public Procurement Guidelines – Competitive Process* and specific guidance relating to construction contracts). For contracts above EU thresholds, please refer to Sections 6–8 of these guidelines; for contracts below the thresholds, refer to Sections 5 and 8. The basic principle is that competitive tendering should be used other than in justifiably exceptional circumstances. Department of Finance Circular 40/02 sets out a procedure to be followed by Departments and Offices where it is proposed to award contracts above the current threshold without a competitive process.

33. In addition to national procedures on procurement, EU Directives (which have the full force of Statute Law in all Member States) must be complied with where the value of a contract exceeds certain financial thresholds. These thresholds are revised by the EU Commission every 2 years. Current thresholds are notified to Departments and Offices, and published on the national Public Procurement website.

34. Contracts in excess of the thresholds must be open to competition across the European Community. Most contracts covered by the EU Procurement Directives are also covered by the Government Procurement Agreement of the World Trade Organisation and are therefore open to more global competition. As well as advertising in the *Official Journal of the European Union*, it is also imperative that the tendering and other procedural provisions of the relevant Directives are fully complied with. There is an absolute onus on each contracting authority to ensure that officials engaged in procurement are fully familiar with these Directives and with national procedures, and to ensure compliance when performing the procurement function. The NPPPU can be consulted where queries arise.

35. In the longer term, purchasing will generally tend to provide better value for money than leasing. Contracting authorities should therefore ensure that, if leasing is being availed of, the leasing contract should be the best that can be concluded in the commercial circumstances obtaining. In general, particular attention should be paid to any variation or 'escape' clauses that might apply.

36. Lease-purchase arrangements rarely offer better value to the Exchequer than straightforward purchase because of tax foregone and interest charges. In any event, since lease-purchase involves an element of borrowing, any such arrangement must have the prior sanction of the Minister for

Finance, on whose sole authority borrowing for Exchequer purposes may be undertaken.

Engagement of consultants and external service providers

37. Consultancy in this context involves the engagement of a person, organisation or group to provide intellectually based services, e.g. expert analysis and advice for a limited period of time to carry out a specific task or tasks.

38. External service providers are organisations that provide services or the human/physical resources to meet information communication technology (ICT) and other service requirements.

39. Consultancy services or external support should only be availed of where the expert skills or capabilities are not available within the Government Department or public body contracting the service or where an external review is required by an outside body such as, for example, the EU Commission.

40. Department of Finance 2006 Guidelines for the Engagement of Consultants and other External Support by the Civil Service set out detailed guidance to assist Government Departments and public bodies in engaging external support (whether consultants, contractors or external service providers) through a competitive procedure.

41. Department of Finance Circular 16/97 provides for delegated sanction arrangements for ICT-related expenditure in Government Departments and Offices.

42. Expenditure on ICT matters comprises work on new system development; continuing the development of initiatives already underway but not completed; and maintaining, enhancing and using ICT infrastructure, which includes telecommunications, replacement/enhancement of hardware and software, office machinery, I.T.-related training and maintenance. The delegated sanction arrangements require annual reporting of high-level monitoring of multi-year business projects, from planning through to completion. They also highlight value-for-money issues, such as project lifetime costs, project alignment with the SMI business planning process and the benefits and business impacts planned and achieved.

43. Under Department of Finance Letter to Secretaries General of 25 January 2006 on value for money, Government Departments and public bodies must:

- apply fixed price contracts as the norm in procurement of all ICT projects;
- appoint an individual as project manager for all major ICT projects, to monitor and manage such projects;
- provide for independent parallel peer review of ICT projects above €5 million or where the project is likely to stretch the resources of the contracting authority. (Peer review applies to key decision-making points, business case assessment and detailed appraisal, as well as to pre-tender, post-tender and project close-out.)

Construction Procurement

44. The Capital Works Management Framework in place incorporates a suite of 'Five Forms of Construction Contracts for Public Works, Standardised Conditions for the Engagement of Construction Consultants' and supporting guidance. The framework is designed to provide for optimal transfer of risks to contractors and incentives to encourage greater cost certainty, better value-for-money outcomes and more efficient delivery of capital projects. The NPPPU Public Works Construction Contracts Training Manual contains more information on the subject.

45. Construction contracts are structured in a way that allow public bodies to clearly identify risks that are appropriate to transfer to contractors and to seek competitive tenders that incorporate these risks on a fixed price lump sum basis. The conditions are structured and balanced in a way that acts as an incentive for more efficient and effective consultant performance in order to better protect the public sector client's interest.

46. Under the Capital Works Management Framework, a contracting authority (Government Department or, as appropriate, public bodies under its aegis, including Local Authorities or other relevant bodies that provide public services, e.g. schools, voluntary hospitals, etc) is required to scope out projects and provide detailed project briefs to consultants. The contracting authority must be clear on its requirements, must develop specifications that allow consultants to design projects and must develop documentation permitting greater pricing certainty by contractors bidding for projects.

47. With the provision of clear specifications and accurate design documentation, the contractor will be well placed to tender on a fixed price lump-sum basis, with appropriate sharing of risks between clients and contractors. The level of risk transfer will be proportionate to the comprehensiveness of the information supplied by the client contracting authority. The cost tendered for inflation in labour and materials will last for 3 years, including a 6-month lead-in time. However, there are provisions for cost recovery in exceptional circumstances.

Public Private Partnerships

48. Where it is determined at project appraisal stage of a capital project, in accordance with the Capital Appraisal Guidelines, that procurement of the project by Public Private Partnership

(PPP) would offer value for money when compared with conventional procurement, it may be decided that the project should be procured by PPP. The requirements for procuring capital projects by PPP are set out in the Department of Finance Guidelines for the Provision of Infrastructure and Capital Investments through Public Private Partnerships: Procedures for the Assessment, Approval, Audit and Procurement of Projects of July 2006. These guidelines provide for four formal PPP-specific value-for-money tests, carried out at the following points in the PPP procurement process:

(i) At **PPP Procurement Assessment** – To determine whether, and in what configuration (e.g. Design Build Finance Operate and Maintain (DBFOM), Design Build Maintain (DBM), etc), a PPP arrangement has the potential to offer the best value-for-money solution for the procurement. This value-for-money test is the responsibility of the sponsoring agency, with the assistance of the National Development Finance Agency (NDFA). The NDFA will advise on the optimum means of financing the project (*See* paragraphs 51–52 below).

(ii) On completion of the Public Sector Benchmark (PSB) – to determine whether, in light of the quantifications in the PSB, the conclusion reached in the PPP Procurement Assessment still holds. This value-for-money test is the responsibility of the sponsoring agency.

(iii) At **Tender Evaluation stage** – To compare the highest ranking bid against the PSB, allowing for the differing impact of taxes, etc., to assess whether the highest ranking bid offers a potential value-for-money solution, i.e. to determine if that bid equals or betters the PSB. This value-for-money test is the responsibility of the sponsoring agency, **unless** the project is being procured by the Centre of Expertise for PPP procurement in the NDFA, in which case the test is the responsibility of the Centre of Expertise.

(iv) At **Financial Close** – A final test carried out (a) to assess the impact of any changes in the interest rate(s) and/or discount rate; and (b) where a project has been procured using the Negotiated Procedure to examine the effect of any proposed changes in the contract terms. This value-for-money test is the responsibility of the sponsoring agency, **unless** the project is being procured

(v) by the Centre of Expertise for PPP procurement in the NDFA, in which case it is the responsibility of the Centre of Expertise.

49. PPP projects need not be wholly procured as a PPP, but may include elements such as the separate purchase of a site procured using more traditional procurement in accordance with Capital Appraisal Guidelines and Procurement Guidelines. Therefore, there are two levels at which value for money needs to be considered:

(a) the overall value for money of the project as a whole (i.e. encompassing traditionally procured and PPP-procured elements);

(b) the value for money of the PPP contract (i.e. whether the elements of the project that the private sector is asked to tender for as a PPP arrangement represent good value for money, particularly when compared with the cost of achieving the same objective using traditional procurement). This is an overarching concern throughout the PPP procurement process, but is formally examined at the four stages outlined in Paragraph 48 above.

50. As well as the Capital Appraisal and PPP Guidelines referred to above, Departments and Offices should also have regard to the Guidance Note on the Accounting Treatment of Capital Projects For General Government Purposes. These Guidelines aim to clarify the implications of different types of capital projects for the **General Government Balance (GGB)** and for the **General Government Debt (GGDebt)** (see Glossary for an explanation of these terms), which are key measures of the national budgetary position.

Value for Money and the National Development Finance Agency

51. Under Section 3(1)(a) of the National Development Finance Agency Act 2002, the National Development Finance Agency (NDFA) is responsible for advising Government Departments and public bodies on the optimal means of financing public investment projects, including PPPs, to achieve value for money.

52. It also acts on behalf of Government Departments and public bodies as a Centre of Expertise for procurement of PPP projects. When performing this role, the NDFA is directly responsible for carrying out some of the PPP-specific value-for-money tests, in conjunction with its role as financial advisor (*see* Paragraph 48 above).

Central Expenditure Evaluation Unit

53. The Central Expenditure Evaluation Unit (CEEU) in the Department of Finance acts as a centre of expertise to promote best practice in the evaluation of programme and project expenditure across all Government Departments and public bodies. It focuses in particular on ensuring that

Department of Finance value-for-money requirements in regard to the appraisal and management of capital programmes and capital projects are being implemented. This unit also oversees ongoing programme evaluation under the Value-for-Money and Policy Review Initiative and the National Development Plan. The CEEU works at a high level with Government Departments and public bodies, and plays an important role in ensuring that best value for money is achieved from public expenditure.

54. The CEEU reviews the annual spot-check reports submitted to the Department of Finance by Government Departments under the rolling 5-year multi-annual capital envelopes (*See* Section D2.22). It may also, at its own initiative, undertake occasional spot-checks of projects, regardless of whether or not the projects have been included in an annual spot-check report.

Section DD

APPENDICES

Appendix 1	List of websites for Department of Finance circulars, legislation and other publications referred to in this section
Appendix 2	List of other references and contacts

List of websites for Department of Finance circulars, legislation and other publications referred to in this section

D1.4a & D2.3 **Public Service Management Act, 1997**
http://www.irishstatutebook.ie/1997/en/act/pub/0027/index.html
(*see* Section 4(1)(f) and (g) on appropriate use of resources)

D2.3 **Comptroller and Auditor General (Amendment) Act, 1993**
http://www.acts.oireachtas.ie/zza8y1993.1.html

(*see* Section 19(1)(b) and (c) of the Act for Accounting Officer role re. economy, efficiency and effectiveness in relation to VFM)

D2.4 **Health Act 2004**
http://www.oireachtas.ie/documents/bills28/acts/2004/a4204.pdf

D2.5 & D2.15 **Value-for-Money and Policy Review Initiative Guidance Manual, Department of Finance (March 2007)**
http://www.finance.gov.ie/documents/publications/guidelines/vfmGuidanceManual.pdf

D2.6, D2.21 & D2.25
Guidelines on the Appraisal and Management of Capital Expenditure, Department of Finance (February 2005)
http://www.finance.irlgov.ie/documents/publications/other/capappguide05.pdf

D2.6, D2.23 & D2.40

Guidelines for the Engagement of Consultants and other External Support by the Civil Service, Department of Finance (2006)
http://www.finance.gov.ie/documents/publications/other/Guideconsult2006.pdf

D2.19 **Section 91 of the Finance Act 2004**
http://www.irishstatutebook.ie/2004/en/act/pub/0008/sec0091.html

Implementation of Deferred Surrender
- **Department of Finance Circular Letter S212/4/03**
  http://www.finance.gov.ie/documents/circulars/Circ28of2004.pdf

- **Circular 34/07 of 22 October 2007 (amends S212/4/03)**
  http://www.finance.gov.ie/documents/circulars/circulars2007/Circ34of2007.pdf

D2.21, D2.24, D2.25 & D2.43

Department of Finance Letter to Secretaries General of 25 January 2006
http://www.finance.gov.ie/documents/publications/other/pubproc&cap.app.pdf

D2.22 **Department of Finance Letter to all Secretaries General and the Chairman of the Office of Public Works of 15 May 2007**
http://www.finance.gov.ie/documents/publications/other/CApraisspotcheckguidance.pdf

D2.30	**National Public Procurement Policy Framework, National Public Procurement Policy Unit (NPPPU) – Department of Finance (October 2005)** http://www.eprocnet.gov.ie/policy-guidance-documents/nationalpublicprocurementpolicyframework.pdf
D2.31 & D2.34	**National Public Procurement Policy Unit (NPPPU) – Department of Finance** http://www.etenders.gov.ie/aboutus/aboutus_npppu.aspx
D2.32	**Public Procurement Guidelines: Competitive Process, National Public Procurement Policy Unit (NPPPU) – Department of Finance (January 2005)** http://www.finance.gov.ie/documents/publications/other/pubprocguidejuly04.pdf **Department of Finance Circular 40/02** http://www.finance.gov.ie/documents/circulars/circulars2007/Circ40.2002.pdf
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