



# Grant Thornton

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Dear Mr Watt

## **RE: INDEPENDENT VERIFICATION OF SAVINGS OF SELECTED PROJECTS UNDER THE PUBLIC SERVICE AGREEMENT**

I refer to recent media coverage in connection with the report we delivered in May 2012 in connection with the above. As you are aware we issued a press release yesterday afternoon to confirm and clarify our position in relation to the report. You will appreciate that the report was commissioned by The Department of Public Expenditure & Reform, who are our client, and normally we absent ourselves from public comment to avoid the potential to create confusion in relation to matters reported.

I wish to clarify a number of matters which have clearly been misinterpreted and misunderstood in relation to aspects of the report by Grant Thornton, published by the Implementation Body.

We note that uncertainty has arisen in connection with non-pay savings referable to a project undertaken by the Department of Agriculture, Food and the Marine. We consider, it is important to issue clarification on this matter. When commencing our work in relation to each project we invited submissions from the project leaders in connection with the assumptions, methodology and workings supporting the savings which were submitted to the Department. The Department of Agriculture, Food and the Marine provided us with significant documentation which included the methodology of calculations of overheads referable to the guidelines issued in connection with the calculations i.e. Revised RIA Guidelines.

As stated in our report, the fact that the Department of Agriculture, Food and the Marine did not use this methodology but calculated the savings at a lesser amount was a positive statement as it gives a more accurate reflection of the cost savings. Although it is important to note that an acceptable methodology was available for the Department of Agriculture, Food and the Marine to use which would have led to the declaration of savings greater than those actually declared. We felt it was important to highlight this information in the report.

Each project discussed in the report was treated separately and each project leader submitted their appropriate assumptions, methodology and workings in support of their

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declared savings. We conducted our assessment on the merits of each case as the projects were significantly different. Our conclusions on each project are stated clearly in the body of the report and in the executive summary section.

It is also important to note that the report does not state that other Departments or projects calculated their savings using the 40% methodology. We make no reference to other government bodies / agencies as our report focussed on a selected sample of projects. None of the three other projects made reference to the 40% approach and each calculated their savings using different methodologies. An inference to this fact in the reported media is a significant misrepresentation of the information factually contained in the report.

I trust the above clarifies matters.

Yours sincerely

**Brendan P. Foster**  
**Grant Thornton**