TITHE AN OIREACHTAIS

AN COISTE UM CHUNTAIS PHOIBLÍ

TUARASCÁIL

Tuarascáil Thréimhsiúil Uimh. 4, Bealtaine - Iúil 2018

Arna Foilsiú Nollaig 2018

HOUSES OF THE OIREACHTAS

COMMITTEE OF PUBLIC ACCOUNTS

REPORT

Periodic Report No. 4, May - July 2018

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CHAIRMAN'S PREFACE

This is the Committee's fourth periodic report and it focuses on matters arising from engagements of the Committee of Public Accounts from 10 May to 12 July 2018. The Committee has considered the evidence presented at its meetings over the period and has arrived at a number of conclusions and recommendations for further actions.

The Committee held 14 meetings between 10 May and 12 July 2018, examining issues emerging from financial statements audited, and matters reported on, by the C&AG.

The Committee held meetings with the Higher Education Authority; University College Cork; Cork Institute of Technology; An Garda Síochána; the National Treatment Purchase Fund; the Department of Foreign Affairs and Trade; the Tax Appeals Commission; the Revenue Commissioners; the National Treasury Management Agency; the State Claims Agency; and the Health Service Executive. The late submission of financial statements and accounts by public bodies was also considered, and the Committee will continue to monitor this issue to ensure public bodies comply with statutory requirements.

During this period the Committee addressed matters relating to CervicalCheck and has not finalised its consideration of these.

On behalf of the Committee, I would like to express my gratitude to everyone who participated in the hearings and to those who provided detailed briefing in advance to assist the Committee in its deliberations. I would also like to express my appreciation to the members of the Committee and the Secretariat for their work in relation to the Committee's consideration of the issues, and in the preparation of this report. I recommend that all those with an interest in governance, public finances and administration read the report in full, as it contains interesting and important factual information.

I commend the Committee's report to Dáil Éireann.

Sean Fleming

Sean Fleming, TD
Chairman, Committee of Public Accounts
December 2018

CONCLUSIONS AND RECOMMENDATIONS ARRIVED AT IN BODY OF THE REPORT

Below is a complete list of all conclusions and recommendations, which can be found at the end of each chapter.

The Committee of Public Accounts is of the view that:

1. LATE SUBMISSION OF ACCOUNTS TO THE C&AG

A.1. Aside from government departments and offices, there is inconsistency in relation to the obligations regarding when public bodies must present their financial accounts to the C&AG for audit. The Committee recommends that the Department of Public Expenditure and Reform reviews what legislative or other changes would be needed to ensure consistency across all public bodies. The Committee also recommends that the target for the presentation of annual accounts for audit should be no greater than three months after the end of the period of account.

A.2. Department of Public Expenditure and Reform Circular 7/2015 sets out the timelines for accounts and reports to be laid before the Houses of the Oireachtas, which should be regarded as the latest possible dates. The Committee recommends that government departments ensure that the Circular is fully complied with.

2. THE HIGHER EDUCATION AUTHORITY, UNIVERSITY COLLEGE CORK, AND CORK INSTITUTE OF TECHNOLOGY

A.3. The lack of a statutory requirement for third level institutions to have financial expertise on the governing bodies that sign off on their accounts is a matter of concern to the Committee. The Committee recommends that the Department of Education and Skills reviews the matter, and that the Higher Education Authority takes steps to ensure that the boards of the bodies under its remit have the range of competencies necessary to carry out their functions effectively.

A.4. There is a legitimate need for institutions to be able to deal with disclosures and complaints internally through their own governance structures. However, given the volume of allegations made against Cork Institute of Technology in 2014, it did not have the capacity to oversee the process for the investigation of the complaints without the perception that the investigation was compromised. The Committee recommends that where a public body is not totally satisfied that it can conduct an internal investigation objectively, it should recuse itself or, in the case of a protected disclosure, use the services available under the Office of Government Procurement's Framework Agreement for the Receipt and Investigation of Protected Disclosures.

A.5. Neither the Department of Education and Skills nor the Higher Education Authority were aware that two third level institutions began bidding against one another on a property in Cork city. The Committee recommends that the Department of Public Expenditure and Reform considers measures to prevent unnecessary expenditure resulting from public bodies competing against each other in the purchasing of properties above a certain value.

A.6. There is a lack of transparency in relation to companies which have an association with the Higher Education Institutes. The Committee recommends that all Higher Education Institutes:

a) list in their annual report all companies in which they have a shareholding or to which they provide significant grant assistance;

b) provide the C&AG with a copy of the companies' accounts, and access to all relevant documentation at the time of audit or on request.

The Committee recommends that the C&AG informs the Committee in the event that co-operation from Higher Education Institutes in relation to these companies is not forthcoming.

3. GARDA INTERNAL AUDIT REPORT – ICT DIRECTORATE PAYMENTS PROCESS

A.7. Ineffective procurement planning can result in public bodies having insufficient time to put contracts in place that are in compliance with public procurement policy. This negatively impacts on the transparency and accountability of associated expenditure. The Committee recommends that public bodies work with the Office of Government Procurement to ensure that they have the necessary controls in place to allow themselves sufficient time to develop specifications and conduct competitive procurement processes. Otherwise, value for money cannot be assured.

A.8. The roll-over by An Garda Síochána of an expired contract to the value of €10 million without recourse to a competitive procurement process is not in compliance with government procurement policy. It is unacceptable that the agreement to roll-over the contract was not thoroughly documented with a clear audit trail of paperwork including minutes of meetings. Documentary evidence of such an agreement represents a fundamental level of governance. The Committee recommends that An Garda Síochána immediately ensures that procurement decisions concerning the expenditure of public funds are clearly and comprehensively documented and fully in compliance with government procurement policy.

A.9. Where a public body enters into an arrangement to prepay for goods or services, there is a potential loss of public funds if the goods or services are not delivered. While the financial stability of companies is assessed at the point of contract, there does not appear to be any ongoing monitoring of a company's financial status and its ability to deliver on its commitments. As part of its review of prepayments and procurement guidelines, the Committee recommends that the Department of Public Expenditure and Reform considers how this risk can be managed over long-term contracts with recurring prepayments.

A.10. The Government moratorium on promotion and recruitment from 2009 until 2014 has negatively impacted on the level of in-house skilled resources available to An Garda Síochána, and its ability to develop such resources internally. An Garda Síochána has had to outsource a significant volume of work to deliver core services, which may have resulted in higher costs to the taxpayer. The Committee recommends that the Department of Public Expenditure and Reform uses a more nuanced approach to recruitment expenditure planning to ensure that initial headline savings do not result in additional costs in the long term.

A.11. On more than one occasion An Garda Síochána (AGS) presented conflicting evidence to the Committee concerning the payment processes in place in AGS. The Committee is concerned at the level of unresolved conflicts between the organisation's internal audit service and its senior management. The Committee recommends that the Commissioner takes the necessary steps to ensure that the governance structures and systems in place within AGS are understood by all and supported at the highest levels.

4. NATIONAL TREATMENT PURCHASE FUND

A.12. It is not clear that the cost of care in public nursing homes is providing value for money to the taxpayer. Of a budget in the region of €1 billion for the Nursing Home Support Scheme, approximately two thirds is expended on public nursing homes that provide one fifth of capacity. The Department of Health commenced a Value for Money review of the cost of care in public nursing homes in 2017, and hopes to complete the review by the end of March 2019. Given the significant sum of public funds involved, the Committee recommends that the Department ensures the report is delivered and published within this timeframe.

A.13. The National Treatment Purchase Fund's review of its pricing mechanism for long-term residential care in private and voluntary nursing homes is ongoing. It is necessary to safeguard the provision of high quality services in private and voluntary nursing homes, increase the transparency of the current pricing mechanism, and continue to ensure value for money for the taxpayer. The Committee recommends that the NTPF review of its pricing mechanism should be concluded and published no later than the end of March 2019. The Committee also recommends that this review addresses the particular financial difficulties faced by voluntary nursing homes.

A.14. Some residents of nursing homes do not have a means of transport from their nursing homes to attend their medical appointments. The Committee recommends that the HSE takes steps to develop a protocol to ensure that all residents of nursing homes can avail of medical services while residing in nursing homes.

5. DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

A.15. The State committed to allocating 0.7% of gross national income to overseas development assistance in 1970 in order to help address the needs of some of the poorest and most vulnerable people and communities in the world. 48 years later, the target has yet to be reached,. The highest allocation of Irish funding was 0.59% in 2008. As part of the UN sustainable development goals, the State has made a new commitment to reach the 0.7% target by 2030. The Committee recommends that the Government develops a clear, multi-annual plan to meet the commitment to contribute 0.7% of gross national income to overseas development assistance by 2030.

A.16. With the advent of online Irish passport renewals, Passport Express is no longer the fastest way to renew an Irish passport. The Committee recommends that the Department publicises the fact that online passport renewal application is the fastest method for renewing Irish passports, particularly in Post Offices, and Garda stations, where the Passport Express forms are available.

A.17. The Department of Foreign Affairs and Trade did not have sufficient staff in place to deal with the surge in passport applications in 2018, and this contributed to delays in the provision of passport services. The Committee recommends that the Department reviews its balance between temporary and permanent staff, and takes steps to ensure it has the necessary staff numbers in place to meet forecast demand for passport services in 2019.

A.18. The annual rental cost of Irish embassies gives rise to significant long-term costs. As highlighted in the Committee's third periodic report, failure to purchase property when the option is assessed as the most financially prudent does not make best use of public funds. The Committee recommends that the Department evaluates its rental properties abroad with a view to investing capital funding in the purchase of properties in countries where Ireland has a long-term diplomatic presence.

A.19. Once established, the International Election Observation Roster is fixed for a five year period. The Committee recommends that the Department of Foreign Affairs and Trade examines whether five years is an excessive panel duration. The Committee also recommends that the Department has the necessary procedures in place to ensure that panels do not need to be extended prior to the establishment of subsequent panels.

7. TAX APPEALS COMMISSION

A.20. Prior to the establishment of the Tax Appeals Commission in March 2016 there was a failure by the Department of Finance to fully establish the nature and level of resources it would require to carry out its statutory functions. The Committee recommends that the Department of Public Expenditure and Reform ensures that adequate evidence based planning takes place in advance of the establishment of any new public body.

A.21. The absence of alignment between workload and required resources, both human and physical, has seriously compromised the Tax Appeal Commission's capacity to operate as an independent statutory body, tasked with providing a modern and efficient appeals process in relation to the hearing and adjudication of tax case disputes. The Committee welcomes the workload and operations review that has taken place and recommends close cooperation between the Department and TAC to ensure timely implementations of its recommendations.

A.22. The amount of tax under appeal at any one time is significant; it was estimated at €1.8 billion in July 2018. Notwithstanding that a proportion of this sum will be successfully appealed, a considerable amount will fall to be collected. The timely receipt by the Exchequer of amounts due is dependent on how efficiently TAC processes and finalises appeal cases. The Committee recommends that measurable targets be set for the progressing and finalising of tax appeals on an annual basis.

8. REVENUE COMMISSIONERS

A.23. The Committee noted that the amount of total tax outstanding at end March 2017 was €2.29 billion (end March 2018: €2.2 billion) and of this €1.1 billion (end March 2018: €958 million) was available for collection. It further noted that of the €1.1 billion available for collection at end March 2017, €328 million was subject to enforcement proceedings and €116 million was subject to phased payments arrangements, leaving €656 million which was not covered by either process. Over 40% of collectable debt in 2017 was over one year old. The Committee recommends that Revenue reviews its approach to the collection of outstanding taxes with a view to identifying initiatives such as increasing the number of taxpayers in phased payments arrangements in order to accelerate the receipt of collectable taxes.

A.24. The Committee noted that Revenue published the details of 289 tax settlements totalling €53.13 million during 2017 and that 91 (31.5%) of these settlements had unpaid amounts totalling €25.96 million at end-2017, representing 49% of the total settlements reached in 2017. The Committee further noted that of the 144 settlements reached by the end of June 2018, 48 totalling €25.48 million had unpaid amounts outstanding of €9.78 million. The Committee recommends that in addition to publishing the tax settlement amounts, Revenue considers publishing details of the amounts subsequently paid and outstanding balances at year end.

9. NATIONAL TREASURY MANAGEMENT AGENCY

A.25. Ireland's national debt, which stood at €198.7 billion at 31 December 2017, regardless of how it is measured relative to GNP, GDP or GNI*, remains at a worryingly high level.

A.26. There is not enough clarity in relation to the €730m that the Ireland Strategic Investment Fund (ISIF) is investing in the residential housing sector. The Committee recommends that ISIF publishes a list of housing completions, on at least a quarterly basis.

A.27. Leasing as opposed to outright purchase may not always provide value for money. The Committee recommends that the Department of Public Expenditure and Reform provides guidance to public bodies to ensure that the short term benefits of leasing of properties are not given undue emphasis when compared with those that outright acquisition may offer.

A.28. The State Claims Agency (SCA) manages claims against 146 State bodies under its remit. The Committee recommends that the Department of Public Expenditure and Reform, together with the SCA, carries out a review of public bodies whose claims are not managed by the SCA, with a view to extending the remit of the SCA to such bodies.

A.29. While the financial exposure to the State may not be significant, the collapse of Carrillion comes at a great social cost in the terms of delays to the delivery of major State infrastructural projects. The Committee recommends that the Department of Public Expenditure and Reform and the National Development Finance Agency carries out a review of the impact of significant events, such as the collapse of Carillion on Public Private Partnership's, in order to document what lessons can be learned.

1. LATE SUBMISSION OF ACCOUNTS TO THE C&AG

Meeting Date: 23 May 2018

Principal Purpose of the Meeting: The Examination of the Submission of Late Accounts.

Accounts examined:

- 2017 Financial Statements of the Local Government Fund;
- 2017 Financial Statements of the National Training Fund;
- 2017 Financial Statements of the Economic and Social Research Institute;
- 2017 Financial Statements of the Abbey Theatre.

INTRODUCTION

B.1. The timely submission of financial accounts by public bodies is an essential element of good governance, public oversight, and accountability. It is necessary to allow the C&AG to audit the accounts, and the Committee of Public Accounts to scrutinise them. The Committee requires recently certified accounts to conduct its work effectively. In late 2017 and early 2018, the Committee wrote to all public bodies to remind them of the importance of the timely presentation of their annual financial statements, and of their statutory obligations in this regard.

B.2. At the end of March 2018, the C&AG informed the Committee that there were 37 public bodies that had not submitted their 2017 accounts to the C&AG for certification. The Committee decided to invite four of the organisations to appear before it to explain why. The four organisations represented were all substantial organisations with significant turnovers.

C&AG REPORTS CONCERNING PUBLIC SECTOR FINANCIAL REPORTING

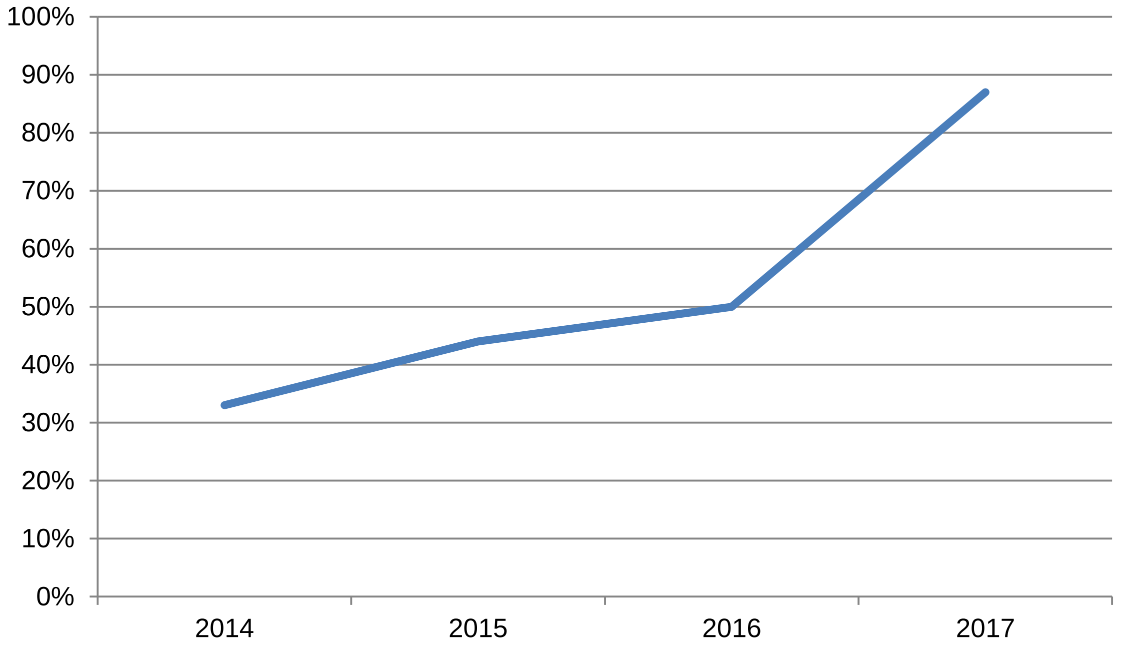
B.3. In recent years, the C&AG has produced a series of special reports examining public sector financial reporting, with a particular focus on the timely preparation of financial statements.

B.4. Financial reporting by central government departments and offices is by means of appropriation accounting and follows a fixed statutory timeframe (the accounts must be presented to the C&AG within three months of the end of the relevant accounting period).

B.5. Timeframes for the submission of financial statements by other public bodies audited by the C&AG lack consistency. While most public bodies are required to present their accounts for audit within three months of the end of an accounting period, others do not have any specified timeframe, or can submit their accounts up to six months after the end of the period of account.

B.6. From 2014 - 2016, all but one of the appropriation accounts of central government departments and offices were presented to the C&AG within three months of the end of the respective accounting periods. Excluding departmental appropriation accounts, the following graph illustrates the progress that has been made in recent years in the timely presentation of other public bodies' financial statements. In 2014, about one third of public bodies presented their financial statements for audit within three months of the end of the accounting period. This rose to 40% in 2015, 50% in 2016, and approximately 87% in 2017.

Graphic 1: Timeliness of the Presentation for Audit of Public Bodies' Financial Statements (other than Departmental Appropriation Accounts), 2014 - 2017



B.7. Following audit by the C&AG, public bodies are required to lay their accounts before the Houses of the Oireachtas. Associated timelines are detailed in *Circular 7/2015 Timely Production and Submission of Accounts of Bodies and Funds audited by the Comptroller* *and Auditor General and the Laying before the Houses of the Oireachtas Special Reports of the Comptroller and Auditor General*.

B.8. The C&AG notes that the monitoring by government departments of the production of financial statements by bodies and funds under their aegis should be increased as a result of *Circular 25/2017: Requirements for Appropriation Accounts 2017*. The circular requires government departments to include an annex to their annual appropriation accounts providing a report on the presentation to the Oireachtas of audited financial statements of bodies and funds under their aegis.

ONGOING IMPROVEMENT

B.9. As a result of greater emphasis on the need for timely financial reporting by the C&AG and the Committee, there is an ongoing improvement in the timeliness of financial reporting by public bodies. In 2016, the C&AG was responsible for the audit of the annual financial statements of 287 public bodies and funds. Given that there were just 37 public bodies that had not submitted their 2017 financial statements to the C&AG by the end of March 2018 (approximately 13% of the public bodies audited in 2016), it would appear that progress continues apace. The Committee acknowledges the improvement by public bodies in this regard.

B.10. By 17 May 2018, all four organisations that appeared before the Committee on 23 May 2018 had also submitted their 2017 financial accounts to the C&AG for audit.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

B.11. Aside from government departments and offices, there is inconsistency in relation to the obligations regarding when public bodies must present their financial accounts to the C&AG for audit. The Committee recommends that the Department of Public Expenditure and Reform reviews what legislative or other changes would be needed to ensure consistency across all public bodies. The Committee also recommends that the target for the presentation of annual accounts for audit should be no greater than three months after the end of the period of account.

B.12. Department of Public Expenditure and Reform Circular 7/2015 sets out the timelines for accounts and reports to be laid before the Houses of the Oireachtas, which should be regarded as the latest possible dates. The Committee recommends that government departments ensure that the Circular is fully complied with.

2. THE HIGHER EDUCATION AUTHORITY, UNIVERSITY COLLEGE CORK, CORK INSTITUTE OF TECHNOLOGY

Meeting Date: 24 May 2018

Principal Purpose of the Meeting:

- Higher Education Authority (HEA) 2016 Financial Statements;
- University College Cork (UCC) 2016 Financial Statements;
- Cork Institute of Technology (CIT) 2016 Financial Statements.

INTRODUCTION

C.1. In July 2017 the Committee of Public Accounts published a report entitled *The Examination of Financial Statements in the Third-Level Education Sector*. During the course of the hearing on 24 May 2018, the Committee revisited aspects of that report, and addressed matters raised by the C&AG in his audit of the 2016 financial statements of the HEA, UCC, and CIT. Certain related matters were also explored. Witnesses included officials from the Department of Education and Skills, the HEA, UCC, and CIT.

C.2. On 21 August 2018, the Chief Executive Officer of the HEA, Dr. Graham Love, announced his intention to resign in October 2018. Dr. Love appeared before the Committee on 18 October 2018 – the meeting may form part of the Committee's next periodic report.

C&AG'S AUDIT OPINION

THE HIGHER EDUCATION AUTHORITY

C.3. The HEA is responsible for the effective governance and regulation of the higher education system, which includes Universities, Institutes of Technology, and colleges such as the National College of Art and Design, and the Royal College of Surgeons. It is also responsible for policy development for higher education and research, and is the State's primary funding authority for higher education.

C.4. In 2016 the HEA's gross expenditure was €1.15 billion, largely comprising grants to higher education bodies, including UCC and CIT. Over 90% of the HEA's 2016 income came directly from the Department of Education and Skills. The balance of its funding was from the Department of Jobs, Enterprise and Innovation, mainly for research purposes. The C&AG issued a clear audit opinion in respect of the HEA's 2016 financial statements.

UNIVERSITY COLLEGE CORK

C.5. In 2015/2016, UCC had a total income of €346 million. The C&AG's audit opinion in respect of UCC's 2016 financial statements was qualified. UCC included €15.7 million relating to certain pension benefits as an asset in its 2016 financial statements on the basis that it believed responsibility for the liability lay with the Department of Education and Skills (the Department). This was disputed by the Department, and the C&AG's audit opinion was qualified on the basis of the disagreement. The C&AG informed the Committee that an agreement had been reached between UCC and the Department to share funding of the disputed future liabilities. UCC's Chief Financial Officer confirmed that the liabilities will be split 50:50 between UCC and the Department.

C.6. The accounts of Cork University Foundation were not consolidated with those of the University, on the basis that the Foundation is not controlled by the University. The Foundation raises funds for UCC and supports it in the achievement of its strategic aims. UCC has agreed to append the Foundation's financial statements to its own going forward. In 2015/2016 the University received €3.4 million from the Foundation. During the same period, UCC paid €629,000 for accommodation, administrative support and equipment for the Foundation.

C.7. In relation to procurement, in 2016 UCC expenditure of €4.4 million to 39 suppliers did not comply with public procurement guidelines. The President of UCC, Professor Patrick O'Shea, stated that this was partially due to the misclassification of €742,000 of compliant expenditure as non-compliant. It also comprises €349,000 of ICT and facilities contract extensions that were originally procured through a competitive process. Emergency expenditure of €246,000 to restore services to students also gave rise to non-compliance. The President noted that the University is fully compliant with EU procurement directives, and is the only University in the State with ISO 9001 certification for procurement.

CORK INSTITUTE OF TECHNOLOGY

C.8. In 2015/2016, CIT had a total income of almost €100 million. The C&AG issued a clear audit opinion in respect of CIT's 2016 financial statements, but drew attention to the fact that CIT's financial statements did not provide for accrued pension liabilities. As this was also the case for all institutes of technology, the C&AG wrote to the presidents of the institutes in October 2017, recommending that they begin accounting for pension liabilities in their 2016/2017 statements.

LACK OF FINANCIAL COMPETENCE ON THE BOARD OF CIT

C.9. Committee members drew attention to the fact that the current Governing Body of CIT, established in March 2015, lacked apparent financial competence i.e. none of its members had an accounting qualification. Likewise, CIT's Finance Committee, which is a sub-committee of the Governing Body, appeared to lack the level of financial expertise that would be expected of an institution with income of almost €100 million.

C.10. CIT's Vice President for Finance and Administration stated that CIT's Audit Committee stands apart from the Governing Body, has a wider remit, and includes financial expertise. CIT's financial statements are examined by the Audit Committee. However, Committee members pointed to the fact that the President and Accounting Officer of CIT, Dr. Barry O'Connor, signs off on the financial statements on behalf of a board lacking financial expertise. This point was accepted by the HEA's CEO, who stated that the HEA "would appreciate help in changing the legislation on the appointment of board members".

C.11. CIT's President noted that the composition of the Governing Body is set out in legislation. This is the case in both the Institutes of Technology Act 2006, and the Universities Act 1997, although neither Act explicitly addresses the expertise required of members. Committee Members noted that the Board may not have all the skills needed in any one term to provide proper oversight of the college.

C.12. In follow-up correspondence to the Committee, the HEA noted that while legislation determines membership of governing bodies in the first instance, regard should also be had to relevant codes of governance. The Department of Public Expenditure and Reform's revised *Code of Practice for the Governance of State Bodies* recommends that an annual self-assessment of a board's effectiveness include consideration of the balance of skills, knowledge, independence, and experience of board members. It recommends that gaps should be identified and addressed.

C.13. The Vice President stated that the Governing Body of CIT exercised a provision in its terms of reference to appoint an external board member with financial expertise in the first quarter of 2018. The appointee also sits on the Finance Committee.

TECHNOLOGICAL UNIVERSITIES

C.14. The *National Strategy for Higher Education to 2030,* which was published in 2011, recommended that the Institute of Technology sector commence a process of evolution and consolidation. Amalgamated entities that could demonstrate sufficient progress against certain performance criteria would then be eligible to apply for designation as Technological Universities. There are currently four consortia working towards designation as a Technological University under the Technological University Act 2018. They are:

- Munster Technological University (MTU), consisting of Cork Institute of Technology and Institute of Technology Tralee;
- Technological University for the South-East (TUSE), consisting of Waterford Institute of Technology and Institute of Technology Carlow;
- TU4Dublin, consisting of Dublin Institute of Technology, Institute of Technology Tallaght and Institute of Technology Blanchardstown; and
- Connacht Ulster Alliance (CUA), consisting of Galway-Mayo Institute of Technology, Institute of Technology Sligo, and Letterkenny Institute of Technology.

MUNSTER TECHNOLOGICAL UNIVERSITY

C.15. The minutes of the HEA's board meeting on 10 October 2014 - published in June 2017 at the request of the Committee - revealed that the Board had "serious and widely held concerns" regarding the credibility of the plan proposed by CIT and IT Tralee to merge and form the Munster Technological University. The Board was of the opinion that the plan should be rejected. Reasons outlined in the minutes of the meeting on 10 October 2014 included the "insufficiency of the costing of the plan", "the apparent absence of an adequate risk assessment", and "the conditionality and vagueness of the language in the plan in important respects."

C.16. As the plan was approved to progress to the next stage of the process for designation as a Technological University, the Committee questioned the extent to which the Department had taken the HEA's concerns into account. In follow-up correspondence to the Committee, the Secretary General of the Department, Mr. Seán Ó'Foghlú, clarified that, in line with the government approved *Process and Criteria for the Designation as a Technological University,* the plan's progression to the next stage was dependent on the opinion of an international panel of experts as to whether the plan was viable.

C.17. As such, the HEA's role in the process was to appoint the international panel of experts, oversee the process, and ensure it was conducted in a fair and robust manner. The Secretary General further clarified that the HEA's position related to the credibility of the consortium's plan at that particular stage of the process. A further, more detailed plan was to be considered as part of the next stage of the process.

C.18. As part of its role, the HEA could also engage with the panel in relation to any issues it had with the panel's assessment of the consortium's proposal. The HEA raised its concerns with the panel on 12 November 2014, and the panel responded on 17 November 2014. It stated: "There would be work to do [by the consortium] to get to the point of a final application, and successful designation, but our view remains that this is a credible and realisable proposal."

C.19. Committee members queried the level of expenditure associated with the Munster Technological University merger. According to the HEA, at the end of 2017, total project costs stood at €8.6 million. The HEA stated that this comprises €6.2 million in support to meet the Technological University designation criteria. The remainder related to the programme of work to deliver on the new Technological University structures.

C.20. The following table provides further detail on the project costs to the end of 2017. The Committee requested a breakdown of direct and indirect costs from the HEA. The HEA stated that it holds a detailed breakdown by cost centre of direct costs only, which was not received in time to include in this report.

Table 1: Details of Munster Technological University Costs to end 2017 (adapted from HEA)

Report Date (year end)	Direct Costs	Indirect Costs	Total Project Costs	HEI Matched Funding *	HEA Contribution **
2014	€1,606,599	€17,096	€1,623,695	€1,127,909	€100,000
2015	€2,110,414	€36,173	€2,146,587	€1,845,748	€766,667
2016	€2,273,154	€41,718	€2,314,872	€1,793,637	€400,000
2017	€2,412,506	€91,459	€2,503,965	€1,606,083	€1,030,000
Total	**€8,402,673**	**€186,446**	**€8,589,119**	**€6,373,377**	**€2,296,667**

*Higher Education Institution (HEI) Matched Funding - costs met from the Institutions' own resources.

** HEA Contribution - the funding the consortium has requested from the Exchequer via the HEA.

UNIVERSITIES AND TECHNOLOGICAL UNIVERSITIES' POWERS

C.21. Committee members questioned the HEA as to whether technological universities will have the same powers as universities in terms of their ability to borrow money, and to invest in research and development. Members expressed concern that technological universities would not be able to compete with established universities on a level playing field if they do not have the same powers.

C.22. The HEA stated that baseline funding for research and development relates to the wider issue of the Recurrent Grant Allocation Model (the process by which the HEA distributes grants to higher education bodies). A HEA report published in December 2017 acknowledged that there is a case for the development of research and innovation allocations along similar lines to that proposed for universities.

C.23. The HEA's CEO confirmed that institutes of technology do not currently have the ability to borrow. In follow-up correspondence to the Committee, the HEA explained that while there is a provision in the Institutes of Technology Act 2006 to put a borrowing framework in place with the agreement of the Minister for Finance and the Minster for Education and Skills, no borrowing framework has yet been approved. The HEA states that this is because any such debt would be classified as State debt, and included in the national debt figures.

C.24. The universities have a borrowing framework in place which is underpinned by the Universities Act 1997. The Central Statistics Office and Eurostat have classified universities as publically controlled market producers, and as such, their borrowings are not classified as State debt.

C.25. Under the Technological Universities Act 2018, technological universities will also need a borrowing framework to be approved by the Minister for Education and Skills with the consent of the Minister for Finance and Public Expenditure and Reform. It is not clear whether potential borrowings by technological universities would be classified as State debt.

THE INVESTIGATION OF ANONYMOUS ALLEGATIONS AGAINST CIT

C.26. Committee members raised concerns in relation to the 2014 investigation by KPMG of 196 anonymous allegations against CIT. The complaints were communicated to the C&AG in March and December 2014. The C&AG forwarded the complaints to the Department of Education and Skills, the HEA, and CIT, and asked to be kept apprised of the approach proposed to deal with the complaints.

C.27. The HEA stated that when it received the allegations, it became aware that CIT was seeking the advice of its Audit Committee. CIT stated that in 2014 the Audit Committee comprised external members exclusively. The Audit Committee sought independent legal advice from Arthur Cox, and Arthur Cox drafted the terms of reference for the investigation. CIT's Audit Committee approved the terms of reference without alteration.

C.28. The independent consultants KPMG were subsequently appointed to investigate the allegations. CIT note that in its report KPMG found that of the 196 allegations, 35 did not have sufficient evidence to review further; 102 required no further action as they had been adequately addressed by CIT; and 59 were repetitious to other allegations and required no further action.

C.29. Committee members were concerned by the extent to which the report was redacted.

C.30. Committee members also noted that KPMG conducted a desktop audit, and only engaged with the executive branch of the organisation, a number of whom were referred to in the allegations. A letter of engagement issued by Arthur Cox to CIT was also sent to CIT's

Vice President for Finance and Administration, rather than directly to the Audit Committee. CIT assert this was merely an administrative step to facilitate the process (the Vice President's Office provides clerical and administrative support to the Audit Committee).

C.31. The HEA stated that it was satisfied that an independent process was conducted. The CEO of the HEA also noted that it is important that a strong independent governance process exists internally so that institutions can effectively regulate and govern themselves.

RISK MANAGEMENT FAILURES IN CIT

C.32. PricewaterhouseCoopers (PWC) conducted a review of CIT's risk management policy. It found the college to have problems with risk management governance, including inadequate risk identification, monitoring and reporting. The Vice President for Finance accepted that and stated: "Risk management itself is being developed. CIT has a risk appetite now defined in the policy and that was certainly missing".

PROTECTED DISCLOSURES AND INTERNAL INVESTIGATIONS

C.33. During the course of the meeting, and in follow-up correspondence to the Committee, the Protected Disclosures Act 2014, and the Department of Public Expenditure and Reform's guidance under section 21(3) of the Act were discussed in the context of the allegations against CIT. Members raised concerns about CIT's disclosures policy and its handling of potential disclosures before and after the passing of the Disclosure Act 2014.

C.34. The Department of Public Expenditure and Reform's guidance in relation to the independence of internal investigations states that a framework for investigating procedures, "if implemented effectively, should enable actual or potential conflicts of interest to be managed, and avert the risk of a person who was a subject of a disclosure becoming involved in the investigation of the disclosure, which would be contrary to natural justice and fair procedures." It also notes that it is international best practice that disclosures are dealt with internally in the first instance. The recent statutory review of the Protected Disclosures Act 2014 affirms this viewpoint.

C.35. However, the Department of Public Expenditure and Reform also notes that it will not always be possible or desirable for an organisation to carry out an internal investigation.

Where this is the case, a Framework Agreement for the Receipt and Investigation of Protected Disclosures has been established. It is available for use by public bodies, and provides for independent investigation and confidential recipient services as required.

THE USE OF PUBLIC FUNDS

CIT RETIREMENT FUNCTIONS

C.36. Committee members questioned the HEA and CIT as to what action was taken following the HEA's finding that approximately €6,700 of €15,000 spent on two retirement functions for a former President of CIT was not expended in line with CIT's hospitality policy. On 17 May 2018, the HEA wrote to CIT outlining its findings, and requesting details of measures that have been put in place to prevent such an incident reoccurring. The HEA also asked for the letter to be brought to the attention of CIT's Audit Committee.

C.37. CIT responded on 29 June 2018 outlining measures it has taken to prevent reoccurrence. These include a requirement that the Vice President of Finance and Administration approve expenditure over €500 by the President or the Governing Body. The HEA's Finance and Governance Committee considered the correspondence on 24 July 2018. It agreed to reply to CIT noting the process changes and recommending that the Chairman of the Governing Body's Finance Committee (rather than the Vice President of Finance and Administration) approve expenditure of over €500 by the President or the Governing Body.

C.38. Committee members questioned the HEA as to what options were open to it in terms of sanction for the transgression. In correspondence to the Committee on 7 September 2018, the HEA stated that it was considering the most appropriate means of recouping the €6,700. It had not determined how or when that might happen.

46 GRAND PARADE, CORK CITY

C.39. The Committee raised concerns that both CIT and UCC sought to purchase 46 Grand Parade in Cork City, and unknowingly bid against one another. CIT secured the building for €1.25 million, which was €300,000 over the asking price. Neither the Department nor the HEA were aware that both CIT and UCC were bidding on the building.

C.40. The Committee subsequently learned that CIT had spent a further €1 million refurbishing the building. This information was not provided to the Committee at the meeting on 24 May 2018.

CONSULTANCY

C.41. The CEO of the HEA confirmed to the Committee that, since 2011, higher education institutes spent over €153 million of public funds on private consultant and legal fees. Committee members questioned the effectiveness of the HEA's oversight role given the scale of the expenditure on consultancy. A number of examples of the expenditure were mentioned. The CEO sought to put the expenditure of €153 million in the context of expenditure across the institutions of between €12 and €15 billion during that period. He also stated that the institutions sometimes need skills sets that are not available in the institutions, or need additional capacity to support existing skill sets.

UCC PARTNERSHIP WITH CORK OPERA HOUSE

C.42. Committee members also raised concerns regarding expenditure related to UCC's partnership with Cork Opera House. UCC maintain that an advertisement on the Cork Opera House building is paid for by revenue generated by students that pay fees (non-Exchequer funding), rather than by public money in the form of students whose fees are paid by the State (Exchequer funding). Committee members felt that UCC have no evidence to support this assertion, that it is a false delineation, and that the taxpayer is paying a proportionate amount for the advertisement.

CIT COMPANIES

C.43. The Committee is awaiting a report from the HEA regarding the use of public funds in CIT companies. The Committee intends to revisit the matter following the publication of the report.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

C.44. The lack of a statutory requirement for third level institutions to have financial expertise on the governing bodies that sign off on their accounts is a matter of concern to the Committee. The Committee recommends that the Department of Education and Skills reviews the matter, and that the Higher Education Authority takes steps to ensure that the boards of the bodies under its remit have the range of competencies necessary to carry out their functions effectively.

C.45. There is a legitimate need for institutions to be able to deal with disclosures and complaints internally through their own governance structures. However, given the volume of allegations made against Cork Institute of Technology in 2014, it did not have the capacity to oversee the process for the investigation of the complaints without the perception that the investigation was compromised. The Committee recommends that where a public body is not totally satisfied that it can conduct an internal investigation objectively, it should recuse itself or, in the case of a protected disclosure, use the services available under the Office of Government Procurement's Framework Agreement for the Receipt and Investigation of Protected Disclosures.

C.46. Neither the Department of Education and Skills nor the Higher Education Authority were aware that two third level institutions began bidding against one another on a property in Cork city. The Committee recommends that the Department of Public Expenditure and Reform considers measures to prevent unnecessary expenditure resulting from public bodies competing against each other in the purchasing of properties above a certain value.

C.47. There is a lack of transparency in relation to companies which have an association with the Higher Education Institutes. The Committee recommends that all Higher Education Institutes:

a) list in their annual report all companies in which they have a shareholding or to which they provide significant grant assistance;

b) provide the C&AG with a copy of the companies' accounts, and access to all relevant documentation at the time of audit or on request.

The Committee recommends that the C&AG informs the Committee in the event that co-operation from Higher Education Institutes in relation to these companies is not forthcoming.

3. GARDA INTERNAL AUDIT REPORT – ICT DIRECTORATE PAYMENTS PROCESS

Meeting Date: 31 May 2018

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 20: An Garda Síochána;
- Garda Internal Audit Report – ICT Directorate Payments Process.

INTRODUCTION

D.1. The Garda Internal Audit Section (GIAS) audits and examines the systems and processes in An Garda Síochána. In August 2017, it published an audit report on the organisation's ICT Directorate's payments process (the procedures in operation in An Garda Síochána to procure and pay for goods and services). The Committee considered the report as it relates to expenditure in the 2016 appropriation account for Vote 20: An Garda Síochána. Witnesses included senior management from An Garda Síochána, and officials from the Department of Justice and Equality, and the Office of Government Procurement.

D.2. During the C&AG audit of Vote 20: An Garda Síochána, the Accounting Officer disclosed a number of instances of non-compliance with public procurement guidelines. The Accounting Officer identified 94 contracts to the value of €27.8 million where a competitive procurement process was not followed. Four of these contracts, to the value of €14.8 million specifically relate to the ICT Directorate.

D.3. The Committee examined the ICT Directorate's failures to comply with public procurement guidelines, and addressed a number of other issues identified in the GIAS report, including resourcing and prepayments.

GIAS AUDIT REPORT

D.4. The GIAS report states that GIAS can provide reasonable assurance that internal management systems in the ICT Directorate are adequate in relation to the payment of invoices, and project management. However, the report states that GIAS can provide "no assurance that public procurement requirements are being complied with" by the ICT Directorate in An Garda Síochána, and "limited assurance that adequate controls exist in the management of resources in relation to the largest contractor [Accenture]."

D.5. In preparing its audit report, GIAS reviewed 18 sample transactions with a total value of over €12 million. The sample comprised seven vendors that provided software licenses, support, and maintenance to An Garda Síochána's ICT Directorate. Of the seven vendors, the audit found that four had contracts that had not undergone a competitive tendering process in some time. In 2016, payments to these four suppliers accounted for 84% of the value of all payments in the audit sample. The sample included three transactions with Accenture, valued at €9.6 million.

D.6. GIAS states that total ICT expenditure in 2016 (excluding photocopiers and other office machinery) totalled almost €50 million. ICT payments to Accenture totalled €26.6 million, accounting for over half of all ICT Directorate expenditure.

ACCENTURE SKILLED RESOURCES SERVICES CONTRACT

D.7. An Garda Síochána entered into a contract with Accenture for the provision of Skilled Resources Services in 2009. Accenture is the largest provider of external IT resources to the organisation. The contract expired in 2014 but it has been extended each year since then without recourse to a competitive tendering process. The contract was valued at €10.1 million in 2016. As of 31 May 2018, the contract was still the basis for the provision of Skilled Resources Services to An Garda Síochána by Accenture.

D.8. The ICT Directorate's response to the GIAS audit report states that the decision to roll over the contract was based on its complexity, and the "lack of a permanent resource to prepare a new tender and run a procurement competition." The Acting Commissioner confirmed that following the expiration of the contract in 2015, "the skill resources were not available internally to An Garda Síochána to develop a new contract."

D.9. The Executive Director of ICT stated that he was aware that from a procurement perspective, this was a high risk approach. However, he felt the risk had to be balanced against the higher strategic risks if core Garda systems - such as PULSE (Police Using Leading Systems Effectively) - were not kept up and running.

D.10. The Acting Commissioner stated that in January 2016, a process was put in place to address the fact that the contract was being rolled over without a competitive tendering process. He stated that procurement competitions have now commenced under the Office of Government Procurement's Framework Agreement for Skilled Resources.

D.11. The Executive Director of ICT also stated that the contract has been broken down into smaller pieces, or lots, which will allow more companies to tender for the business. It was also noted that aside from contracts with companies such as Oracle, which provides proprietary software, all of the contracts identified in the audit as non-compliant with procurement guidelines have been, or are, subject to competitive procurement processes.

D.12. The Acting Commissioner stated that a clear learning for the organisation is the level of planning required to ensure compliance with public procurement policy; to have a compliant contract in place when the Accenture contract expired in 2014, work would have needed to have commenced on a new contract in 2012. The Acting Commissioner informed the Committee that controls are now in place to ensure there are adequate lead-in times to conduct competitive procurement processes.

D.13. An Garda Síochána's Executive Director of Finance and Services stated that, in light of the procurement processes that are now underway, a substantially reduced disclosure in relation to non-compliant procurement is expected in An Garda Síochána's 2018 appropriation account.

FAILURE TO ADEQUATELY DOCUMENT THE ROLL-OVER OF THE CONTRACT

D.14. The GIAS audit found that the 2016 extension to the 2009 Accenture Skilled Resources Services contract (worth approximately €10 million) did not specify the rates charged for specialist staff provided to An Garda Síochána. The ICT Directorate provided the rates to GIAS on a spreadsheet, but there was no documentary evidence to demonstrate how the rates were agreed. The GIAS report states GIAS was informed that the rates were verbally agreed between the Executive Director of ICT and Accenture. The GIAS report notes that the lack of records documenting these discussions is not in line with best practice.

D.15. The ICT Directorate's response to the audit states that there are no verbally agreed rates, and that "all rates are contained within the Master Services Agreement and the annual project documents." The Acting Commissioner also stated to the Committee that there are no verbally agreed rates.

D.16. The Committee questioned the witnesses regarding the process that led to the authorisation of the roll-over of the contract. The Executive Director of ICT stated that the annual accounts and budget for ICT are within his remit. He stated that there would have been a signed agreement, but was not able to provide clarity as to whether this decision would have formed part of the minutes of the ICT Steering Group (replaced by the ICT Governance Board in 2016), or whether there was a business case for the roll-over of the contract.

D.17. As the Committee probed the governance arrangements for the roll-over of the contract, the Executive Director of ICT maintained that the budget was overseen by the ICT Steering Group, and the Office of the Government Chief Information Officer (OGCIO). However, the Executive Director acknowledged that while the OGCIO agreed the budget for the Accenture contract, it may not have been aware of the fact that it was not in compliance with public procurement guidelines.

D.18. On 27 November 2018, An Garda Síochána provided the Committee with an agreement signed on 11 January 2016 that extended the Accenture Skilled Resources Services contract that expired in 2014. However, no further information was provided in relation to the rationale or governance arrangements authorising the roll-over of the contract.

D.19. Committee members expressed concern that a contract of the scale and value of the Skilled Resources Services contract was not comprehensively documented. Committee members found the lack of a clear paper trail and a clearly documented justification for the decision to roll over a contract worth approximately €10 million impossible to understand, and felt it represented a fundamental governance failure.

RECORDING AND VERIFICATION OF HOURS WORKED

D.20. The GIAS audit report notes that all contractors, except those engaged by Accenture, recorded the hours they worked on An Garda Síochána's electronic time recording system. In terms of the verification of the hours worked by Accenture's contractors, the report states that there was no clearly documented process, or evidence of countersigning of Accenture's contractors' handwritten timesheets.

D.21. The ICT Directorate's response to the GIAS audit report states that those contractors engaged by Accenture under the Skilled Resources contract recorded their hours on Accenture's electronic time recording system. Timesheets were provided to the ICT Directorate for monthly verification, and signed off by a sergeant in ICT in conjunction with a senior Accenture contract manager.

D.22. The Head of Internal Audit Section stated that the key point was that GIAS felt that the authorisation of invoices on the basis of paper-based timesheets was a far weaker system of accountability than An Garda Síochána's electronic time recording system. The Executive Director of ICT informed the Committee that, as recommended by GIAS, all staff provided by Accenture – with the exception of those engaged on fixed-price contracts based on deliverables – are now using An Garda Síochána's electronic time recording system.

CONSEQUENCES OF NON-COMPLIANCE WITH PROCUREMENT POLICY

D.23. In its last periodic report, the Committee included a general recommendation that the Department of Public Expenditure examine the imposition of appropriate sanctions for public bodies that do not adhere to public procurement policy. The Committee again noted that while Accounting Officers are responsible for expenditure under their remit, and are required to disclose instances of non-compliance with public procurement policy in their appropriation accounts, there are no material consequences for non-compliance with public procurement policy.

D.24. At the Committee meeting, the Office of Government Procurement's Head of Policy that there is no direct sanction in place for non-compliance with public procurement policy. He stated that the approach taken by the Office of Government Procurement is to work with public bodies – including An Garda Síochána - to develop frameworks, provide support, and promote best practice. The Office believes that, over time, this will address issues such as proper procurement planning, and having contract registers and corporate procurement plans in place, thereby reducing non-compliance with public procurement policy.

RESOURCES

D.25. An Garda Síochána's ICT Directorate asserts that An Garda Síochána's capital budget has been reduced by almost 50% since 2008, and that it has significantly less ICT staff than similarly sized public sector organisations. The figures contained in the following table were compiled by An Garda Síochána and relate to 2014.

Table 2: 2014 ICT Staffing Levels in An Garda Síochána Compared to Similar Sized Public Sector Organisations

Organisation	ICT Staff in 2014
An Garda Síochána	215
Department of Social Protection	302
Department of Agriculture, Food and the Marine	321
Revenue Commissioners	430

D.26. The Executive Director of ICT stated that the recruitment and promotion moratorium - which ran from 2009 until 2014 - contributed to the problem. An Garda Síochána's ability to hire staff directly was restricted, and resources were concentrated into more strategic Garda-specific areas such as security.

D.27. The management response to the GIAS audit states that the public service cohort in ICT has been depleted by 37% since 2008, and acknowledges that this increased An Garda Síochána's reliance on external expertise. It states that Garda ICT resourcing will always require permanent staff to be supplemented by external technical expertise given the need to maintain and support operational ICT while delivering large scale ICT projects.

D.28. The Executive Director of ICT informed the Committee that ICT staffing levels are improving; there are now 284 staff in ICT, and the Executive Director hopes to have adequate in-house staffing in place by the end of 2018. The Acting Commissioner also noted that breaking up the Accenture Skilled Resources contract while increasing the level of in-house ICT personnel will reduce An Garda Síochána's reliance on external contractors.

D.29. In terms of financial resources, the Executive Director stated that there are 22 initiatives in the 2015 ICT strategy with an estimated cost of delivery of €300 million. A capital allocation of €200 million has been provided. Committee members noted that the funding is not sufficient to deliver the An Garda Síochána's ICT requirements. The Executive Director stated that competitive procurement may deliver reduced costs, and that projects have been prioritised.

PREPAYMENTS

D.30. During the course of its audit, GIAS found a number of instances where payments were made in advance of service delivery. GIAS accepted that prepayments are an accepted practice where "priming funding" is required for large infrastructural projects. However, GIAS was "not convinced that this practice is appropriate for continuing multiannual service contracts." The C&AG noted that An Garda Síochána's 2016 appropriation account revealed prepayments to the value of €11.7 million. Committee members raised serious concerns that prepayments put public funds at risk.

D.31. The ICT Directorate's response to the GIAS audit states that Accenture provides a discount of 5.5% for prepayments, which results in a significant saving to Garda ICT. The ICT Directorate's response also notes that it can terminate the contract at any point by exercising a 30-day termination clause. It stated that prepayments are a standard requirement in certain areas of ICT, which was confirmed by the C&AG.

D.32. The Committee sought to understand whether due diligence is undertaken by An Garda Síochána before prepayments to companies are authorised. The Executive Director of Finance and Services stated that the financial stability of companies in receipt of prepayments is examined. He accepted, however, that there is no ongoing monitoring of a company's financial stability.

D.33. The Committee questioned the Office of Government Procurement's Head of Policy as to whether the Office issues guidelines concerning prepayments. The Head of Policy stated that contract payments are a government accounting issue rather than a procurement issue. Committee members felt that the issue should be addressed as part of the Office of Government Procurement's guidelines given the level of risk associated with prepayments.

D.34. In follow-up correspondence to the Committee, the Secretary General of the Department of Public Expenditure and Reform (DPER) stated that the Minister for Finance and Public Expenditure and Reform accepts the view expressed by Committee members that DPER should develop appropriate guidance in respect of prepayments as part of general procurement procedures. DPER has indicated that the Government Accounting Unit will work with the Office of Government Procurement to clarify the position. Existing guidance in relation to prepayments is set out in the Public Financial Procedures manual.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

D.35. Ineffective procurement planning can result in public bodies having insufficient time to put contracts in place that are in compliance with public procurement policy. This negatively impacts on the transparency and accountability of associated expenditure. The Committee recommends that public bodies work with the Office of Government Procurement to ensure that they have the necessary controls in place to allow themselves sufficient time to develop specifications and conduct competitive procurement processes. Otherwise, value for money cannot be assured.

D.36. The roll-over by An Garda Síochána of an expired contract to the value of €10 million without recourse to a competitive procurement process is not in compliance with government procurement policy. It is unacceptable that the agreement to roll-over the contract was not thoroughly documented with a clear audit trail of paperwork including minutes of meetings. Documentary evidence of such an agreement represents a fundamental level of governance. The Committee recommends that An Garda Síochána immediately ensures that procurement decisions concerning the expenditure of public funds are clearly and comprehensively documented and fully in compliance with government procurement policy.

D.37. Where a public body enters into an arrangement to prepay for goods or services, there is a potential loss of public funds if the goods or services are not delivered. While the financial stability of companies is assessed at the point of contract, there does not appear to be any ongoing monitoring of a company's financial status and its ability to deliver on its commitments. As part of its review of prepayments and procurement guidelines, the Committee recommends that the Department of Public Expenditure and Reform considers how this risk can be managed over long-term contracts with recurring prepayments.

D.38. The Government moratorium on promotion and recruitment from 2009 until 2014 has negatively impacted on the level of in-house skilled resources available to An

Garda Síochána, and its ability to develop such resources internally. An Garda Síochána has had to outsource a significant volume of work to deliver core services, which may have resulted in higher costs to the taxpayer. The Committee recommends that the Department of Public Expenditure and Reform uses a more nuanced approach to recruitment expenditure planning to ensure that initial headline savings do not result in additional costs in the long term.

D.39. On more than one occasion An Garda Síochána (AGS) presented conflicting evidence to the Committee concerning the payment processes in place in AGS. The Committee is concerned at the level of unresolved conflicts between the organisation’s internal audit service and its senior management. The Committee recommends that the Commissioner takes the necessary steps to ensure that the governance structures and systems in place within AGS are understood by all and supported at the highest levels.

4. NATIONAL TREATMENT PURCHASE FUND

Meeting Date: 14 June 2018

Principal Purpose of the Meeting:

- National Treatment Purchase Fund Board 2016 Financial Statements;
- Matters related to the Nursing Home Support Scheme.

INTRODUCTION

E.1. The Committee examined the National Treatment Purchase Fund's (NTPF) financial statements for 2016. The NTPF was established in 2004, and is funded from Vote 38: Health. Its current role includes arranging for the provision of hospital treatment to public patients on inpatient and day care waiting lists, and negotiating pricing arrangements with private and voluntary nursing homes pursuant to the Nursing Home Support Scheme Act 2009.

E.2. The Committee also engaged with Nursing Homes Ireland (NHI) to assist in its examination of matters related to the Nursing Home Support Scheme (NHSS) (commonly referred to as the 'Fair Deal Scheme'). NHI is a representative body for the private and voluntary nursing home sector. It represents 374 of approximately 440 private and voluntary nursing homes in the State. NHI is not a public body - its representatives accepted the Committee's invitation voluntarily.

E.3. The NTPF is an independent body under the aegis of the Department of Health, and the legislation establishing the NTPF gives the Minister for Health the authority to set the accounting framework for the NTPF. The Minister directed that pension benefits be accounted for as they are paid, rather than as liabilities accrue. The NTPF's accounting treatment for pensions, which is common to a number of health bodies, is not in line with generally accepted accounting practices.

PATIENT CARE EXPENDITURE

E.4. The NTPF's role has evolved in line with government policy and available funding. The Chairman of the Board of the NTPF outlined the NTPF's evolution and its role supporting and arranging the provision of hospital treatment - mainly in private hospitals - to reduce public inpatient and day care waiting lists. In 2016 the NTPF received almost €29 million in funding to pay for patient care. Funding of €55 million has been made available to the NTPF for 2018.

E.5. The Committee requested an update on the types of treatment funded by the NTPF. The NTPF provided the following data, which covers the 17 month period from January 2017 to May 2018. The data has not been audited, and may be subject to change.

Table 3: NTPF Patient Care Expenditure by Speciality, January 2017 to May 2018

Speciality	Cost (million)
Ophthalmology (disorders and diseases of the eye)	€10.5
Orthopaedics (deformities of bones or muscles)	€8.1
General Surgery (including gastro intestinal scopes)	€3.2
Cardiac Surgery/ Cardiology	€3.0
ENT (Ear, Nose and Throat)	€3.0
Vascular Surgery	€1.1
Urology	€0.9
Gynaecology	€0.4
Dental, Oral and Maxillofacial Surgery	€0.3
Non-cosmetic Plastic Surgery	€0.1
Total	**€30.6**

NTPF COMMISSIONED PROCEDURES IN PUBLIC HOSPITALS

E.6. From January 2017 to June 2018, approximately 28% of patients whose treatments were arranged by the NTPF were treated in public hospitals. Committee members questioned why the NTPF procures beds in public hospitals for public patients. The Chief Executive Officer (CEO) of the NTPF, stated that the NTPF can fund public hospitals that have available beds and the ability to provide medical procedures.

E.7. Committee members expressed concern that the beds are not available as a matter of course. The NTPF's Chairman stated that auditing empty beds in public hospitals is a matter for the Department of Health. He asserted that the NTPF's intervention assists public hospitals by facilitating the use of existing capacity that cannot be utilised within their existing budgets. While there are blockages in the public hospital system in some areas, the NTPF decided to test the system in 2017 to see if it could achieve value for money by utilising available capacity where it exists in the public system.

WAITING LISTS

E.8. According to the NTPF, there were 78,014 patients on inpatient or day case waiting lists at 28 June 2018. The NTPF stated that this represents a reduction of 3,454 since 1 January 2018, and a reduction of 8,097 since the waiting list number peaked at 86,111 in July 2017.

E.9. From January 2017 to the end of June 2018, the NTPF stated that 20,700 patients have accepted offers of treatment funded by the NTPF (18,000 patients from the inpatient or day case waiting lists, and 2,700 from the gastro intestinal scopes waiting list). Of the 20,700 patients that accepted offers of treatment, 75% had their treatments completed by the end of June 2018. The NTPF contend that value for money is being achieved in the provision of treatment.

E.10. Figures published by the NTPF in August 2018 reveal that progress continues to be made on inpatient and day case waiting lists. The figure of 78,014 at 28 June 2018 had been reduced to 74,189 at 30 August 2018. However, the number of people on outpatient waiting lists - currently outside the remit of the NTPF - is rising, totalling 514,585 at 30 August 2018.

ADMINISTRATIVE EXPENDITURE

E.11. NTPF's total administrative expenditure in 2016 was €3.9 million. Committee members noted that there had been a number of significant increases in the NPTF's administrative expenditure, specifically in respect of professional services, advertising and promotion, and office rent. At the Committee's request, the NTPF provided a detailed breakdown of the expenditure.

PROFESSIONAL SERVICES

E.12. NTPF expenditure on professional services increased from €61,624 in 2015 to €414,941 in 2016, an increase of €353,317. The NTPF provided the following breakdown of the additional expenditure.

Table 4: Increase in NTPF Professional Services Expenditure, 2015 – 2016

Expenditure	Cost (thousand)
Review of the Nursing Home Support (Fair Deal) Scheme	€126
Software Systems Development to build production version of Waiting List Management System	€98
Update of ICT Information Security	€32
Commissioning Process and Protocol design	€43
Review of NTPF HR strategy	€14
Office Lease Renewal Advice	€22
NTPF Board Strategy Planning Advice	€19
Total	**€354**

ADVERTISING AND PROMOTION

E.13. NTPF expenditure on advertising and promotion increased from €8,795 in 2015 to €78,062 in 2016, an increase of €69,267. The NTPF stated that approximately €18,000 of the increase relates to costs associated with the NTPF Symposium, an NTPF hosted conference on waiting lists, elective treatments, and the NTPF strategy. The NTPF also cited costs arising from the reactivation of a contract for communications services in late 2015 due to increased activity.

OFFICE RENT

E.14. NTPF expenditure on office rent increased from €442,897 in 2015 to €603,805 in 2016, an increase of €160,908. NTPF's Chairman stated that there was an issue concerning outstanding service charges that crystallised during that period. The NTPF also informed the Committee that it had entered into a new lease agreement in January 2016; its previous lease was from September 2009, when property values and rents were depressed.

THE NURSING HOME SUPPORT SCHEME

E.15. The Nursing Homes Support Scheme (NHSS) commenced in 2009. It is a scheme of financial support for those who need long-term residential care services. It aims to ensure that long-term nursing home services care is accessible, affordable, and delivers care in the most appropriate care setting. In 2016, the scheme supported approximately 23,000 residents at a cost of €990 million.

E.16. Following a care needs and means assessment, those who qualify for the scheme make a contribution towards the cost of their care and the State pays the balance. This applies whether the person is in a recognised public, private or voluntary residential care centre. A person's assessed contribution remains the same regardless of their choice of care centre.

E.17. Pursuant to the Nursing Homes Support Scheme Act 2009, the NTPF is responsible for negotiating and agreeing payment rates with private and voluntary nursing homes for the provision of residential home care under the NHSS. The Health Service Executive (HSE) is accountable for the costs of public nursing homes. It also bears responsibility for the administration of the NHSS.

REVIEW OF THE NURSING HOME SUPPORT SCHEME, A FAIR DEAL

E.18. When the NHSS commenced in 2009, a commitment was made to review the scheme after three years. The report arising from the review - entitled *Review of the Nursing Home Support Scheme, A Fair Deal* - was published in July 2015. The review was carried out by the Department of Health in collaboration with the HSE, and with input from Deloitte consultants.

E.19. The report acknowledged that the NTPF had done an effective job in introducing and managing a pricing mechanism for private and voluntary long-term residential care facilities. However, it recommended that the NTPF conduct a review of the system with a view to:

- "Ensuring that there is adequate residential capacity for those residents who require higher level or more complex care;
- Ensuring value and economy, with the lowest possible administrative cost for clients and the State and administrative burden for providers;
- Increasing the transparency of the pricing mechanism so that existing and potential investors can make as informed decisions as possible."

E.20. The report also recommended that the Department of Health conduct a Value for Money (VFM) review of the public nursing home sector's costs to determine "the extent to which the existing cost differential can be attributed to inherent differences between public and private sector cost structures (e.g. pay levels)", and to "recommend actions and timelines to address any cost distorting factors that cannot be attributed to inherent differences between the public and the private sectors." The Department commenced the review in 2017, and has stated that it hopes to complete the review by the end of March 2019.

E.21. In July 2015, a Department of Health commissioned report by DKM Economic Consultants was also published. Entitled *Potential Measures to Encourage Provision of Nursing Home & Community Nursing Unit Facilities*, it identified the scheme's private sector pricing mechanism as the primary barrier to investment, stating that the "current pricing model operates in an ad hoc manner, lacks rationale, consistency and fairness, only applies to the private sector, and in the long run is unsustainable." The terms of reference for the NTPF's pricing review requires that the report is considered as part of the review.

E.22. In 2017, the C&AG also gave an undertaking to examine the operation of the Nursing Home Support Scheme. The scheme may be revisited by the Committee following the publication of the Department of Health's Value for Money audit of the cost of public residential care; the NTPF's review of the pricing mechanism for private and voluntary long-term residential care facilities; and the C&AG's special report on the Nursing Home Support Scheme. All three reviews are expected to be published in 2019.

COSTS NOT COVERED BY THE NHSS

E.23. "Long-term residential care services" are defined in the Nursing Home Support Scheme Act 2009. Committee members expressed concern that the fact that the NHSS does not cover certain services is leading to financial difficulties for residents of nursing homes. The Ombudsman has also noted this issue, and has given examples of elderly residents being impoverished by the additional charges. This issue is expected to be considered as part of the C&AG's examination of the Nursing Home Support Scheme.

E.24. Committee members also noted that residents can have difficulty attending medical appointments due to the lack of transport to take them from nursing homes to their medical appointments.

RELATED MATTERS

VOLUNTARY NURSING HOMES

E.25. The Department of Health's 2015 review of the NHSS specifically noted the precarious position of voluntary nursing homes. Prior to the commencement of the NHSS, their long-term residential care was funded by the HSE. Under the NHSS, they must negotiate with the NTPF, which does not make an allowance for the fact that they are dealing with inherited HSE pay rates and staff conditions. At the time of the report, there were nine voluntary nursing homes operated by community or voluntary groups. The report notes that the services they provide are important to, and valued by the local community, and that their position should be secured for the future. Committee members gave examples of voluntary nursing homes that must fundraise in order to stay open.

MEDICAL CARDS

E.26. NHI's CEO asserted that residents of private and voluntary nursing homes' access to medical card services are adversely affected. He stated that the provision of, for example, occupational therapy or physiotherapy to a person in the community is given higher priority. The HSE's Assistant National Director for Older People and Palliative Care Strategy stated that a person residing in a public, private or voluntary nursing home with 24-hour care is considered less of a risk than a person who might be residing alone in their home. As medical card services are a scarce resource, there may not be sufficient capacity to provide the services for everyone, and the Assistant National Director indicated that some prioritisation must take place.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

E.27. It is not clear that the cost of care in public nursing homes is providing value for money to the taxpayer. Of a budget in the region of €1 billion for the Nursing Home Support Scheme, approximately two thirds is expended on public nursing homes that provide one fifth of capacity. The Department of Health commenced a Value for Money review of the cost of care in public nursing homes in 2017, and hopes to complete the review by the end of March 2019. Given the significant sum of public funds involved, the Committee recommends that the Department ensures the report is delivered and published within this timeframe.

E.28. The National Treatment Purchase Fund's review of its pricing mechanism for long-term residential care in private and voluntary nursing homes is ongoing. It is necessary to safeguard the provision of high quality services in private and voluntary nursing homes, increase the transparency of the current pricing mechanism, and continue to ensure value for money for the taxpayer. The Committee recommends that the NTPF review of its pricing mechanism should be concluded and published no later than the end of March 2019. The Committee also recommends that this review addresses the particular financial difficulties faced by voluntary nursing homes.

E.29. Some residents of nursing homes do not have a means of transport from their nursing homes to attend their medical appointments. The Committee recommends that the HSE takes steps to develop a protocol to ensure that all residents of nursing homes can avail of medical services while residing in nursing homes.

5. DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

Meeting Date: 21 June 2018

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 28: Foreign Affairs and Trade;
- Appropriation Account 2016 Vote 27: International Co-operation;
- C&AG Report 2016 Chapter 14: Control of Ireland's Bilateral Assistance Programme.

INTRODUCTION

F.1. The Accounting Officer of the Department of Foreign Affairs and Trade, Mr. Niall Burgess, is responsible for the appropriation accounts for Vote 28: Foreign Affairs and Trade, and Vote 27: International Co-operation. The C&AG returned clear audit opinions of the 2016 appropriation accounts of both Votes. The C&AG examined matters relating to Vote 27 in the *Report on the Accounts of the Public Services 2016* (Chapter 14: Control of Ireland's Bilateral Assistance Programme).

F.2. Related matters explored by the Committee during the course of the debate included:

- Irish Aid;
- passport processing times;
- properties owned and rented abroad;
- consular assistance.

OFFICIAL DEVELOPMENT ASSISTANCE

F.3. Irish Aid is the Government's official programme for Official Development Assistance (ODA). ODA is used for the promotion of economic development and welfare in developing countries. In 2016, Irish ODA totalled €724 million. It was increased to €817 million in Budget 2019, its highest level since Irish ODA peaked at €921 million in 2008. About two thirds of Irish ODA is accounted for through Vote 27: International Co-operation

F.4. There are two main categories of ODA. They are:

- Bilateral assistance (€386 million or 53% of Irish ODA in 2016) – direct assistance to developing countries through a variety of channels, including governments of developing countries, non-governmental organisations (NGOs), international agencies, and partnerships with private agencies and missionary societies.

- Multilateral assistance (€338 million or 47% of Irish ODA in 2016) – contributions to international agencies, institutions or organisations that pool member countries' contributions and use them for development purposes (Ireland's annual contribution to the United Nations for example).

KEY PARTNER COUNTRIES AND COUNTRY STRATEGY PLANS

F.5. In 2016, to support development and poverty reduction programmes, €156.9 million of bilateral assistance was provided to assist eight selected key partner countries that Ireland has long term strategic partnerships with. They are Ethiopia, Mozambique, Vietnam, Uganda, Malawi, Zambia, Sierra Leone, and Tanzania. (Three members of the Committee visited Tanzania in May 2018 to see Irish Aid programmes in effect first hand – the visit is dealt with separately in chapter 6 of this report.) Five year country strategy plans are designed for each of the key partner countries. The plans provide a framework to assist embassies in partner countries to deliver specific outcomes.

FRAUD

F.6. Given the nature of development assistance and the context in which it is delivered, fraud, corruption and misappropriation are significant factors to be taken into account by all donor countries. In 2012, the Auditor General in Uganda reported on the misappropriation of €11.6 million of donor funding intended to be used as part of a strategy to eradicate poverty and improve the welfare of the people of Northern Uganda. The misappropriation included €4 million of Irish Aid. The funds were subsequently recouped from the Ugandan Government.

F.7. An investigation into the misappropriation of the funds, and a review of the internal controls and risk management system operated by the Department of Foreign Affairs and Trade were conducted by the Department's Evaluation and Audit Unit. In 2014, the Audit Unit published a report entitled *The Assessment of Internal Control and Risk Management System in Key Partner Countries Synthesis Report* (the Synthesis report), which included 15 recommendations. The Committee sought an update in respect of their implementation by the Department.

F.8. Members noted that significant progress had been made in implementing 12 of the 15 recommendations. In relation to the three recommendations yet to be fully implemented, the Director General of the Development Co-operation Division stated that the review of appropriate staffing complements has been completed. The remaining two areas concern skills development and training, and are being implemented on an ongoing basis.

F.9. In Chapter 14 of the *Report on the Accounts of the Public Services 2016*, the C&AG recommended that, where areas of weakness or risk are identified in a proposed partner organisation, the Department should consider how these should be addressed in the memorandum of understanding or annual contract with the organisation. The Accounting Officer noted that risks and mitigation measures are included in the risk registers completed for each grant, and agreed to formally include measures necessary for the management of more significant risks in the memoranda of understanding or annual contracts with partner organisations.

F.10. In its submission to the Committee, the Department detailed the implementation of the recommendation and related procedures. The Accounting Officer also noted that the Ugandan crisis fundamentally affected the way the Department deals with risk. A revamped approach to grant management commenced in 2016 (the Standard Approach to Grant Management), and as of January 2018, adherence to the procedure has been a requirement for all grants awarded through Vote 27: International Co-operation

F.11. The C&AG also recommended that the Department estimates and publishes, on an annual basis, the value of suspected frauds in euro and as a percentage of Official Development Assistance (ODA). The recommendation was agreed by the Accounting Officer, and the Department is currently developing a methodology for reporting suspected fraud. The Accounting Officer confirmed to the Committee that cases of fraud will be published in the Department's 2017 annual report.

F.12. The Department's Audit Unit investigates fraud and maintains a fraud register. 12 instances of suspected fraud were reported in Irish Aid funded partner organisations in 2016, with a potential loss of €312,262. This equates to 0.043% of 2016 ODA funding. When recovered amounts are taken into account, the potential loss from fraudulent activity equates to 0.026% of 2016 Irish ODA funding – this figure is in line with international norms. The Accounting Officer noted that €60,000 has been recovered since the 2016 report, and that the recovery process is a continuous part of the Department's work.

THE UNITED NATION'S OFFICIAL DEVELOPMENT ASSISTANCE TARGET

F.13. The Committee noted the Accounting Officer's opening statement, which outlined the increased demands on humanitarian and development assistance, and the changing context within which Irish aid is being deployed. The number of refugees and displaced people in the world is at an all-time high of 68 million. Demands related to conflict have intensified; Ireland has contributed over €100 million in respect of the Syrian crisis alone since 2012. Climate change is also increasingly impacting on demand for humanitarian assistance, and the United Nation's (UN) sustainable development goals to 2030 also provides specific targets. It is within this context that the Government has committed to publishing a White Paper on Ireland's International Development Co-operation Programme. The White Paper is expected to be published in early 2019.

F.14. The Accounting Officer stated that the White Paper will guide progress towards meeting the UN target of allocating 0.7% of Gross National Income (GNI) to Official Development Assistance (ODA) by 2030. The target was originally set by the UN in 1970. In 2005, the EU Council set an objective for member states to reach the UN target by 2015. Only Norway, Luxemburg, Sweden, Denmark, Germany, and the United Kingdom had reached the target by 2016. Ireland contributed 0.33% of GNI in 2016, and ranked joint thirteenth of 35 Organisation for Economic Co-operation and Development (OECD) countries in terms of its pro rata contribution. Ireland allocated its highest level (0.59%) of GNI to ODA in 2008.

F.15. In accordance with the UN sustainable development goals to 2030, Ireland has made a new commitment to reach the UN target of allocating 0.7% of GNI to ODA by 2030. Budget 2019 allocated €817 million to ODA (0.39% of GNI). This is a €110 million increase on 2018, which is the largest year on year increase in Irish ODA in over a decade. The Accounting Officer stated that significant annual increases will be required if Ireland is to fulfil its commitment to allocate 0.7% of GNI to ODA by 2030. When questioned as to the projected monetary figure if the State delivers on the commitment by 2030, the Accounting Officer stated that it could be in excess of €2 billion.

PASSPORT PROCESSING TIMES

F.16. The Irish Government issues passports through the Passport Office of the Department of Foreign Affairs and Trade. According to the Department, there are 5.08 million current valid Irish passports in circulation. Of the 5.08 million passport holders, 85% were born in Ireland, 6% were born in Great Britain, and 2% were born in the United States of America. The Director of Passport Services stated that passport fees are roughly in line with the Passport Office's costs.

F.17. Committee members raised concerns regarding passport processing times, noting that they receive significant numbers of representations from constituents who have not received their passports within advertised timeframes. The Accounting Officer stated that the unprecedented level of demand for passports is impacting on the delivery of passport services to the public, and that it is a matter of immense frustration to the Department that some passport applications are taking longer to process than planned. The Accounting Officer accepted that the Passport Office is unable to answer all telephone calls to the Office, and that some members of the public are concerned that delays in passport processing times will affect their travel plans.

SERVICE DELIVERY CHANNELS AND COMMUNICATION

F.18. There are a number of channels open to those seeking to obtain a passport from the Passport Office. The Committee noted that the online service is highly efficient. Based on figures provide by the Department, from January to June 2018, 89% of the 102,638 applications for a passport renewal through the online service were processed within 10 working days, and a further 10% were being processed within 20 working days.

F.19. The Committee notes that on 28 November 2018, the Department extended the online passport renewal service to children's renewals, and extended the categories of adults who can renew or replace their passports online. The Director of Passport Services expects that these developments will significantly reduce delays and processing times in 2019.

F.20. From January to June 2018, 84% of applications for renewals through Passport Express (paper-based form) were being processed within four weeks, and a further 12% were being processed within six weeks. The service causing the most delays and difficulties are first time Passport Express applications, and Passport Express applications associated with lost or stolen passports.

F.21. These applications cannot be made online, are more complex to process, and require additional security checks. Of 106,418 such applications received from January to June 2018, 50% were processed within four weeks, 25% were processed within four to six weeks, with 21% processed within six to eight weeks. The Department stated that it is difficult to expedite this process given the need to maintain the integrity of the Irish passport - the Accounting Officer stated that the Irish passport booklet is rated among the four most advanced and secure in the world.

F.22. Committee members also queried the communications strategy employed by the Department to promote the online renewal service, and to make the public aware of passport turnaround times. The Accounting Officer stated that the Department anticipated the pressure that would be exerted on the Passport Office in 2018, and conducted an intensive communications campaign aimed at advising the public – particularly at a local level – to make their passport renewal applications online. The Director of Passport Services stated that the passport turnaround times are updated weekly on the Department's website, and that the Department is active on social media.

RESOURCING AND DEMAND

F.23. Committee members questioned the witnesses regarding the causes of the extended passport processing times. The Accounting Officer outlined two main reasons for the delays. The first is the delay caused by the security checks involved in processing first time passport applications, and passport applications arising from lost or stolen passports. Processing these passports is more complex and more time consuming than processing passport renewals.

F.24. The second reason for delays in passport processing times outlined by the Accounting Officer was the Department's inability to have a sufficient number of temporary staff employed by 1 January 2018. The Department did not have the planned level of staff in place to deal with the surge in passport applications. The Accounting Officer stated that the balance between full time and temporary staff will be reviewed in advance of 2019. Notwithstanding these difficulties, the Accounting Officer asserted that the passport processing times were being progressively reduced. The turnaround time on the

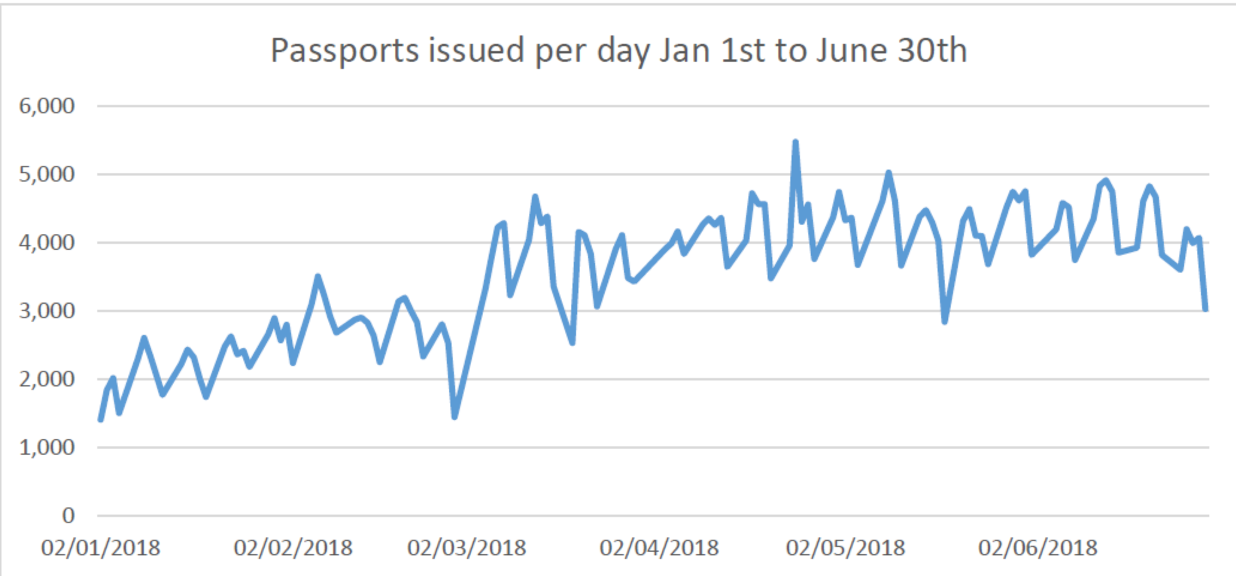
Department's website at the date of the Committee hearing (21 June 2018) was six and half weeks (33 days). On 21 October 2018, the Department's website indicated that the turnaround time was three weeks.

F.25. The Department is in the midst of a three to four year modernisation project to improve the passport service. The Accounting Officer asserted that, in time, the project will resolve the outstanding issues with the service. As part of the project, software, machinery and process improvements will be delivered on a phased basis.

F.26. Web chat is a recent process improvement that has significantly aided the Department. It allows one member of staff can assist five or six customers simultaneously.

F.27. The Committee also sought detail on the level of demand experienced by the Passport Office. The Director of Passport Services stated that in the week prior to the Department's engagement with the Committee, the Passport Office had personal contact with approximately 9,200 people. The Office receives in the region of 400 representations from members of the Oireachtas a week, and from March to June 2018, it issued approximately 3,000 to 5,000 passports per day. On a single day in May 2018, the Office received 10,000 passport applications. Committee members acknowledged the level of demand faced by the Passport Office, and the efforts of its personnel to deal with the challenges.

Graphic 2: Passports Issued by the Passport Office Per Day, 1 January 2018 – 30 June 2018



BREXIT

F.28. Committee members queried the impact of Britain's expected exit from the European Union on the demand for Irish passports. In follow-up correspondence to the Committee, the Department stated that in 2017, 82,274 passport applications were received from residents in Northern Ireland, and 80,752 were received from residents in Great Britain. These represent an increase of 20% and 28% respectively on 2016 passport applications through these channels. Of the combined 2017 applications of 163,026, 40% (65,210) were first time applications.

F.29. In 2018, total combined applications in the first six months of the year continued to increase, and were approximately 7% higher than the same period in 2017. The Department stated that the increase in demand for Irish passports is also driven by factors such as the increased propensity for Irish citizens to travel abroad; and the State's growing population.

PROPERTIES OWNED AND RENTED ABROAD

F.30. The State's mission network comprises 80 embassies, consulates, and representations abroad. They are used to represent Ireland on the international stage, and to support Ireland's economic, trade, cultural, and political interests overseas. In June 2018, the Minister for Foreign Affairs and Trade announced plans to open seven new missions (embassies or consulates overseas).

F.31. The Department's capital assets include €164 million in land and buildings. The Committee members sought detail of the countries in which Ireland owns and rents buildings, and the associated costs. In follow-up correspondence to the Committee, the Department states that it manages and maintains 146 properties abroad, of which 36 (25%) are State-owned. (There is also one State-owned, and three managed and maintained properties in Northern Ireland.) The five highest annual embassy rental costs are set out in the following table.

Table 5: Top Five Irish Embassy Rental Costs 2017

2017 Rents	€
Brussels (Ireland's co-located Permanent Representation to the EU and Belgian embassy)	1,065,458
New York (Ireland's Permanent Representation to the UN)	885,014
New York (Consulate General)	814,406
Beijing	501,825
London (combined embassy and official accommodation)	406,490

F.32. Committee members queried how the Department decides whether it will buy or rent properties. The Accounting Officer stated that the Department has not had a sufficient capital budget to consider purchasing properties for some time. In recent years, funding has increased; the Department purchased an embassy in Malawi in 2017, and is in the process of purchasing land in Tokyo to build an embassy. Of the Department's 2017 rental costs for official accommodation - which is distinct from embassy rental costs - Tokyo was the most expensive at €540,956 (47% higher than the next most expensive annual rental cost for official accommodation).

F.33. The Department's follow-up correspondence to the Committee states that it engages with the Department of Public Expenditure and Reform with a view to mitigating the costs of escalating rents worldwide. The Department's Capital Allocation Plan for 2018 - 2022 (under the National Development Plan 2018 - 2027) includes an increase to, in part, recognise this issue. The Accounting Officer accepted that while there will always be a mix of rental and owned properties, it makes sense to purchase properties in areas of major strategic importance, and where rents are likely to continue to increase.

CONSULAR ASSISTANCE

F.34. Committee members sought detail on the level of consular assistance provided by the Department, and whether the costs are recouped from those assisted. Figures provided by the Department state that from 2013 – 2017, the Department responded to more that 10,000 new emergency consular assistance cases, and provided ongoing assistance to a number of long-running, complex cases. In 2016, more than 2,740 new cases were dealt with, including 250 cases involving the death of an Irish citizen abroad. The following table details the 2016 cases by category.

Table 6: 2016 Consular Assistance by Category

Case Category	Number of Instances
Arrest	402
Child Abduction	40
Child Welfare	56
Death	250
Deportation	85
Medical	311
Mental Health	76
Missing Person	149
Prisoner	58
Victim of Crime	168
Welfare	248
Other	897
Total	**2,740**

F.35. The number of cases dealt with each year is rising. The Accounting Officer stated that the total number of cases dealt with in 2014 was 1,676, while the 2016 figure was 2,762 (an increase of 65%). The 2018 figure has also increased year-on-year. The scale and complexity of consular assistance provided by the Department continues to grow as increasing numbers of Irish people are travelling abroad, and travelling further afield. The Department is working to ensure people are aware of its service. It engages with transition year students, and has released its TravelWise app to provide information on the Department's services, and advice on travel destinations.

F.36. In terms of cost, the Department states that in the vast majority of cases, the Department does not provide financial assistance; consular assistance usually involves assisting and supporting Irish citizens, and helping them explore options to resolve their situations. However, in certain cases financial assistance is required (the cost of emergency travel documents for example). In such situations the Department operates on a cost-recovery basis. In 2016, 11 cases required financial assistance, totalling €15,502, with €6,997 recovered to June 2018. Where a family does not have the financial resources to repatriate remains, the Kevin Bell Repatriation Trust is available to assist.

INTERNATIONAL ELECTION OBSERVATION ROSTER

F.37. The Department of Foreign Affairs and Trade maintains and administers a roster of observers to represent Ireland in international observation missions for elections and constitutional referendums. On average, the Department deploys observers for 12-18 election observation missions per year. The cost of these arrangements in 2016 was €258,397.

F.38. A new election observation roster of 200 people was established in May 2013, and was intended to run for five years. Committee members questioned why the current panel had been extended, rather than renewed. The Accounting Officer stated that the Department wanted to ensure its applications system was robust, and that staffing issues also delayed the establishment of the new panel. The deadline for applications for admission to the 2018 International Election Observation Roster was 20 August 2018. 395 applications were received. As of November 2018, the process to finalise the roster is ongoing.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

F.39. The State committed to allocating 0.7% of gross national income to overseas development assistance in 1970 in order to help address the needs of some of the poorest and most vulnerable people and communities in the world. 48 years later, the target has yet to be reached,. The highest allocation of Irish funding was 0.59% in 2008. As part of the UN sustainable development goals, the State has made a new commitment to reach the 0.7% target by 2030. The Committee recommends that the Government develops a clear, multi-annual plan to meet the commitment to contribute 0.7% of gross national income to overseas development assistance by 2030.

F.40. With the advent of online Irish passport renewals, Passport Express is no longer the fastest way to renew an Irish passport. The Committee recommends that the Department publicises the fact that online passport renewal application is the fastest method for renewing Irish passports, particularly in Post Offices, and Garda stations, where the Passport Express forms are available.

F.41. The Department of Foreign Affairs and Trade did not have sufficient staff in place to deal with the surge in passport applications in 2018, and this contributed to delays in the provision of passport services. The Committee recommends that the Department reviews its balance between temporary and permanent staff, and takes steps to ensure it has the necessary staff numbers in place to meet forecast demand for passport services in 2019.

F.42. The annual rental cost of Irish embassies gives rise to significant long-term costs. As highlighted in the Committee's third periodic report, failure to purchase property when the option is assessed as the most financially prudent does not make best use of public funds. The Committee recommends that the Department evaluates its rental properties abroad with a view to investing capital funding in the purchase of properties in countries where Ireland has a long-term diplomatic presence.

F.43. Once established, the International Election Observation Roster is fixed for a five year period. The Committee recommends that the Department of Foreign Affairs and Trade examines whether five years is an excessive panel duration. The Committee also recommends that the Department has the necessary procedures in place to ensure that panels do not need to be extended prior to the establishment of subsequent panels.

6. IRELAND'S BILATERAL ASSISTANCE PROGRAMME - PAC VISIT TO TANZANIA

Visit to Tanzania: 12-19 May 2018

Principal Purpose of Visit: To examine:

- the context in which Irish Aid's Bilateral Assistance Programme operates with a focus on Tanzania as one of the major recipients of Irish Aid;
- the operational controls in place in relation to monies given by Irish Aid.

Photo 1: Irish Ambassador to Tanzania, Mr Paul Sherlock, Deputies Bobby Aylward, Catherine Connolly and Alan Farrell discussing an agricultural project to improve sunflower yields through more resilient seed varieties in the Singida region.

INTRODUCTION

G.1. Chapter 14 of the C&AG's 2016 report focused on Control of Ireland's Bilateral Assistance Programme. Irish Official Development Assistance (ODA) totalled €724 million in 2016 (see chapter five of this report which covers the Committee's consideration of Ireland's Bilateral Assistance Programme).

G.2. Irish Aid works with eight partner countries. Seven of these are in Africa, one of which is Tanzania.

G.3. Arising from a significant fraud incident in Uganda in 2012, the Department of Foreign Affairs introduced standardised contractual documents, memorandums of understanding and annual contracts with all programme partners.

G.4. The Department agreed to publish on annual basis the value of suspected frauds, both in euro terms and as a percentage of ODA.

VISIT OF PAC MEMBERS TO TANZANIA

G.5. A delegation comprising three members of the Committee and the Clerk to the PAC travelled to Tanzania for 6 days plus 2 travel days. Members who travelled were Deputy Bobby Aylward, Deputy Catherine Connolly, and Deputy Alan Farrell.

Photo 2 (from left to right): Irish Ambassador to Tanzania, Mr Paul Sherlock, Professor Mussa Juma Assad, Tanzanian C&AG, Deputies Catherine Connolly, Alan Farrell and Bobby Aylward at an exchange of views meeting in the Office of the C&AG in Tanzania.

G.6. Following discussion at Committee level, an invitation was received from the Minister of State at the Department of Foreign Affairs and Trade for a delegation to travel to Tanzania to see at first-hand how the Irish Aid programme is operating. The itinerary for the visit is included as appendix four of this report.

G.7. The delegation visited a number of projects and witnessed at first hand the work that is being done in Tanzania with the assistance of Irish Aid.

TANZANIAN REQUIREMENT FOR AID

G.8. Tanzania is ranked 159 out of 187 on the 2014 United Nation's Human Development Index (Ireland is ranked 11). 42 % of children under five are considered stunted for their age. However, Tanzania has made good progress in recent years with falling infant and maternal mortality and significant improvements in vaccination rates. The table below provides an overview and comparison of Ireland and Tanzania.

G.9. With an annual growth rate of 7%, Tanzania is the fastest growing economy in the East Africa community.

Table 7: Comparative data, Ireland and Tanzania

	Tanzania	Ireland
GDP per capita (2016)	US$2,705	€61,000
HDI Rank 2015	151/188	8/188
Population	55.6m	4.61m
Life Expectancy	65	81
Maternal Mortality (per 100,000 live births)	556	8
Adult Literacy Rate	80%	98%

DISTRIBUTION OF IRISH AID TO TANZANIA

G.10. Ireland's development cooperation programme in Tanzania invests in health, agriculture, nutrition, social protection and good governance and has a strong focus on the rights of women and girls.

G.11. The table below details how monies given to Tanzania are used. Of a total of €18.4 million given in 2017, approximately 50% was allocated to health in 2016 and 2017. Much of this is given to a pooled fund that supports the overall Tanzania health system. The majority of this funding goes to implementing health programmes at district level, to help those in remote areas access health services. There is a strong focus on women's health services. Funding is also provided to Tanzanian health NGOs, including a hospital providing services to those with disabilities and a partnership between a Tanzanian hospital and Crumlin Children's Hospital on child cancer services.

Table 8: Allocation of Tanzanian Development Assistance

Programmes	2016 (€)	2017 (€)	2018 Estimate (€)
Health	10,624,000	9,000,000	8,700,000
Nutrition	3,150,000	1,100,000	1,400,000
Agriculture/Livelihoods	2,950,000	2,988,561	4,200,000
Governance/Democratic Accountability	2,695,000	1,650,000	2,650,000
Refugee Assistance	1,500,000	1,500,000	2,950,000
Bilateral Assistance to NGOs	2,040,520	2,180,653	2,000,000
TOTAL	**22,959,520**	**18,419,214**	**21,900,000**

G.12. Support is provided to national level coordination (Tanzania Food and Nutrition Centre), as well as Tanzanian NGOs who support community nutrition programmes and nutrition advocacy.

Photo 3 (from left to right): Deputies Catherine Connolly, Alan Farrell, Hon. Job Ndugai, Speaker of Tanzanian National Assembly, Deputy Bobby Aylward, and Mr Paul Sherlock, the Irish Ambassador to Tanzania.

G.13. Through Agriculture Markets for Development Trust, emphasis in funding is placed on helping small farmers to overcome obstacles in accessing markets for their produce. There is a strong focus on women farmers. Support is also provided to small farmers' associations and to agricultural research.

G.14. Support is provided to organisations that promote the rights of women and girls; including tackling gender-based violence, encouraging women's political participation and supporting women's associations. Funding is also provided to the Tanzania Media

Foundation, which support individual journalists and media institutions to give voice to marginalised communities and to promote access to information.

G.15. Due to the large refugee influx (from Burundi and DRC mostly), the Embassy has also provided funding to the World Food Programme and the UN Refugee Agency (UNHCR) to assist Burundian refugees in camps in western Tanzania.

OVERSIGHT AND CONTROL ARRANGEMENTS

G.16. Due diligence requirements are set out in the Department of Foreign Affairs and Trade Grant Management Standards and Procedures and the Financial Guidelines. The purpose of these is to ensure that those tasked with managing the resources allocated to the Official Development Assistance programme can do so in such a way that will deliver optimal results; full and transparent financial accountability; and evidence-based learning, and reporting

G.17. The Irish Embassy in Tanzania is required to appraise partners in advance of disbursement of any funds. Partner's performance is regularly assessed through monitoring visits. Each partnership is governed by either a Memorandum of Understanding or an annual financing agreement which regulates the schedule of payments to be made, the oversight of programme delivery and the principles governing the financial management of the grant.

G.18. DFA also informed the Committee that the Embassy also works closely with National Audit Offices on the scope of audits of government partners and receives and reviews the Tanzanian C&AG report. All non-governmental partners submit annual audit reports from reputable audit firms, which are reviewed by Embassy in Tanzania and the Department's internal audit function.

G.19. The Embassy participates in partners' technical working groups, thereby assisting in analysing reports and getting timely information regarding successes and challenges that have an impact on funding. The Embassy's Financial Systems & Audit Adviser (Internal Auditor) reviews compliance at all levels within the Mission and advise Management on fiduciary risks of partners receiving Irish Aid funding.

Photo 4: Welcome to Irish PAC by participants at Gender Based Violence Project in Tanzania's Misungwi District.

MANAGEMENT OF INSTANCES OF FRAUD

G.20. DFA stated that in line with the Department's fraud policy and code of practice for dealing with fraud in partner organisations, any concerns arising are brought to the attention of the Evaluation and Audit Unit of the Department.

G.21. In the last three years, there have been seven incidents of fraud detected with five partners. In these cases, the Mission took proactive steps in working with the respective partners in investigating, requesting refunds, following up on action agreed and providing feedback to HQ as required. To date, all of the above incidents have been resolved, except for one which, was recently reported and, is still on-going. Overall, the total amount of reported fraud amounted to €67,599 of which €65,099 has been refunded to date.

7. TAX APPEALS COMMISSION

Meeting Date: 28 June 2018, morning session

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 10: Tax Appeals Commission ;
- C&AG Report 2016 Chapter 9: Internal Controls in the Tax Appeals Commission.

INTRODUCTION

H.1. The Tax Appeals Commission (TAC) was established on 21 March 2016 as an independent statutory body, tasked with providing a modern and efficient appeals process in relation to the hearing and adjudication of tax case disputes. The Commission replaced the former Office of the Appeal Commissioners.

H.2. The Committee's engagement with representatives of the Tax Appeals Commission focused on the findings of the C&AG's examination of internal controls in the Commission detailed in Chapter 9 of his 2016 annual report.

H.3. The C&AG issued a clear audit opinion on the Appropriation Account. In his report on internal controls in the Tax Appeals Commission the C&AG's found that the Commission, established in March 2016, was not fully compliant with its corporate governance obligations. At the time of the examination, it had not yet established a risk assessment and management system including a risk register. Also, the circumstances surrounding payment of substantial overtime (€65,400) to one employee in 2016 indicated a very weak control environment was operated.

RESOURCING ISSUES

H.4. Resourcing issues in regard to TAC formed a key part of the discussion with the Committee. The Committee noted from the TAC's 2017 annual report that the amount of tax subject to appeal was estimated at €1.6 billion and that it received 1,751 new appeals in 2017 which was almost double the amount received in 2016 by its predecessor, the Office of the Appeals Commissioners. Of the 1,751 appeals received in 2017, TAC settled 693 of these.

H.5. The Accounting Officer of the TAC in his opening statement to the Committee stated that TAC's statutory mandate which requires it to put in place the independent, effective and efficient tax appeals system envisaged by the 2015 Act and that TAC required adequate resources to do. The Accounting Officer added that "*appellants should not have to suffer undue delays in the hearing of their tax appeals, but we are currently unable to prevent delays in the system in circumstances where we remain so significantly under resourced".*

H.6. Members expressed concern that excessive delays in finalising appeals caused by inadequate resources may result in the imposition of additional interest charges on unsuccessful appellants.

H.7. During the course of the meeting on 28 June 2108, TAC informed the Committee that it had 14.5 staff (FTE) and that it had made a submission to the Department of Finance in February 2018 for a further ten support staff.

H.8. The Committee heard that TAC had been obliged to recruit staff through the Public Appointments Service (PAS) but its experience was that that this was a very time consuming process. However, in March 2018, TAC obtained a recruitment licence which allows it to recruit staff up to principal officer, standard grade, independently of PAS.

H.9. During the meeting TAC stated that it did not have the sanction or the budget to recruit additional staff, that there was an urgent requirement for a new ICT system, and that while they had been in new premises for three weeks (prior to the PAC meeting) they still did not have a working telephone line or suitable rooms to hear appeals.

H.10. In follow-up correspondence to the Committee, TAC provided details of its extensive engagement with OPW and the Department of Finance in relation to its accommodation requirements. It included TAC's assessment and concerns regarding alternative accommodation identified by OPW, such as the inadequacy of the space being proposed and allowances for future additional staff, hearing and consultation rooms, file storage and communications space, and bathroom facilities for members of the public.

Included also were statements that:

- the conditions they had moved to validated the concerns they raised;
- weeks after moving they did not have most of the chairs needed, including none for their hearing rooms, no meeting tables, no access to the Government ICT Network, no incoming phone lines, and not enough phone lines in any case;

- there were several other issues rendering the premises unfit to conduct hearings and which TAC attributed to the speed with which they were required, by the OPW, to exit their previous offices;
- the OPW letter made clear TAC had no choice. TAC moved offices while still trying to manage significant correspondence from appellants, the Revenue Commissioners (Revenue), and a multitude of other day-to-day matters.

OPW'S VIEWS

H.11. Subsequent to its meeting with TAC, the Chairman of OPW wrote to the Committee on 16 July 2018 challenging many of the comments and assertions made by TAC in regard to its move to new accommodation. OPW enclosed a copy of a detailed letter it had sent to TAC disagreeing with much of the evidence TAC had presented to the Committee relating to accommodation.

H.12. Subsequent to the meeting TAC also provided the Committee with a schedule detailing in chronological order interactions (meetings, correspondence, emails) with the Department of Finance in regard to requests for additional resources. The schedule shows that in the 12 month period 7June 2017 to 2 May 2018 there were 37 such interactions or engagements.

DEPARTMENT OF FINANCE'S VIEWS

H.13. Following a request from the Committee, the Department of Finance (the Department) provided details of staffing requests received from TAC and the responses of the Department thereto.

H.14. The Department asserted that significant additional resources had been allocated to the TAC since its inception, with the staffing levels more than doubling over its first two years of operation. Where additional resources had been sought, the Department had engaged with each request received. There has been a substantial increase in TAC's budget in recent years. In 2016 and 2017, TAC did not spend its full budget allocation.

H.15. By way of supporting its argument that significant additional resources had been requested, considered and provided, the Department submitted a summary of TAC budget allocations since 2015 in the form of the following table.

Table 9: Summary of TAC Budget Allocations

	2015*	2016	2017	2018
	€000	€000	€000	€000
Salaries, Wages, Allowances	654	820	1,284	1,307
Travel and Subsistence	44	50	70	70
Training, Development, Incidental	26	35	30	30
Postal and Telecommunications	20	25	30	30
Office Equipment and External IT	20	500	200	200
Office Premises Expenses	59	70	70	70
Total Budgeted Expenditure	**823**	**1,500**	**1,684**	**1,707**
Returned to Exchequer		(596)	(528)	
Expenditure		**904**	**1,156**	

* These budget figures relate to the former Office of the Appeal Commissioners

REVIEW OF WORKLOAD AND OPERATIONS

H.16. TAC also informed the Committee that the Department of Finance had commenced a review of the TAC's workload and operations. The review was completed in August 2018 and considered by the Committee at its meeting on 18 October 2018**.** Members noted that following the review, there had been some progress in relation to the allocation of resources to the TAC and that the Minister had referred to it in his budget speech.

RISK MANAGEMENT SYSTEM

H.17. TAC had not established a risk assessment and management system. The Committee was also informed by TAC that it had now completed a draft risk register and had begun the task of putting a risk assessment and management system in place.

BREAKDOWN OF TAX APPEALS

H.18. At the request of the Committee, TAC, following the meeting, provided an age analysis of the 2,058 legacy appeals progressed by TAC in 2017 by reference to data in respect of the year in which assessments were raised by the Revenue. Table 10 details the information provided by TAC.

Table 10: Aged Analysis of Legacy Appeals Progressed by TAC in 2017

Year in which assessment was raised	Number of assessments raised
2001	3
2002	1
2003	1
2004	2
2005	12
2006	1
2007	5
2008	16
2009	59
2010	20
2011	174
2012	182
2013	211
2014	409
2015	493
2016	469
Total	2,058

H.19. As part of its engagement with the Revenue in the afternoon session, the Committee raised questions on the working relationship between TAC and the Revenue, the number of legacy appeals cases transferred to TAC, the total amount of tax under appeal and the size of the backlog of cases, the significant misalignment between the workload of TAC and the required resources, and what Revenue might do to help the situation.

H.20. In correspondence subsequent to its meeting with the Committee, Revenue stated that its caseworkers manually record the amount of tax in dispute, which it considers to be a better indicator of the actual tax at risk, reflecting both the amount that would be available for collection if the appeal is determined in Revenue's favour; and the amount that Revenue would have to forgo or repay, should it lose the appeal. Revenue added that high level statistics as at July 2018 showed that there were 5,622 appeals relating to 2,505 appellants in process, and in respect of which there was:

- tax in dispute of approximately €1.8 billion, and
- outstanding liability of approximately €1.3 billion.

H.21. Revenue further stated that the appeal case development function in Revenue's Case Management System (RCM) has recently been released, to include the facility to record information on the progress of appeals. Information on new appeals is now being recorded on RCM and, over the coming months, existing data on open appeals will transition to the new system. In time, this will provide more accurate and detailed information on appeals.

H.22. Revenue also provided the following table which shows the number of appeals closed and the tax in dispute in each of the years 2015 to 2018.

Table 11: Revenue Appeals Closed and Tax in Dispute, 2015 - 2018

Year	Number of appeals	Tax in dispute
2015	1,624	€176m
2016	1,007	€313m
2017	2,036	€102m
2018 to date	470	€109m
Total	**5,137**	**€701m**

CONTROL OF OVERTIME PAYMENTS IN TAC

H.23. TAC made overtime payments totalling €65,400 to one employee in 2016. Members were concerned about the controls related to, and the circumstances surrounding the payment of overtime. The bypassing of the Head of Administration, the lack of formal procedures for authorisation of overtime and the lack of documentation to support the claims or to evidence the checking of the claims, are of particular concern.

H.24. TAC informed the Committee that the relevant overtime claim covered the period 2010 to 2016 and was paid in full in 2016 because that was when the claim for overtime was made and processed.

H.25. The Committee enquired if the current overtime arrangements differ from those in place in 2016. It was informed that overtime is now actively discouraged as a matter of policy and that in the event that it is necessary, it has to be approved in advance and recorded on a specified form, explaining the extraordinary circumstances that make it necessary.

H.26. Subsequent to the meeting TAC provided the Committee with a full analysis of the top 78 appeals identified on 10 July 2018, with a potential value of €877 million. The analysis is summarised in the following table.

Table 12: TAC Analysis of 78 Largest Appeals

	Number of claims	Total amount (m)
Appeals >€100m	3	€361.5m
Appeals > €10m	14	€349.6m
Appeals >€1m	61	€165.6m
Totals	78	€876.7m

2016 APPROPRIATION ACCOUNT VOTE 10: TAX APPEALS COMMISSION

H.27. The Committee examined the 2016 Appropriation Account for Vote 10, Tax Appeals Commission, which shows that total expenditure amounted to €890,000 in respect of the facilitation of tax appeals hearings in 2016. The Committee noted that the C&AG issued a clear audit opinion on the account and that there was a surplus to be surrendered of €596,480 at the end of 2016.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

H.28. Prior to the establishment of the Tax Appeals Commission in March 2016 there was a failure by the Department of Finance to fully establish the nature and level of resources it would require to carry out its statutory functions. The Committee recommends that the Department of Public Expenditure and Reform ensures that adequate evidence based planning takes place in advance of the establishment of any new public body.

H.29. The absence of alignment between workload and required resources, both human and physical, has seriously compromised the Tax Appeal Commission's capacity to operate as an independent statutory body, tasked with providing a modern and efficient appeals process in relation to the hearing and adjudication of tax case disputes. The Committee welcomes the workload and operations review that has taken place and recommends close cooperation between the Department and TAC to ensure timely implementations of its recommendations.

H.30. The amount of tax under appeal at any one time is significant; it was estimated at €1.8 billion in July 2018. Notwithstanding that a proportion of this sum will be successfully appealed, a considerable amount will fall to be collected. The timely receipt by the Exchequer of amounts due is dependent on how efficiently TAC processes and finalises appeal cases. The Committee recommends that measurable targets be set for the progressing and finalising of tax appeals on an annual basis.

8. REVENUE COMMISSIONERS

Meeting Date: 28 June 2018, afternoon session

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 9: Revenue Commissioners;
- Finance Accounts 2016 and 2017;
- C&AG annual report 2016 Chapter 21: Tax Debt and Write Outs;
- C&AG annual report 2016 Chapter 22: Allocation of Encashment and Film Withholding Taxes.

MANAGEMENT OF TAX DEBT AND WRITE OUTS

I.1. Revenue has an extensive debt management process in place in order to ensure the effective recovery of tax debt. Procedures are in place to charge interest on overdue payments. When taxpayers, by their actions or inaction, do not deal with the outstanding liability, enforcement may be required.

I.2. Members noted that:

- in the two-year period to 31 March 2017 there was an increase in gross tax debt to €2.29 billion, reversing the downward trend of the previous five years.
- income tax and VAT, the two largest categories of tax debt, have seen reductions in outstanding debt over the period 31 March 2016 to 31 March 2017. Revenue attributes this to more prompt contact and case escalation for smaller value debts.
- over one-quarter of debt was classified as collectable but was subject to neither payment agreements nor enforcement proceedings.
- €271 million (41%) of this debt was over one year old.
- since 2010 €1.8 billion of tax debt has been written out with an average annual tax write out of €254m.
- in 2016, €211 million of debt was written out as uncollectable.
- of this amount, €209 million was written out on a case-by-case basis. The most frequent reasons for debt write outs are liquidations and businesses ceasing to trade.

During the course of its engagement with the Committee, Revenue provided additional information which is compiled in Table 13.

Table 13: Tax Debt Outstanding

	31March 2017	End-March 2018
Amount of total tax outstanding	€2.29 billion	€2.2 billion
Amount available for collection As a % of gross annual collection	€1.1 billion[a] *1.68%*	€958 million[b] *1.35%*
No. of taxpayers in phased payments arrangements Tax debt covered by such arrangements	12,437 *€116 million*	10,833 *€99 million*

[a] *€328m of this was subject to enforcement proceedings*
[b] *The amount available for collection at 31May 2018 was €845 million*

I.3. The C&AG recommended that, at least once a year, Revenue should review debt which is classified as collectable and which is more than one year old, but on which no agreement has been reached with the taxpayer for its payment. Where Revenue has not initiated enforcement action, it should determine what actions might be taken to collect the debt.

I.4. The Committee was also informed that in 2017 Revenue:

- issued 6,440 notices of attachment (to a third party), yielding €32m;
- successfully petitioned the courts to liquidate 34 defaulting companies;
- had 22 individuals adjudicated bankrupt by the courts;
- agreed 273 personal insolvency arrangements.

OTHER AREAS EXAMINED BY THE COMMITTEE AND ADDITIONAL INFORMATION PROVIDED

I.5. The Committee's examination also covered chapter 22 of the C&AG's 2017 report, entitled *Allocation of Encashment and Film Withholding Taxes*. The Committee heard that encashment tax receipts of just under €31 million which accumulated over the period 2012 to 2016 remained unallocated to taxpayer records at the end of 2016. Accumulated film withholding tax receipts of €1 million relating to 2015 and 2016 also remained unallocated to taxpayer records at the end of 2016.

I.6. The Committee noted that Revenue agreed to implement the C&AG' s recommendation that it ensure that, in cases where new categories of taxes are introduced, the taxpayer records system is updated to allow the correct and timely allocation of tax payments received to the individual taxpayer record.

I.7. The Committee's examination also covered the 2016 and 2017 Finance Accounts, the purpose of which is to present the collection and allocation of taxes and duties by

Revenue and the transfer of the proceeds to the Exchequer. No administration or operational costs of Revenue are included in this account. The account which is prepared on cash basis includes amounts received in respect of interest and penalties imposed. The account also includes receipts collected by Revenue for other government departments, agencies and EU member states, e.g. Social Insurance Fund (PRSI). The total of such receipts amounted to €12.2 billion in 2017. Table 14 shows total gross receipts in the four year period to 2016.

Table 14: Gross Tax and Other Receipts, 2013 to 2016

	2013 €m	2014 €m	2015 €m	2016 €m
Income Tax, Income Levy & USC	17,881	19,049	20,188	20,974
Value Added Tax	13,219	14,210	15,432	16,558
Corporation Tax	4,978	5,300	7,657	8,206
Excise	5,023	5,194	5,515	5,842
Stamp Duties	1,352	1,702	1,321	1,215
Capital Gains Tax	382	556	710	839
Customs Duty	248	277	333	312
Local Property Tax	317	497	474	468
Capital Acquisitions Tax	285	361	405	419
Collection on behalf of other Departments/Agencies	8,173	8,913	9,914	10,758
Total	**51,858**	**56,060**	**61,949**	**65,591**

I.8. The Committee questioned Revenue on the detection of tax evasion and were informed that members of the public can make a report to Revenue about suspected tax evasion or shadow economy activity either online, by completing and submitting the Tax Evasion Report Form, or by letter, email, or telephone call to any Revenue office. These reports are known as 'Good Citizen Reports' and the information provided is treated as strictly confidential.

I.9. In follow-up correspondence to the Committee Revenue stated that in the period from 2016 to the end of May 2018, Revenue received a total of 9,721 Good Citizen Reports. The yield from 2,971 reports received in 2016 was €4.9 million, while the yield from 4,734 reports received in 2017 was €2.6 million.

I.10. The Committee requested information on tax debt remaining unpaid in respect of tax defaulters published by Revenue in 2017 under Section 1086 of the Taxes Consolidation Act 1997. Revenue provided the following table detailing unpaid settlements in 2017.

Table 15: 2017 Tax Debt Remaining Unpaid in Respect of Published Tax Defaulters

Quarterly Basis	No published	No. with an amount unpaid at the end of the relevant period	%	Total amount published €m	Total amount unpaid at the end of the relevant period €m	%
Q1 2017	86	29	34	€14.40	€4.10	28
Q2 2017	58	19	33	€11.08	€5.68	51
Q3 2017	81	27	33	€17.43	€11.26	65
Q4 2017	64	26	41	€10.22	€4.92	48
Total	**289**	**91**		**€53.13**	**€25.96**	

I.11. Revenue also stated that, at 30 June 2018, €25.78 million in respect of 89 cases remains outstanding. Of this, €11.64 million (45%) relates to debt that is not collectable (€8.54 million in cases of proven inability to pay and €3.1 million other debt that is not collectable e.g. liquidation). The balance of €14.14 million is being actively pursued.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

I.12. The Committee noted that the amount of total tax outstanding at end March 2017 was €2.29 billion (end March 2018: €2.2 billion) and of this €1.1 billion (end March 2018: €958 million) was available for collection. It further noted that of the €1.1 billion available for collection at end March 2017, €328 million was subject to enforcement proceedings and €116 million was subject to phased payments arrangements, leaving €656 million which was not covered by either process. Over 40% of collectable debt in 2017 was over one year old. The Committee recommends that Revenue reviews its approach to the collection of outstanding taxes with a view to identifying initiatives such as increasing the number of taxpayers in phased payments arrangements in order to accelerate the receipt of collectable taxes.

I.13. The Committee noted that Revenue published the details of 289 tax settlements totalling €53.13 million during 2017 and that 91 (31.5%) of these settlements had unpaid amounts totalling €25.96 million at end-2017, representing 49% of the total settlements reached in 2017. The Committee further noted that of the 144 settlements reached by the end of June 2018, 48 totalling €25.48 million had unpaid amounts outstanding of €9.78 million. The Committee recommends that in addition to publishing the tax settlement amounts, Revenue considers publishing details of the amounts subsequently paid and outstanding balances at year end.

9. NATIONAL TREASURY MANAGEMENT AGENCY

Meeting Date: 12 July 2018

Principal Purpose of the Meeting:

- C&AG Report 2016 Chapter 23: Accounts of the National Treasury Management Agency;
- NTMA 2017 Financial Statements.

C&AG REPORT 2016 CHAPTER 23: ACCOUNTS OF THE NATIONAL TREASURERY MANAGEMENT AGENCY

INTRODUCTION

J.1 The National Treasury Management Agency (NTMA) Act 1990 requires the C&AG to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Agency each year. This chapter is his report for 2016. The report also provides information on functions carried out by the NTMA.

J.2 The accounts of the NTMA incorporate:

- National debt of Ireland;
- NTMA administration account;
- Post Office Savings Bank Fund financial statements;
- State Claims Agency financial statements;
- Ireland Strategic Investment Fund financial statements;
- Dormant Accounts Fund;
- a disclosure of expenses incurred in relation to its activities in respect of the National Pensions Reserve Fund and the National Asset Management Agency.

J.3 The Committee noted that the accounts of the NTMA for 2016 have been audited and that the C&AG is satisfied that the accounts properly present the transactions of the NTMA for 2016 and its balances at year end, i.e. a clear audit opinion.

SERVICE OF THE NATIONAL DEBT

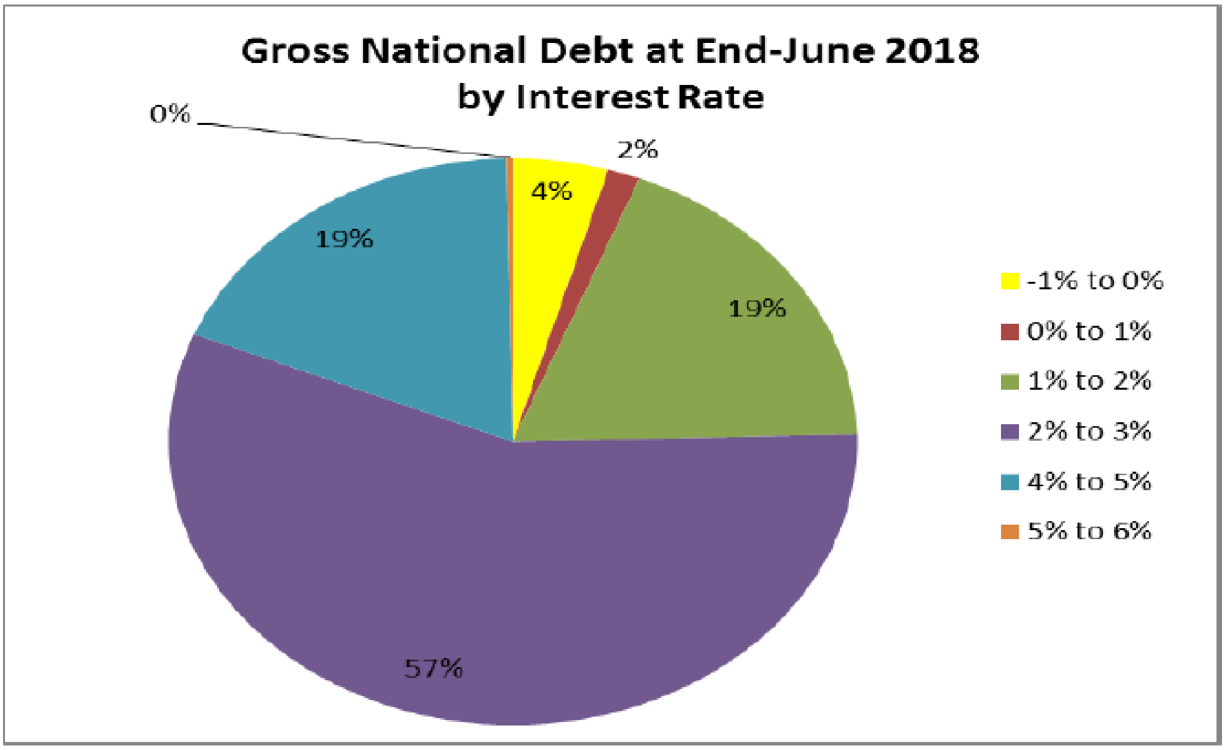
J.4 The Committee heard that since the beginning of 2015 the NTMA had refinanced €50 billion of the national debt to take advantage of favourable interest rates, equivalent to approximately a quarter of the total national debt.

J.5 The Committee questioned why the remaining three quarters had not been refinanced. The NTMA explained that debt is not capable of being refinanced until it matures.

J.6 The Committee noted that the cost of servicing the national debt was €6.1 billion in 2017 compared to €6.7 billion in 2016. The Committee heard that the national debt stood at €198.7 billion at 31 December 2017 and that the NTMA has projected that up to 2020, the annual debt servicing cost will continue on a downward trend towards €5 billion but thereafter will increase to or above €6 billion depending on the interest rate environment.

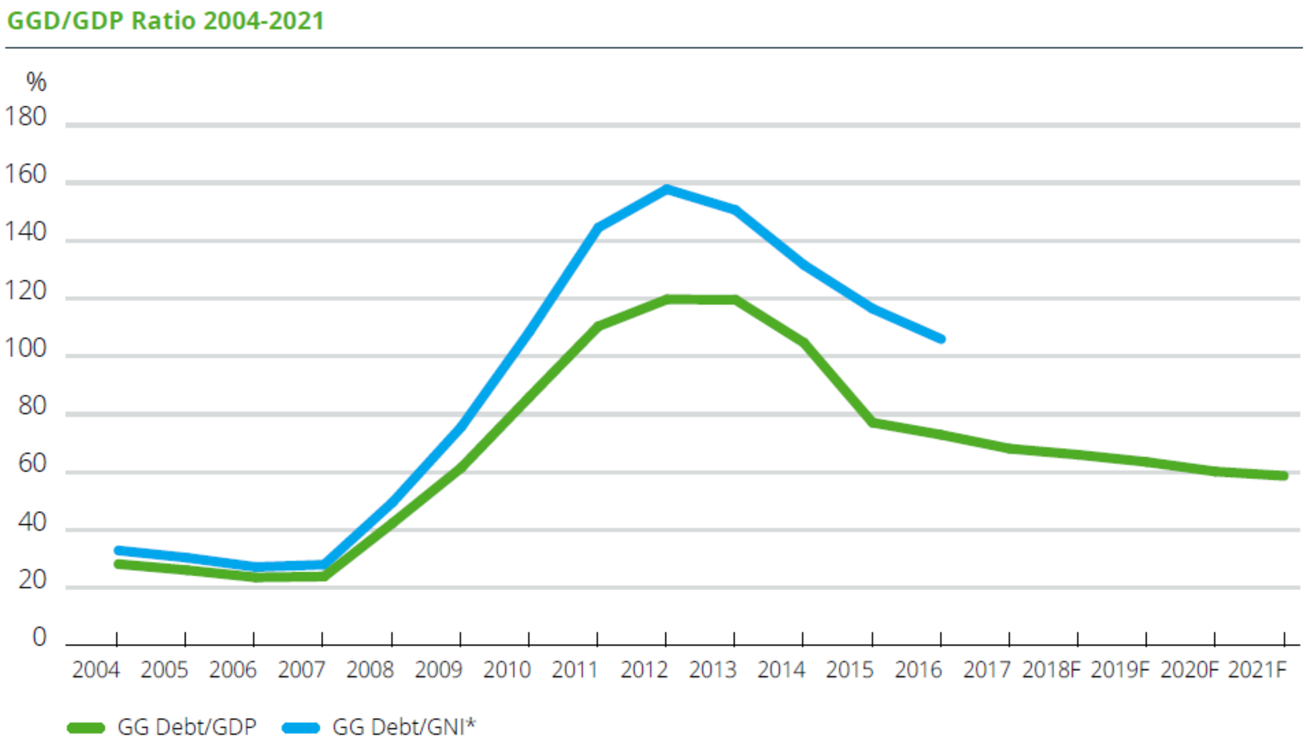
J.7 At the request of the Committee the NTMA provided the following chart showing a breakdown of the gross national debt outstanding at the end of June 2018 by weighted average interest rate:

Graphic 3: Interest Rate on National Debt at end June 2018



J.8 The Committee noted the different approaches to measuring Ireland's debt as a percentage of national income. The following chart from the NTMA's 2017 annual report shows the significant difference between the traditional debt/GDP approach and the debt/GNI* approach.

Graphic 4: Gross Government Debt / Gross Domestic Product Ratio 2004 - 2021



Source: CSO and Department of Finance

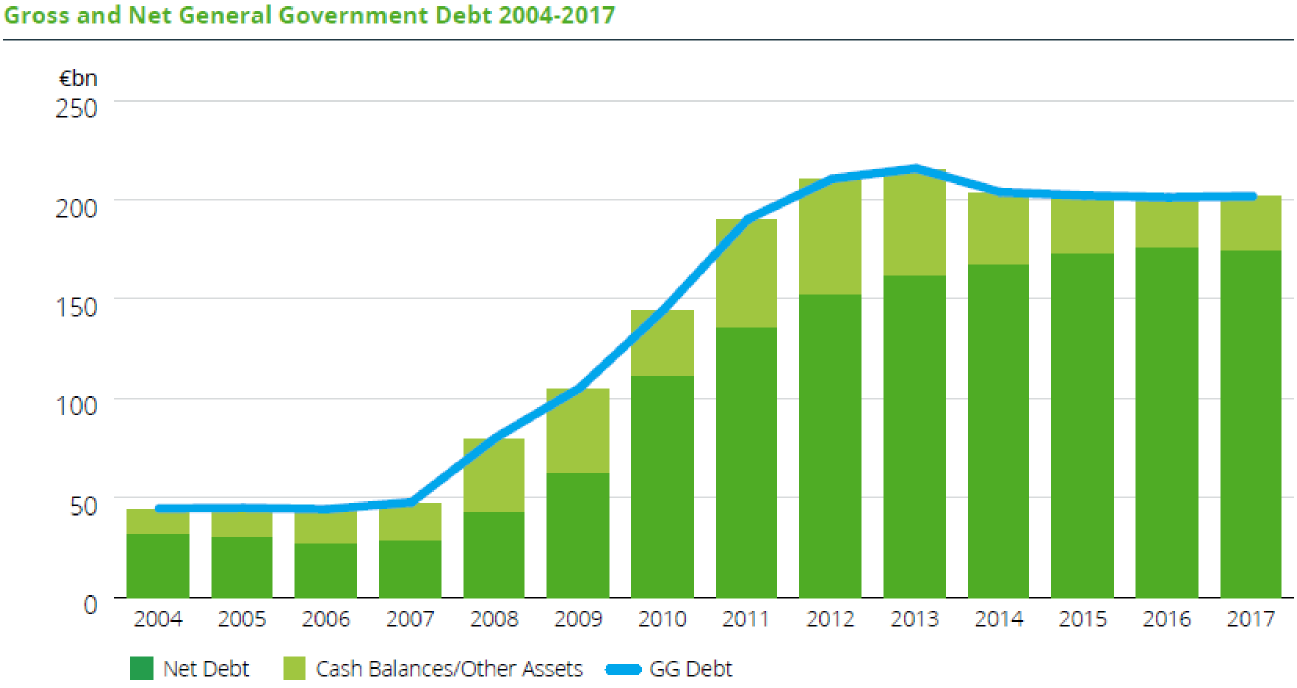
Note: Gross National Income (GNI*) - While GDP and GNP continue to be the international standard indicators, the development of a new level indicator, GNI*, has been proposed to address the specific nature of the Irish economy. GNI* excludes the depreciation attributable to relocated capital assets and the impact of re-domiciled firms.*

J.9 In response to a request by the Committee, the NTMA provided information which included definitions of and measures of public debt, i.e. General Government Debt and National Debt.

J.10 Members noted that Ireland's national debt remains at a worryingly high level no matter which way it is measured.

J.11 Members also noted the trend in the composition of the national debt over the period 2004 to 2017 as shown in the following chart from the NTMA's 2017 annual report and questioned the marked decline in the cash balances/other assets between 2012 and 2017.

Graphic 5: Gross and Net General Government Debt 2004-2017

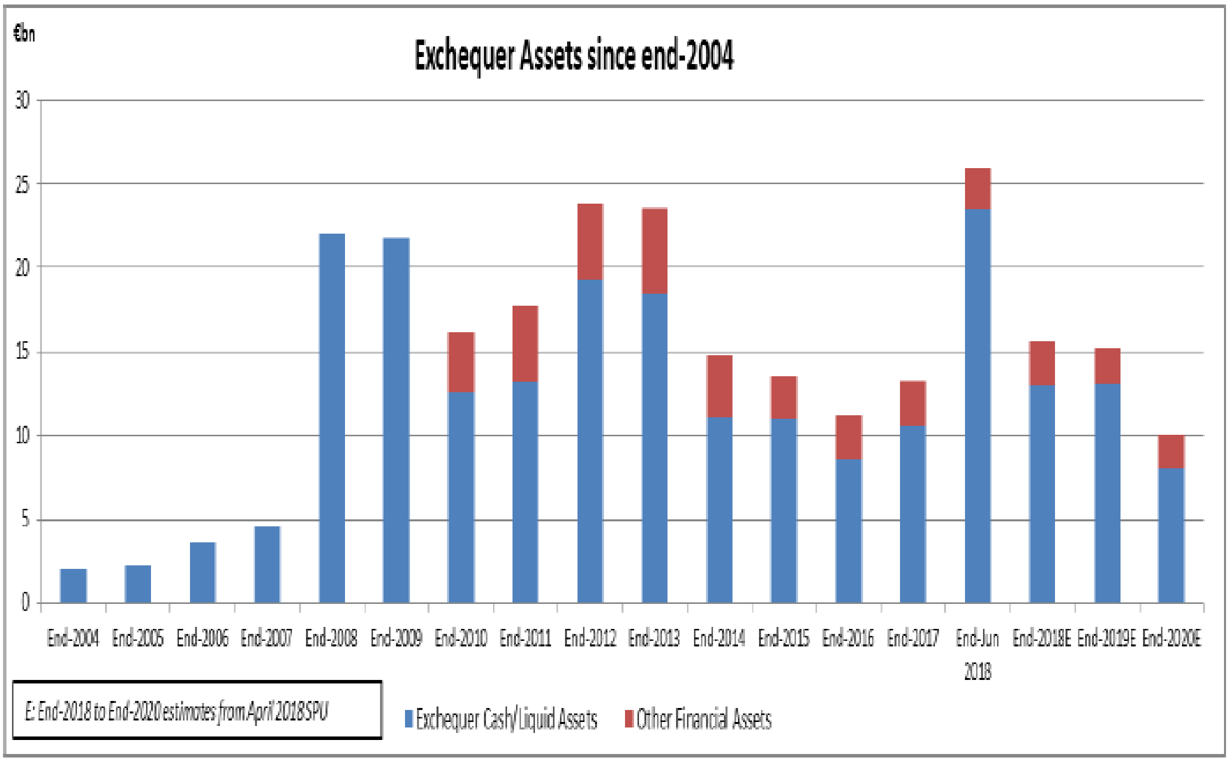


Source: CSO

J.12 The NTMA explained that the removal of any question over the State's access to capital markets had reduced the need for very high cash buffers since 2012.

J.13 At the Committee's request the NTMA provided the following chart which shows Exchequer cash/liquid assets and other financial assets from end-2004 to end 2018 as well as estimates for each year-end 2018 to 2020:

Graphic 6: Exchequer Assets, 2004 to 2020



IRELAND STRATEGIC INVESTMENT FUND (ISIF)

J.14 The Committee heard that initial funding (approximately €5 billion) for ISIF came from the residual balance in the National Pensions Reserve Fund following recapitalisation of the banks. The current balance in the ISIF is €8.9 billion and funding comes from dividends from the banks and investment income.

J.15 The Committee engaged with the NTMA on its investment strategy for ISIF investments including new emphasis on investment in Ireland, housing projects, and sustainable green investments.

J.16 Members noted that within six months of its meeting with the Committee in 2016, the NTMA had divested itself of ISIF investments in tobacco companies. The Committee was informed that the NTMA has also excluded 16 fossil fuel stocks from ISIF investments.

J.17 In follow-up correspondence the NTMA provided the Committee with the names of the excluded stocks and stated that ISIF obtains expert advice with regard to the analysis and composition of the fund's Global Portfolio.

J.18 The Chief Executive Officer of the NTMA informed the Committee that the NTMA had been requested by the Minister for Finance specifically to look at housing provision and that some €730m has been invested by ISIF in the residential housing sector which has been matched by private sector capital. It is expected that this will add 6,300 residential units by the end of 2020.

J.19 In follow-up correspondence the NTMA informed the Committee that 1,747 ISIF funded residential housing units have been completed to date and provided the following figures for expected annual completions for the period 2018 to 2020.

Table 16: NTMA Funded Residential Housing Units, 2018 to 2020

	Expected Annual Completions - Estimate
Year end 2018	1,500 units
Year end 2019	2,300 units
Year end 2020	2,500 units
Total	**6,300 units**

STATE CLAIMS AGENCY

J.20 At the request of the Committee the NTMA provided a list of the 146 public bodies under the remit of the State Claims Agency (SCA). This comprises 17 government departments and bodies which come under their aegis including for example, the Department of Health and health agencies such as the HSE and HIQA; the Department of Justice and Equality and bodies such as the Commissioner of An Garda Siochana and the Courts Service; the Revenue Commissioners; the Department of Education and Skills; TUSLA; and SOLAS.

J.21 Sectors which do not come under the remit of the SCA include:

- The University sector
- Voluntary Secondary School sector
- Primary School sector other than model schools
- Local Authority sector
- Teagasc
- Semi-State Bodies.

J.22 The Director of the Agency informed the Committee that there were 40 CervicalCheck cases currently being dealt with, and that the Agency's preferred option is to settle these claims through mediation. Other matters relating to CervicalCheck were discussed. The Committee may decide to report on all such matters in 2019.

NATIONAL DEVELOPMENT FINANCE AGENCY (NDFA)

J.23 The Committee raised the issue of the weightings attached to criteria for evaluating procurement tenders in regard to PPP projects and the weightings attached to price. The NTMA responded that this area is governed by EU procurement guidelines, that there are normally seven different criteria and that pricing tends to get a 40% weighting. The NTMA speculated that following the collapse of Carillion in the UK the question of whether price is given too high a weighting would be reviewed.

J.24 The Committee questioned the NTMA on the effect of the collapse of building company, Carillion, on Public Private Partnership (PPP) schools projects. In response the NTMA stated:

- A leading Irish sub-contractor went into examinership and ultimately liquidation, and there are lots of consequences of that. The Department of Education and Skills was procuring directly with that sub-contractor so the collapse of Carillion has caused very significant damage.
- The financial structure of the PPP has meant that the schools were built by Carillion and the Irish sub-contractor. Both of these were paid and as a result the equity providers into that vehicle (special purpose) have lost 90% of the value of the money. However, the State is not at a loss, as it does not start to pay until the school opens.
- When the contract was originally put out Carillion was a very robust publicly quoted company which had the confidence of shareholders and investors all over the world. In the NTMA's counterparty analysis, it looked like a "fine company" at that point.
- In the event of one of the parties failing, as has happened in the case of Carillion, the other members of a PPP company can take over and bring the school building projects to completion.

NewERA

J.25 In follow-up correspondence the NTMA informed the Committee that under Part 3 of the National Treasury Management Agency (Amendment) Act 2014, the NTMA through NewERA provides financial and commercial advisory services to Ministers of the Government in relation to the following designated bodies and their subsidiaries:

- ESB;
- Ervia;
- Bord na Móna;
- Coillte;
- EirGrid;
- Irish Water; and
- An Post.

J.26 The financial and commercial advice that NewERA provides to ministers in relation to the designated bodies includes the performance of the shareholder function of the relevant ministers, including advice to ministers in relation to requests for ministerial consent made by designated bodies (e.g. regarding borrowings, capital budgets and projects, acquisitions/disposals/restructurings, board appointments); review of financial performance, corporate strategy and capital and investment, plans of designated bodies; and governance and shareholder expectations in relation to designated bodies, including financial targets and dividend policy.

J.27 Under Part 3 of the 2014 Act, NewERA may also, where requested, provide financial and commercial advisory services to any Minister of the Government in relation to any State body that is not a designated body.

J.28 During 2017, an agreement was put in place with the Department of Transport, Tourism and Sport (DDTAS) whereby NewERA provides, on request, ongoing financial and commercial advice to the Department in relation to the main commercial State bodies in the transport sector, i.e.:

- CIE (including Iarnród Éireann, Bus Átha Cliath and Bus Éireann);
- Dublin Port Company;
- Port of Cork;

- Shannon Foynes Port Company;
- Dublin Airport Authority;
- Irish Aviation Authority; and
- Shannon Group.

J.29 The NTMA also informed the Committee that, during 2017, NewERA was requested to provide financial and commercial advice to the Minister for Health in relation to the Voluntary Health Insurance Board (VHI), which involved a financial review of VHI's strategic and financial plan.

J.30 Following this, in 2018 a similar agreement to the one in place with DTTAS has been put in place with the Department of Health whereby NewERA provides, on request, ongoing financial and commercial advice to the Minister for Health in relation to VHI.

NTMA 2017 FINANCIAL STATEMENTS

J.31 The Committee questioned the NTMA on matters drawn attention to by the C&AG in his report on the 2017 financial statements of the NTMA's Administration Account, including:

- non-effective expenditure of €853,000 relating to the development of a treasury management IT system, and
- non-compliance with public procurement guidelines in respect of contracts for goods and services to the value of €6.2m .

J.32 In regard to the non-effective expenditure of €853,000 the NTMA informed the Committee that this relates to a €5 million contract for a new CIT system that was procured in 2016. As part of the procurement and tender process, in line with common practice, a percentage of the fee (€500,000) was paid to the vendor on being appointed and signing the contract. The due amount (€250,000) was paid for the next phase, which was the planning stage. Thereafter, a design phase was gone through but NTMA's requirements were not met. The company was allowed a second attempt to resolve the issues but it again failed to meet requirements. The decision to terminate the project was based on a lack of confidence in the performance of the vendor.

J.33 The Committee was informed that arrangements are ongoing to recoup the payments made to the vendor and that the NTMA continues to use its existing upgraded in-house system. The Committee sought information as to the basis for recoupment given that NTMA had contended that all payments had been made in accordance with the contract. In reply, the NTMA informed the Committee that as indicated in its 2017 Annual Report, arrangements to close out the project are ongoing, and the NTMA is in contact with the vendor in this regard. The NTMA further stated that accordingly, it would not be appropriate for it to comment further on this point.

NTMA'S MOVE TO NEW PREMISES

J.34 The Committee enquired into the factors influencing the NTMA's decision to move headquarters from the Treasury Building which it had occupied to new premises. The Committee was informed that:

- all of the leases relating to the floors occupied in the Treasury Building have different end dates which are due to expire in the short term;
- each floor is roughly 20,000 square feet at €50 per square foot - excluding service charges - which works out at an annual rent of approximately €1 million per floor. The total annual rent in respect of the nearly two floors occupied by the NTMA's 500 staff is €1.8 million;
- had the NTMA stayed, the landlord indicated that over the next period of time there was a likelihood that that building would be refurbished and as they do up one floor, the staff would be constantly moving over a two-year period;
- the decision to move to a new premises in Dublin Landings, North Wall Quay, was approved by the Board of the NTMA; and
- the move would be cost neutral.

J.35 The Committee enquired as to whether a business case was made for the alternative to leasing or purchasing a building. In response, the Agency informed the Committee that it did "look at buying a building". However, it chose not to pursue that option.

CONCLUSIONS AND RECOMMENDATIONS

The Committee of Public Accounts is of the view that:

J.36 Ireland's national debt, which stood at €198.7 billion at 31 December 2017, regardless of how it is measured relative to GNP, GDP or GNI*, remains at a worryingly high level.

J.37 There is not enough clarity in relation to the €730m that the Ireland Strategic Investment Fund (ISIF) is investing in the residential housing sector. The Committee recommends that ISIF publishes a list of housing completions, on at least a quarterly basis.

J.38 Leasing as opposed to outright purchase may not always provide value for money. The Committee recommends that the Department of Public Expenditure and Reform provides guidance to public bodies to ensure that the short term benefits of leasing of properties are not given undue emphasis when compared with those that outright acquisition may offer.

J.39 The State Claims Agency (SCA) manages claims against 146 State bodies under its remit. The Committee recommends that the Department of Public Expenditure and Reform, together with the SCA, carries out a review of public bodies whose claims are not managed by the SCA, with a view to extending the remit of the SCA to such bodies.

J.40 While the financial exposure to the State may not be significant, the collapse of Carrillion comes at a great social cost in the terms of delays to the delivery of major State infrastructural projects. The Committee recommends that the Department of Public Expenditure and Reform and the National Development Finance Agency carries out a review of the impact of significant events, such as the collapse of Carillion on Public Private Partnership's, in order to document what lessons can be learned.

Appendix 1 Committee Membership

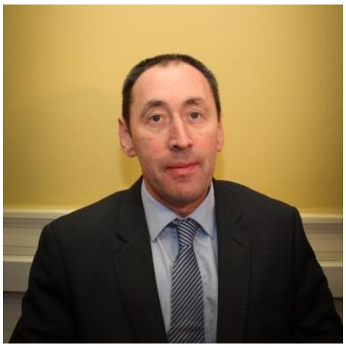
Bobby Aylward (FF)

Peter Burke (FG)

Shane Cassells (FF)

Catherine Connolly (I4C)

David Cullinane (SF)



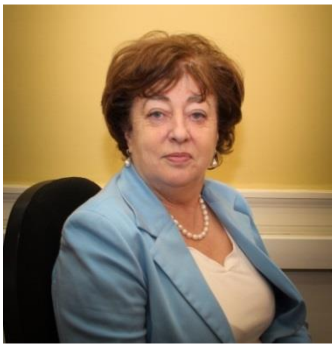
Pat Deering (FG)

Alan Farrell (FG)

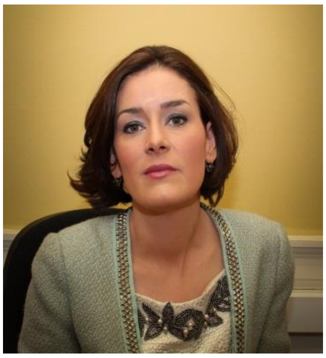
Seán Fleming (FF)

Alan Kelly (Lab)


Marc MacSharry (FF)


Catherine Murphy (SD/GPTG)


Jonathan O Brien (SF)


Kate O Connell (FG)

Appendix 2 Committee Terms of Reference

Committee of Public Accounts

186. (1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—

a) the accounts showing the appropriation of the sums granted by the Dáil to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil, together with any reports by the Comptroller and Auditor General thereon: Provided that in relation to accounts other than Appropriation Accounts, only accounts for a financial year beginning not earlier than 1 January, 1994, shall be examined by the Committee;

b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and

c) other reports carried out by the Comptroller and Auditor General under the Act.

(2) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil.

(3) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.

(4) The Committee shall have the following powers:

a) power to send for persons, papers and records as defined in Standing Order 88;

b) power to take oral and written evidence as defined in Standing Order 85(1);

c) power to appoint sub-Committees as defined in Standing Order 85(3);

d) power to engage consultants as defined in Standing Order 85(8); and

e) power to travel as defined in Standing Order 85(9).

(5) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.

(6) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.

(7) The Committee shall refrain from—

a) Enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; and

b) Enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.

(8) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.

(9) The Committee shall consist of twelve members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

Appendix 3 Witnesses who provided oral evidence, and links to transcripts

DEPARTMENT OF HOUSING, PLANNING AND LOCAL GOVERNMENT
DEPARTMENT OF EDUCATION
ECONOMIC & SOCIAL RESEARCH INSTITUTE
ABBEY THEATRE

Link to Transcript

Meeting Date: 23 May 2018

Principal Purpose of the Meeting: The Examination of the Submission of Late Accounts.

Accounts examined:

- 2017 Financial Statements of the Local Government Fund;
- 2017 Financial Statements of the National Training Fund;
- 2017 Financial Statements of the Economic and Social Research Institute;
- 2017 Financial Statements of the Abbey Theatre.

Witness Name	Title
Department of Housing, Planning and Local Government	
Mr. John McCarthy,	Secretary General
Mr. Maurice Coughlan,	Principal Officer
Department of Education	
Mr Seán Ó Foghlú,	Secretary General
Mr Keith Moynes,	Principal Officer
ESRI	
Professor Alan Barrett,	Director
Mr. Charles O'Regan,	Company Secretary/Head of Finance
Abbey Theatre	
Mr. Neil Murray,	Director/CEO
Mr. Denis Reeves,	Director of Finance & Administration(Interim)

THE HIGHER EDUCATION AUTHORITY
UNIVERSITY COLLEGE CORK
CORK INSTITUTE OF TECHNOLOGY

Link to Transcript

Meeting Date: 24 May 2018

Principal Purpose of the Meeting:

- Higher Education Authority (HEA) 2016 Financial Statements;
- University College Cork (UCC) 2016 Financial Statements;
- Cork Institute of Technology (CIT) 2016 Financial Statements.

Witness Name	Title
Department of Education and Skills	
Mr William Beausang,	Assistant Secretary
Mr Tony Gaynor	Principal Officer
The Higher Education Authority	
Mr. Graham Love	Chief Executive
Ms Sheena Duffy	Interim Head of System Funding and Governance
Mr Stewart Roche	Management Accountant
Mr. Tim Conlon	Interim Head of System Development and Performance Management
Mr. Neil McDermott	System Funding
UCC	
Professor Patrick O'Shea	President
Mr Diarmuid Collins	Bursar / Chief Financial Officer
Mr Cormac McSweeney	A/Finance Officer
Cork Institute of Technology	
Dr Barry O'Connor	President
Mr Paul Gallagher	Vice President for Finance & Administration
Mr John A. McCarthy	Contract Managers Representative
Ms Ellen Crowley	Finance Manager
Mr Jim O'Byrne	Head of NMCI Services

GARDA INTERNAL AUDIT REPORT – ICT DIRECTORATE PAYMENTS PROCESS

Link to Transcript

Meeting Date: 31 May 2018

Meeting Date: 31 May 2018

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 20: An Garda Síochána;
- Garda Internal Audit Report – ICT Directorate Payments Process.

Witness Name	Title
An Garda Síochána	
Mr. Niall Kelly	Head of Internal Audit Section
Mr. Joseph Nugent	Chief Administrative Officer
Mr. Donáll Ó Cualáin	Commissioner
Mr. Michael Culhane	Executive Director of Finance & Services
Mr. Liam Kidd	Executive Director of ICT
Mr. John Cunnane	Head of Procurement
Mr. Kieran Downey	IT
Mr .John Ferris	Superintendent, Garda Press Office
Mr. Gail Malone	Strategic Transformation Office
Ms. Therese Carolan	Internal Affairs
Department of Justice & Equality	
Ms. Nuala Ni Mhuircheartaigh	Principal Officer, Policing Division
Ms. Tracey Germaine	Assistant Principal Office, Policing Division
Department of Public Expenditure and Reform	
Mr. Jim Deane	Head of Policy, Office of Government Procurement

NATIONAL TREATMENT PURCHASE FUND

Link to Transcript

Meeting Date: 14 June 2018

Principal Purpose of the Meeting:

- National Treatment Purchase Fund Board 2016 Financial Statements;
- Matters related to the Nursing Home Support Scheme.

Witness Name	Title
09.00 am	
State Claims Agency	
Mr. Ciarán Breen	Director
Mr. Pat Kirwan	Executive Head of Business Development
Ms. Jenny Foley	Solicitor/Clinical Claims Manager
Dr. Cathal O'Keeffe	Head of Clinical Risk
HSE	
Mr. John Connaghan	Director General
Dr. Stephanie O'Keeffe	National Director Strategic Transformation and Planning
Mr. John Gleeson	Programme Manager, CervicalCheck
Mr. Paul Connors	National Director of Communications
Mr. Damien McCallion	National Director, National Screening Service
Nursing Homes Ireland	
Mr. Tadhg Daly	Chief Executive
Mr. Maurice Pratt	Chairman
Ms. Vicky McDwyer	Director
Ms. Sinead Morrissey	Practice Development Facilitator
14.30pm	
National Treatment Purchase Fund	
Mr. John Horan	Chairman
Mr. Liam Sloyan	Chief Executive
Mr. Sean Flood	Finance Director
Ms. Liz Lottering	Audit, Quality & Research Director
HSE	
Mr. Michael Fitzgerald	Assistant National Director, Older People and Palliative Care – Strategy

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

Link to Transcript

Meeting Date: 21 June 2018

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 28: Foreign Affairs and Trade;
- Appropriation Account 2016 Vote 27: International Co-operation;
- C&AG Report 2016 Chapter 14: Control of Ireland's Bilateral Assistance Programme.

Witness Name	Title
Department of Foreign Affairs and Trade	
Mr. Niall Burgess	Secretary General
Mr. Austin Gormley	Director General, Corporate Service Division.
Mr. Ruairi de Burca	Director General, Development Co-operation Division
Ms Fiona Penollar	Director, Passport Services
Ms Barbara Cullinane	Director, Strategy & Performance Unit
Ms Caitríona Ingoldsby	Director, Irish Abroad Unit
Department of Public Expenditure and Reform	
Mr. Brian O'Malley	

TAX APPEALS COMMISSION

Link to Transcript

Meeting Date: 28 June 2018, morning session

Principal Purpose of the Meeting:

- Appropriation Account 2016 Vote 10: Tax Appeals Commission ;
- C&AG Report 2016 Chapter 9: Internal Controls in the Tax Appeals Commission.

Meeting Date: 28 June 2018, afternoon session

Principal Purpose of the Meeting:

- C&AG annual report 2016 Chapter 21: Tax Debt and Write Outs;

- C&AG annual report 2016 Chapter 22: Allocation of Encashment and Film Withholding Taxes;
- Appropriation Account 2016 Vote9: Revenue Commissioners;
- Finance Accounts 2016 and 2017.

Witness Name	Title
Morning Session 9.00 am	
Tax Appeals Commission	
Mr. Mark O'Mahoney	Commisssioner and Accounting Officer
Ms. Lorna Gallagher	Commissioner
Ms. Brenda McVeigh	Head of Administration
Mr. Brian Diskin	Deputy Head of Administration
Department of Finance	
Ms Deirdre Donaghy	
Afternoon Session 14.30 pm	
Office of the Revenue Commissioners	
Mr. Niall Cody	Chairman
Mr. Joe Howley	Assistant Secretary, Collector-General's Division,
Ms. Clare Omelia	Principal Officer and Liaison to the Office of the Comptroller & Auditor General and the Committee, and
Mr. Tom Dowling	Assistant Principal, Corporate Services Division.
Department of Finance	
Ms Anna Donegan	

NATIONAL TREASURY MANAGEMENT AGENCY

Link to Transcript

Meeting Date: 12 July 2018

Principal Purpose of the Meeting:

- C&AG Report 2016 Chapter 23: Accounts of the National Treasury Management Agency;
- NTMA 2017 Financial Statements.

Witness Name	Title
NTMA	
Mr. Conor O'Kelly,	CEO
Mr. Ian Black	Chief Financial and Operating Officer
Mr. Ciarán Breen	Director, State Claims Agency
Department of Finance	
Mr. Eoin Dorgan,	Principal Officer, Banking Division
Ms Orla Collison	Banking Division

Appendix 4 Committee of Public Accounts Visit to Tanzania - Itinerary

Date	Time	Activity
Sunday 13 May	02:30	Arrive Dar es Salaam and transfer to Slipway hotel
	18:00	Informal dinner at Ambassador's Residence
		Overnight in Dar es Salaam
Monday 14 May **Day 1**	09.00	Depart Hotel
	09.15	Muhimbili / Crumlin hospital project on childhood cancer
	10.15	Depart hospital
	10.30	CCBRT (Disability centre)
	11.30	Depart CCBRT
	12.00	Briefing at Embassy on Mission Strategy, Systems, Audit and Risk Management followed by lunch with Embassy Team
	14.30	Depart Embassy for airport
	17.00	Flight to Mwanza
	18.45	Arrive Mwanza
	19.30	Check in to hotel
		Overnight in Mwanza – Ryan's Bay Hotel
Tuesday 15 May **Day 2**	08.15	Depart hotel
	08.30	Call on Mwanza Regional Commissioner
	09.15	Depart Mwanza to Misungwi District
	09.45	Gender Based Violence Project implemented by local partner Kivulini
	10.45	Misungwi Secondary school visit with local partner Femina Hip
	11.45	Depart School for Misasi Health Centre
	12.15	Arrive Misasi Health Centre
	13.30	Depart Misungwi for Shinyanga *Lunch in the car*
	15.00	Call on Shinyanga Regional Commissioner
	15.30	Buhangija Special School – focus on albinism
	16.30	Arrive hotel
		Overnight in Shinyanga – Vigimark Hotel
Wednesday 16 May **Day 3**	08.00	Depart Hotel
	09.00	Arrive Buyubi School and Health Centre (Irish Missionary centre)
	10.00	Depart Buyubi
	11.45	Arrive Igunga Eco Village Project (office)
	12.30	Depart Igunga
	14.00	Call on Regional Commissioner Singida
	14.30	Depart for AMDT sunflower project (Faida Mali)
	15.10	Arrive in Seketeure Village, Singida District
	16.15	Depart Ilongero Ward for Standard Radio

	17.00	Arrive Mwamtanda - Standard Radio
	17.20	Depart Mwamtanda - Standard Radio
	17.30	Arrive Hotel
	19.00	*Dinner with Irish Missionaries*
		Overnight Singida – Regency Hotel
Thursday 17 May **Day 4**	07.00	Depart Singida – travel to Dodoma
	10.00	Visit the parliament (visitors' gallery)
	10.30	Speaker of Parliament (time tbc)
	11.00	Deputy Speaker of parliament and chair of the UN Legislative Support Programme (time tbc)
	11.30	Chairs and co-chairs of the Tanzanian Public Accounts Committee, Local Authorities Accounts Committee and Social Affairs Committee (tbc)
	12:30	Tanzania Women's Parliamentary Group
	13.30	Deputy Minister for Health (tbc)
		Lunch
	15.00	Depart Parliament
	15.10	Arrive airport
	16.00	Flight to Dar es Salaam
	17.45	Arrive Dar es Salaam
	19.00	Arrive Slipway hotel
		Evening free
Friday 18 May **Day 5**	08.30	Depart hotel
	08.45	Trade Mark East Africa (a regional trade initiative)
	10.00	Controller and Auditor General
	11.30	Coffee meeting with international partners on medium term prospects for Tanzania and the region
	13.00	*Buffet lunch with Irish community at Ambassador's residence – informal*
	14.30	Debrief with management team
		Programme Ends
Saturday 19 May	01.15	Depart Hotel
	01.45	Arrive Airport
	03.25	Flight departs

Appendix 5 References

Paragraph/ Table/ Graphic Number	Reference
1. Late Submission of Accounts to the C&AG	
B.1.	• Transcript 23.05.18 p. 2
B.2.	• Transcript 23.05.18 pp. 2, 3
B.3.	• http://www.http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf; • http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2015.pdf; • http://www.audgen.gov.ie/reports/Financial_Reporting_in_the_Public_Sector.pdf
B.4.	• http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf;
B.5.	• http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf;
B.6.	• http://www.http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf; • http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2015.pdf; • http://www.audgen.gov.ie/reports/Financial_Reporting_in_the_Public_Sector.pdf
Graphic 1	• http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf; (adapted)
B.7.	• https://circulars.gov.ie/pdf/circular/per/2015/07.pdf
B.8.	• https://govacc.per.gov.ie/wp-content/uploads/DPER-Circular-25-2017-Requirements-for-Appropriation-Accounts-2017.pdf ; • http://www.http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf; • http://www.audgen.gov.ie/reports/Financial_Reporting_in_the_Public_Sector.pdf
B.9.	• Transcript 23.05.18 p.8 • http://www.http://www.audgen.gov.ie/reports/Public_Sector_Financial_Reporting_for_2016.pdf;
2. The Higher Education Authority, University College Cork, and Cork Institute of Technology	
C.1.	• http://opac.oireachtas.ie/AWData/Library3/PAC_Report_of_Third-Level_Institutions_11_July_2017_171529.pdf
C.2.	• http://hea.ie/2018/08/21/hea-chief-executive-dr-graham-love-stepping-down/
C.3.	• Transcript 24.05.18 pp.2, 3
C.4.	• http://opac.oireachtas.ie/AWData/Library3/DESdoclaid03082017_152615.pdf • Transcript 24.05.18 p. 3
C.5.	• http://opac.oireachtas.ie/AWData/Library3/DESdoclaid12032018_165741.pdf • Transcript 24.05.18 pp. 3, 6, 7
C.6.	• Transcript 24.05.18 pp. 8, 55 • PAC32-R-1367 B
C.7.	• Transcript 24.05.18 p. 9 • http://opac.oireachtas.ie/AWData/Library3/DESdoclaid12032018_165741.pdf • PAC32-R-1558 B follow – up to PAC meeting
C.8.	• http://opac.oireachtas.ie/AWData/Library3/DESdoclaid25102017a_112225.pdf • Transcript 24.05.18 p. 4
C.9.	• Transcript 24.05.18 p. 19
C.10.	• Transcript 24.05.18 pp. 19, 20

Paragraph/ Table/ Graphic Number	Reference
C.11.	• http://hea.ie/assets/uploads/2017/06/National-Strategy-for-Higher-Education-2030.pdf p.22 • http://www.irishstatutebook.ie/eli/1997/act/24/enacted/en/print#sec16 • http://www.irishstatutebook.ie/eli/1992/act/16/section/6/enacted/en/html#sec6 • http://www.irishstatutebook.ie/eli/2018/act/3/ • Transcript 24.05.18 p. 20
C.12.	• https://govacc.per.gov.ie/wp-content/uploads/Combined-Code-Online-Version.pdf pp. 24, 25 • PAC32-R-1380(iv) B Correspondence from the Higher Education Authority
C.13.	• Transcript 24.05.18 p. 18
C.14.	• http://hea.ie/policy/he-reform/technological-universities/ • http://hea.ie/assets/uploads/2017/06/National-Strategy-for-Higher-Education-2030.pdf
C.15.	• http://hea.ie/assets/uploads/2017/04/Special-HEA-minutes-Oct-14-1.pdf
C.16.	• Transcript 24.05.18 p.42 • PAC32-R-1371 B Correspondence from the Department of Education and Skills
C.17.	• https://www.education.ie/en/The-Education-System/Higher-Education/Process-and-Criteria-for-Designation-as-a-Technological-University.pdf • PAC32-R-1371 B Correspondence from the Department of Education and Skills
C.18.	• PAC32-R-1371 B Correspondence from the Department of Education and Skills
C.19.	• PAC32-R-1371 B Correspondence from the Department of Education and Skills
C.20.	• PAC32-R-1749 B Correspondence from the HEA.
Table 1	• PAC32-R-1380(iv) B Correspondence from the HEA.
C.21.	• Transcript 24.05.18 p. 47
C.22.	• http://hea.ie/assets/uploads/2017/06/HEA-RFAM-Final-Report-for-Publication.pdf p.46 • Transcript 24.05.18 p. 48
C.23.	• Transcript 24.05.18 p. 47 • PAC32-R-1380(iv) B Correspondence from the HEA. • http://www.irishstatutebook.ie/eli/2006/act/25/
C.24.	• PAC32-R-1380(iv) B Correspondence from the HEA. • http://www.irishstatutebook.ie/eli/1997/act/24
C.25.	• http://www.irishstatutebook.ie/eli/2018/act/3 • PAC32-R-1561 B Correspondence from the HEA.
C.26.	• Transcript 24.05.18 • PAC32-R-1560 B Correspondence from CIT
C.27.	• Transcript 24.05.18 p.49 • PAC32-R-1560 B Correspondence from CIT
C.28.	• PAC32-R-1560 B Correspondence from CIT
C.29.	• Transcript 24.05.18 pp.45, 48
C.30.	• Transcript 24.05.18 pp.32, 52
C.31.	• Transcript 24.05.18 pp. 49, 51 • PAC32-R-1560 B Correspondence from CIT
C.32.	• Transcript 24.05.18 p.45
C.33.	• Transcript 24.05.18 pp. 26, 29, 30, 31, 52 • http://www.irishstatutebook.ie/eli/2014/act/14/

Paragraph/ Table/ Graphic Number	Reference
C.34.	• PAC32-R-1397 B Correspondence from the Department of Public Expenditure and Reform • PAC32-R-1473(i) B Correspondence from the Department of Public Expenditure and Reform
C.35.	• PAC32-R-1397 B Correspondence from the Department of Public Expenditure and Reform
C.36.	• PAC32-R-1311 A p.3 Briefing information from the HEA • Transcript 24.05.18 pp. 21, 22, 23, 60 • PAC32-R-1561 B Correspondence from the HEA
C.37.	• PAC32-R-1366 B Correspondence from CIT • Transcript 24.05.18 pp. 16, 61 • PAC32-R-1561 B Correspondence from the HEA
C.38.	• Transcript 24.05.18 pp. 23, 24 • PAC32-R-1561 B Correspondence from the HEA
C.39.	• Transcript 24.05.18 p.14
C.41.	• Transcript 24.05.18 pp.23-25
C.42.	• Transcript 24.05.18 p. 13 • PAC32-R-1297 B - Correspondence from UCC.
3. Garda Internal Audit Report – ICT Directorate Payments Process	
D.1.	• PAC32-R-1333A ICT Directorate Payments Process Audit Report August 2017 • https://www.audit.gov.ie/en/Find-Report/Publications/2017/vote-20.pdf
D.2.	• https://www.audit.gov.ie/en/Find-Report/Publications/2017/vote-20.pdf p.4 • PAC32-R-1750(ii) B correspondence from An Garda Síochána
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