



TITHE AN OIREACHTAIS

AN COISTE UM CHUNTAIS PHOIBLÍ

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Arna Foilsiú i Márta 2018

HOUSES OF THE OIREACHTAS

COMMITTEE OF PUBLIC ACCOUNTS

REPORT

Periodic Report No.2, November - December 2017

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ABBREVIATIONS USED IN REPORT

Abbreviation	Term	Chapter
AGS	An Garda Síochána	An Garda Síochána
BAI	Broadcasting Authority of Ireland	Department of Communications, Climate Action and Environment
C&AG	Comptroller and Auditor General	
CAO	Chief Administrative Officer	An Garda Síochána
ComReg	Commission for Communications Regulation	Department of Communications, Climate Action and Environment
DPER	Department of Public Expenditure and Reform	
ESBS	Education Shared Business Services	Education and Training Board (ETB) Sector
ETB	Education and Training Board	Education and Training Board (ETB) Sector
ETBI	Education and Training Board Ireland	Education and Training Board (ETB) Sector
GIAS	Garda Internal Audit Section	An Garda Síochána
GSOC	Garda Síochána Ombudsman Commission	An Garda Síochána
IBRC	Irish Bank Resolution Corporation	Department of Finance
NAMA	National Asset Management Agency	Department of Finance
NTMA	National Treasury Management Agency	Department of Finance
OGP	Office of Government Procurement	An Garda Síochána
OLAF	European Anti-Fraud Office	An Garda Síochána
OPW	Office of Public Works	An Garda Síochána
PRSI	Pay-Related Social Insurance	Department of Employment Affairs and Social Protection
SIPO	Standards in Public Office	An Garda Síochána
VEC	Vocational Education Committee	Education and Training Board (ETB) Sector

CHAIRMAN'S PREFACE

This is the Committee's second periodic report and it focuses on matters arising from engagements of the Committee of Public Accounts initiated in November and December 2017. 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 six public sessions between 9 November and 14 December 2017, following up on matters from previous meetings and examining issues emerging from financial statements audited and matters reported on by the C&AG. The Committee held meetings with the Department of Communications, Climate Action and Environment, representatives of organisations from the Education and Training Board (ETB) sector, An Garda Síochána, the Department of Employment Affairs and Social Protection, and the Department of Finance. The Committee also held a meeting with the Revenue Commissioners regarding Corporation Tax, but plans to address the proceedings of this meeting in a future report.

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 preparation of this report.

I commend the Committee's report to Dáil Éireann.



Sean Fleming, TD
Chairman, Committee of Public Accounts
28 March 2018



GENERAL CONCLUSIONS

After consideration of the evidence presented to the Committee during meetings held in November and December 2017, the Committee has come to a number of general and specific conclusions and offers a number of recommendations for further actions.

PUBLIC SECTOR REPORTING

1. Arising from the C&AG Report 99 in relation to Public Sector Financial Reporting for 2015, the Committee finds it unacceptable that so many public bodies did not meet their statutory timeframe for submitting their accounts for audit. The Committee is of the view that the submission of Annual Financial Statements within the statutory time limit is one of the key tests of corporate governance for the board of any public body.

FORMAT OF APPROPRIATION ACCOUNTS

2. The Committee is of the view that the format of Departmental Appropriation Accounts is not designed with the reader of the accounts in mind, and that it is not always possible to clearly identify total expenditure in any given sector from these accounts.

PROCUREMENT OF PROFESSIONAL ADVISORS

3. Arising from the appointment of professional advisors and consultants on the National Broadband Plan and the Special Liquidation of the IBRC, the Committee is of the view that it is not good administration practice to acquire the services of professional advisors and consultants on open-ended contracts which are extended repeatedly beyond their original stated timeframe without being re-examined and re-assessed on a regular basis.

4. The Committee acknowledges that procurement of professional advisory services occurs at the beginning of a project. However, the Committee is of the opinion that it is reasonable that the timeframe of contracts should not be indeterminate, and that contracts be re-examined over a project's life cycle.

GENERAL RECOMMENDATIONS

PUBLIC SECTOR REPORTING

5. The Committee recommends that the Chairperson of the Board of every public body personally ensures that the financial statements for the organisation are submitted within the statutory time limit for annual audit.

FORMAT OF APPROPRIATION ACCOUNTS

6. The Committee recommends that the layout of information in Departmental Appropriation Accounts be re-appraised, and that additional notes be added to the accounts clearly identifying sectors and outlining expenditure on all public sector organisations.

PROCUREMENT OF PROFESSIONAL ADVISORS

7. The Committee recommends that any engagement of consultants or professional advisors for any public contract should have a time limit attached. At the end of that period, the contract should be put up again for tender notwithstanding the ongoing nature of the work. This is necessary to ensure there is ongoing value for money and that organisations do not continue to draw funds from the Exchequer without regular retendering processes being in place.

CONCLUSIONS ARRIVED AT IN BODY OF THE REPORT

Paragraph and page numbers listed after each conclusion indicate where the conclusion appears in the body of the report.

DEPARTMENT OF COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT

A.1. The Committee considers it unsatisfactory that the Department of Communications, Climate Action and Environment did not progress vitally important projects such as broadband infrastructure and sustainable energy research sufficiently, resulting in €20.4 million being returned to the Exchequer in 2016. (C.35, p30)

A.2. The Committee is of the view that, considering that RTÉ received €179.3 million from the Department of Communications, Climate Action and Environment in 2016, it is not acceptable that there is no service level agreement in place. The Committee is of the opinion that further clarity should be brought to the oversight arrangements of RTÉ, in addition to the provisions of the Broadcasting Act (2009). (C.36, p30)

A.3. The Committee was informed by the Secretary General of the Department of Communications, Climate Action and Environment at the meeting on 9 November 2017 that a formal oversight agreement would be in place between the Department and RTÉ by the end of 2017. However, the Committee was subsequently informed in writing that the Department considered that it was possible that a service level agreement would undermine the independence of RTÉ. This lack of consistency in evidence to the Committee is a source of concern, and there is no evidence that this view has been communicated to the Department of Public Expenditure and Reform. The Committee believes that a service level agreement can be put in place between the Department and RTÉ without compromising the broadcasting independence of RTÉ. (C.37, p30)

A.4. The Committee considers the ongoing delays to the National Broadband Plan unacceptable. It is the Committee's view that the delays could have been reduced with more effective planning by the Department of Communications, Climate Action and Environment. (C.38, p31)

A.5. The Committee is not in a position to ascertain whether the €13 million spent by the Department of Communications, Climate Action and Environment on private-sector

commercial advisors to consult on the implementation of the National Broadband Plan has provided value for money. (C.39, p31)

A.6. The Committee is of the view that there has been an undue delay in the Department of Communications, Climate Action and Environment in resolving matters related to 71 landfill sites it has identified as high priority for remediation. (C.40, p31)

A.7. The Committee is of the view that Ireland's expected failure to meet its 2020 targets in relation to carbon emissions reduction will be harmful to the environment and may cost the Exchequer fines of up to €600 million per annum from 2021. (C.41, p31)

A.8. The Committee is of the opinion that there is a lack of consistency between the assessments of the Department of Finance and the Department of Communications, Climate Action and Environment regarding the State's position on its potential liability for not meeting its 2020 carbon emissions targets. (C.42, p31)

A.9. The Committee is of the view that further support across the public sector for the full adoption of the Eircode postcode system will be important for its long-term success. (C.43, p31)

A.10. The Committee is of the view that sufficient evidence has not been presented regarding the demonstration of value for money on the outsourcing of the Emergency Call Answer Service. The cost of providing the Emergency Call Answer Service has increased by €1.5 million since it was outsourced in 2010, despite the fact that call volumes declined by 54% during that time. (C.44, p31)

A.11. The Committee is of the view that there is a lack of clarity regarding the oversight of the funding model of the Emergency Call Answer Service. While the service is not funded directly from the Department's vote, it is the Committee's contention that the cost of Call Handling Fee used to fund the service is ultimately passed on to customers by telecommunications providers. (C.45, p32)

EDUCATION AND TRAINING BOARDS

A.12. The Committee considers it unsatisfactory that the Department of Education and Skills had difficulty providing overall figures for its spending on the ETB sector in 2016 during

its meeting with the Committee. It is the view of the Committee that this is indicative of a general lack of Departmental oversight of the ETB sector. *(D.48, p44)*

A.13. The Committee is of the opinion that the line of funding from the Department of Education and Skills to the ETB sector is not outlined with sufficient clarity in the Department's Appropriation Accounts. *(D.49, p44)*

A.14. It is unacceptable to the Committee that the majority of ETBs did not submit their 2014, 2015 and 2016 accounts to the C&AG by the statutory deadline of 1 April of the following year to which the accounts pertain. Only one ETB, Kilkenny and Carlow ETB, met the statutory deadline for presenting its 2015 accounts and only two ETBs, Kilkenny and Carlow ETB and Cork ETB, met the statutory dates for the presentation of their 2016 accounts. It is the Committee's view that if it was possible for Kilkenny and Carlow ETB to submit its 2016 accounts in a timely manner, then it should have been possible for all ETBs. *(D.50, p45)*

A.15. The Committee is of the view that the amalgamation and restructuring of the VECs to establish the ETBs represented an opportunity to improve overall accountability and performance output. The absence of meaningful performance indicators for ETBs indicates a lack of commitment from the Department of Education and Skills in this regard. *(D.51, p45)*

A.16. It is the Committee's view that the fact that ETB Board minutes are not published contributes to an absence of transparency in the ETB sector. *(D.52, p45)*

A.17. The Committee concludes that the Department of Education and Skills' failure to take appropriate or timely action to address the deficiencies highlighted by the C&AG's 2010 audit of Kildare VEC led to similar issues re-emerging following its amalgamation into Kildare and Wicklow ETB in 2013. The Committee awaits the results of the Department of Education and Skills' statutory investigation of public procurement, usage and disposal of assets and propriety matters in relating to Kildare and Wicklow ETB. *(D.53, p45)*

A.18. The Committee is of the opinion that there is a lack of clarity regarding the meaningful role of ETBI in the ETB sector. Although ETBI is a voluntary representative body, it is substantially publicly funded and therefore needs to be accountable for funding provided. *(D.54, p45)*

A.19. The Committee is of the view that the failure of ETB Audit Committees to meet the requirement for a minimum of four meetings annually is not acceptable. *(D.55, p45)*

A.20. The Committee is of the view that there are important management risks associated with ETB Chief Executives and Directors not being based in ETB head offices. *(D.56, p45)*

DEPARTMENT OF EDUCATION AND SKILLS

A.21. The Committee is of the view that there is a lack of determination by the Department of Education and Skills to bring the transfer of property under the Redress Scheme to a conclusion. After 16 years, the ongoing delay is not acceptable and may lead to additional cost where remedial work is required on transferred properties which have fallen into disrepair. *(E.17, p51)*

A.22. The Department of Education and Skills informed the Committee that five properties transferred as part of the Redress Scheme under the 2009 Voluntary Agreement. The properties were valued at €10.75 million in 2009 by the religious congregations. At the time of transfer, the properties were valued at €1.38 million. It is the Committee's view that this represents a significant loss for the State and for the recipients of services funded under the Redress Scheme. The Committee is of the opinion that the State should have carried out its own valuation of the properties offered by congregations as part of the 2009 Voluntary Agreement. *(E.18, p51)*

A.23. The Committee is of the view that the Department of Education and Skills' delay in completing the Caranua Eligibility Review indicates a lack of commitment on the part of the Department. *(E.19, p51)*

A.24. The Committee is of the opinion that the Department of Education and Skills has not provided adequate information to the public in relation to the Redress Scheme and the transfer of properties to the State. *(E.20, p52)*

AN GARDA SÍOCHÁNA

A.25. The Committee is satisfied that progress has been made by An Garda Síochána on the process of winding down the Sportsfield Company and transferring its land assets to the

Office of Public Works (OPW). However, the Committee is of the opinion that the winding down of the Sportsfield Company should be brought to a conclusion promptly. (F.29, p60)

A.26. The Committee is of the view that while significant progress has been made by An Garda Síochána in implementing the recommendations of the Interim Audit report of the financial procedures in the Garda College Templemore, further commitment is required to bring the process to a conclusion promptly. (F.30, p60)

A.27. The Committee is of the view that it is not acceptable that staff were allocated to the An Garda Síochána Co-ordination Unit for the Tribunal of Inquiry into Protected Disclosures (Charleton Tribunal) ten weeks before written approval was received from the Department of Public Reform and Expenditure. (F.31, p60)

A.28. The Committee is not satisfied regarding the undue delay in the process of bringing the Garda College under a single An Garda Síochána tax number. An Garda Síochána declared its intention to the Committee to bring the organisation under one tax number in June 2017. However, as of the publication of this report in March 2018, this has not yet happened. (F.32, p60)

DEPARTMENT OF EMPLOYMENT AFFAIRS AND SOCIAL PROTECTION

A.29. Given the effect on some of the most vulnerable people in society, the Committee is of the view that the Department of Employment Affairs and Social Protection's significant delays in providing required medical reviews is unacceptable. (G.39, p69)

A.30. The Committee is of the opinion that inadequate effort has been made by the Department of Employment Affairs and Social Protection to recover debt from redundancy and employers' insolvency schemes. (G.40, p69)

A.31. The Committee is of the opinion that there is insufficient transparency of expenditure on outsourcing/closed tenders regarding JobPath. (G.41, p69)

A.32. The Committee expresses concern regarding the Department of Employment Affairs and Social Protection's focus on fraud in public information campaigns, despite the fact that the majority of overpayments are caused by claimant or departmental error. (G.42, p69)

DEPARTMENT OF FINANCE

A.33. The Committee is of the opinion that the €66.8 billion used by the State to stabilise the banking sector resulted in an unprecedented and disastrous loss for the taxpayer. *(H.40, p80)*

A.34. The Committee notes €34.7 billion of the €66.8 billion used to stabilise the banking sector was specifically allocated to Anglo Irish Bank and Irish Nationwide Building Society, both of which were ultimately put into liquidation and provided no return to the taxpayer. *(H.41, p80)*

A.35. The Committee is of the opinion that the Department of Finance's oversight of the Special Liquidation process of the Irish Bank Resolution Corporation (IBRC) is inadequate. *(H.42, p80)*

A.36. The Committee notes that the legislation providing for the Special Liquidation of the IBRC does not provide for a Committee of Inspection. It is the Committee's view that considering the cost involved in the Special Liquidation process, a Committee of Inspection would provide increased public oversight. *(H.43, p80)*

A.37. The Committee acknowledges that there is a legal case ongoing regarding the conduct of the liquidation of the Irish Bank Resolution Corporation (IBRC) and the costs incurred by the Special Liquidators. The Committee will await the proceedings of this case before taking further action on this matter. The Committee considers that further examination may be required once the case is concluded. *(H.44, p80)*

RECOMMENDATIONS MADE IN BODY OF THE REPORT

Paragraph and page numbers listed after each recommendation indicate where the recommendation appears in the body of the report.

DEPARTMENT OF COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT

- B.1.** The Committee recommends that the Department of Communications, Climate Action and Environment improves its project planning and budgeting processes to ensure the timely delivery, within budget, of significant projects such as broadband infrastructure, sustainable energy and landfill remediation. (C.46, p32)
- B.2.** The Committee recommends that a formal oversight arrangement and service level agreement be put in place between the Department of Communications, Climate Action and Environment and RTÉ as soon as possible. (C.47, p32)
- B.3.** The Committee recommends that the Department of Communications, Climate Action and Environment uses the available budget to ensure that landfill remediation work on the 71 sites which have been identified as high priority is carried out promptly. (C.48, p32)
- B.4.** The Committee recommends that, in order to reduce project risks and the possibility of budgetary overspend, the Department of Communications, Climate Action and Environment produce a clear and published timetable and costings for the implementation of the National Broadband Plan by June 2018. (C.49, p32)
- B.5.** The Committee recommends that the Department of Communications, Climate Action and Environment carries out a costed review of Ireland's potential liability for not meeting its 2020 carbon emissions targets. (C.50, p32)

EDUCATION AND TRAINING BOARDS

- B.6.** The Committee recommends that a note be added to the Department of Education and Skills' Appropriation Accounts going forward to clearly show amounts given to ETBs and other sectors. (D.57, p46)

- B.7.** The Committee recommends that the Department of Education and Skills strengthen its governance and oversight of the ETB sector, including working with the ETBs to ensure that their annual accounts are submitted within the statutory time limit. *(D.58, p46)*
- B.8.** The Committee recommends the implementation of meaningful performance indicators for ETBs and the establishment of regular comprehensive reporting arrangements. *(D.59, p46)*
- B.9.** The Committee recommends that the role of ETB boards be strengthened and that comprehensive governance training be provided for all board members. *(D.60, p46)*
- B.10.** The Committee recommends that boards of ETBs and the Chairpersons of ETBs take responsibility for ensuring that ETBs submit their annual account to the C&AG by the statutory deadline. *(D.61, p46)*
- B.11.** The Committee recommends that the minutes of all ETB board meetings be made available publicly and promptly through their websites following board approval. *(D.62, p46)*
- B.12.** The Committee recommends that the Department of Education and Skills establishes a timeline for the implementation of the recommendations and any other necessary actions arising from its statutory investigation of matters in relation to Kildare and Wicklow ETB, and that the implementation of the recommendations is given priority. *(D.63, p46)*
- B.13.** The Committee recommends that outcomes be established and agreed between the Department of Education and Skills and ETBI, and all future public funding to ETBI be aligned to clear and measurable goals. *(D.64, p46)*
- B.14.** The Committee recommends that the Department of Education and Skills carries out a full assessment of the risks associated with ETB Chief Executives and Directors not being based in ETB head offices. *(D.65, p46)*

DEPARTMENT OF EDUCATION AND SKILLS

- B.15.** The Committee recommends that the Department of Education and Skills urgently concludes the transfer of property from religious organisations to the State through the Redress Scheme. *(E.21, p52)*

B.16. The Committee notes that there are 10 properties awaiting transfer to the State under the Redress Scheme as part of the 2009 Voluntary Agreement with religious congregations. The Committee recommends that the State carries out its own independent valuation of these properties to ascertain any shortfall between current valuation and the valuation placed on the properties by religious congregations in 2009. *(E.22, p52)*

B.17. The Committee recommends that the Department of Education and Skills publishes quarterly progress reports on the property transfer process in relation to the Redress Scheme. *(E.23, p52)*

B.18. The Committee recommends that the Department of Education and Skills completes and publishes the Caranua Eligibility Review forthwith. *(E.24, p52)*

AN GARDA SÍOCHÁNA

B.19. The Committee recommends that An Garda Síochána prioritises the implementation of outstanding recommendations from the Garda Internal Audit Service's 2017 Internal Audit Report on financial procedures at the Garda College. *(F.33, p60)*

B.20. The Committee recommends that An Garda Síochána presents to the Public Accounts Committee and to the Policing Authority the implementation plan for the outstanding recommendations of the 2017 Internal Audit Report on financial procedures at the Garda College. This should be done promptly. *(F.34, p60)*

DEPARTMENT OF EMPLOYMENT AFFAIRS AND SOCIAL PROTECTION

B.21. The Committee recommends that the Department of Employment Affairs and Social Protection prioritises recruitment of additional medical assessors to ensure that cases awaiting medical reviews are dealt with in a more timely manner. *(G.43, p69)*

B.22. The Committee recommends that the Department of Employment Affairs and Social Protection focuses its social welfare overpayment debt recovery efforts on the 5.7% of cases which constitute 60% of outstanding debt. *(G.44, p69)*

B.23. The Committee is of the view that debts owed to the Department of Employment Affairs and Social Protection which are under €100 should be written off after one year. It is

the Committee's opinion that in order to improve chances of repayment efforts need to be enhanced to ensure that debt recovery begins earlier. (G.45, p70)

B.24. The Committee recommends that all future publications from the Department of Employment Affairs and Social Protection should use the phrase "suspected fraud" instead of "fraud" in instances where the burden of proof has not been met regarding fraud. (G.46, p70)

B.25. The Committee recommends that future public information campaigns produced by the Department of Employment Affairs and Social Protection prioritise error reduction rather than claimant fraud, as claimant and departmental error are more significant causes of social welfare overpayment than claimant fraud. (G.47, p70)

B.26. The Committee recommends a detailed plan is put in place and closer cooperation between the Department of Employment Affairs and Social Protection and the Revenue Commissioners to tackle the issue of outstanding debt relating to redundancy and employers' insolvency schemes. (G.48, p70)

DEPARTMENT OF FINANCE

B.27. The Committee recommends that the Department of Finance and the Special Liquidator of the IBRC prepares and published a timescale and an estimated cost of completing the Special Liquidation process. (H.45, p80)

B.28. The Committee recommends consideration is given to amending legislation to enable the establishment of a Committee of Inspection for the Special Liquidation of the IBRC. (H.46, p80)

B.29. The Committee recommends that a Dáil debate takes place on the utilisation of NAMA's projected terminal surplus of €3 billion in view of the fact that Eurostat and the EU have no rules on this due to the unique nature of NAMA. (H.47, p81)

B.30. The Committee recommends that a Dáil debate takes place on the orderly wind down of NAMA or the possible consideration of use of NAMA for other specific purposes. (H.48, p81)

1. DEPARTMENT OF COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT

Meeting Date: 9 November 2017

Principal Purpose of the Meeting: Vote 29: Communications, Climate Action and Environment, Appropriation Accounts 2016

INTRODUCTION

C.1. The Department of Communications, Climate Action and the Environment is responsible for developing and implementing policies for the management and protection of the State's energy supply, natural resources, communications, broadcasting services and postal services.

FINANCIAL OVERVIEW AND C&AG AUDIT OPINION

C.2. In 2016, gross expenditure for the Department of Communications, Climate Action and the Environment amounted to €439 million.

C.3. As the Department received an income of €228.5 million in appropriations-in-aid in 2016, its net expenditure was €210 million for the year. The majority of the Department's appropriations-in-aid came from the collection of broadcasting fees. The Department surrendered a surplus of €20.3 million to the Exchequer at the end of 2016.

C.4. The Department's 2016 Appropriation Account received an unqualified audit opinion from the C&AG.

MATTERS ARISING FROM DISCUSSION OF 2016 APPROPRIATION ACCOUNT

UNDERSPENDING IN 2016

C.5. The Committee discussed the instances of underspending as outlined in the Department's 2016 Appropriation Account. It was noted that there was underspending on 29 subheads, including the National Broadband Plan and energy research projects. The

Secretary General informed that Committee that there were many ongoing projects which saw delays in 2016, and therefore funds not spent in 2016 would be spent in 2017 and 2018 as these projects were progressed.

RTÉ FUNDING

C.6. The Department's largest area of expenditure for 2016 was broadcasting, which accounted for €241 million. This represented just over 50% of the Department's total spend of €439 million.

C.7. It was outlined to the Committee that the Department's payments to RTÉ and the Broadcasting Fund were funded through appropriations-in-aid, which came primarily from the sale of TV licences. The amount of funding granted to RTÉ by the Department was directly dependent on the level of income received from TV licence sales.

C.8. RTÉ received €179.3 million in grant funding from the Department in 2016. The Committee was informed that RTÉ was independently audited as a commercial semi-state body. The Committee requested further information from the Department on the breakdown of spending by RTÉ. In follow-up correspondence to the Committee, the Department provided a breakdown of licence fee allocation for 2016. The breakdown is outlined in the table below:

Table 1: Breakdown of Licence Fee Allocation by RTÉ in 2016

(as per information provided by the Department: amended, figures rounded)

Service	Licence Fee allocation 2016	Percentage of overall licence fee spending
RTÉ 1	€62.8 million	35%
RTÉ 2	€40 million	22.4%
RTÉ Radio 1	€17 million	9.7%
RTÉ Orchestras	€12 million	7.1 %
RTÉ RnaG	€11.5 million	6.4 %
TG4 Support	€7.6 million	4.3 %
Corporate HQ	€6.1 million	3.4 %
RTÉ Lyric FM	€6 million	3.4 %
RTÉ 2FM	€5 million	2.8 %
Online Services	€4.6 million	2.6 %
Other Channels	€4.2 million	2.4 %

C.9. The amount paid to RTÉ in 2016 was €6.4 million less than estimated due to TV licence sales income for the year being lower than anticipated. The Secretary General stated

that it was difficult to predict the annual number of TV licence sales, and that the rate of TV licence evasion was 14.6%, which along with declining commercial income posed a significant risk to the future viability of RTÉ and public broadcasting.

C.10. It was noted at the meeting that the Department was awaiting recommendations from the Joint Committee on Communications, Climate Action and Environment regarding the future funding of Public Service Broadcasting. The Joint Committee published a report in December 2017 which recommended that the current TV licence funding model should be replaced by a household-based broadcasting charge which would be collected by the Revenue Commissioners. The Department noted in follow-up correspondence that it had received a copy of the Joint Committee's report and was considering its recommendations.

RTÉ OVERSIGHT AND FINANCIAL REPORTING RESPONSIBILITIES

C.11. The Department provided a note on RTÉ's financial reporting responsibilities under the Broadcasting Act 2009. Under the provisions of the Broadcasting Act 2009, RTÉ is subject to the following obligations and oversight agreements with the Department and with the Broadcasting Authority of Ireland (BAI), as outlined in the table below:

Table 2: Obligations and Oversight Agreements Regarding RTÉ

(as per information provided by the Department of Communications, Climate Action and Environment)

	Department of Communications (Corporate Governance)	Broadcasting Authority of Ireland (Regulator and supervisory body)
Every five years	Strategic Statement Public Service Statement	5 year review as per article 124 (8) of the Broadcasting Act 2009
Annually	Annual Report Annual Statement of Performance Commitments	Annual and multiannual funding reviews Annual review of public service objectives
Quarterly	The Department formally meets both RTÉ and TG4 on a quarterly basis to discuss both corporate governance and policy related matters	
Monthly	RTÉ and TG4 provide detailed financial analysis to the Department on a monthly basis including revenues, costs and deficit/surplus by channel, service and broadcasting genre and between public service and non-public service activities.	

C.12. The Secretary General informed the Committee that there were regular meetings between the Department and the Chief Financial Officer of RTÉ, but on an informal basis. As

part of the implementation of the Code of Practice for the Governance of State Bodies, a formal oversight agreement between the Department and RTÉ would be in place by the end of 2017. The Secretary General stated to the Committee that it was the Department's view that sufficient control mechanisms were in place for RTÉ.

SERVICE LEVEL AGREEMENT

C.13. The Committee queried whether a service level agreement was in place between the Department and RTÉ. The Secretary General confirmed that there was no service level agreement in place between the Department and RTÉ. The Department of Public Expenditure and Reform (DPER) circular 13/14 outlined that any organisations receiving state funding must have a service level agreement in place. However, as RTÉ was set up by statute, rules regarding its governance, obligations and regulations were provided for in the Broadcasting Act 2009.

C.14. The Department noted in follow-up correspondence that in the context of its corporate responsibilities for RTÉ and TG4, it had previously given consideration to whether a service level agreement was needed. However, after considering the issue, the Department came to the conclusion that the governance arrangements provided for under the Broadcasting Act 2009 were sufficiently explicit, as the Act included statutory mandates which were *“representative of the standard parameters of a service level agreement, including the establishment of objectives, financial requirements and reporting obligations”*. The Department also considered that it was possible that a service level agreement could undermine the independence of the public service broadcasters, provided by section 98 of the Act.

C.15. During its consideration of the issue of a service level agreement, the Department sought the advice of the Office of the Attorney General in February 2016. The Department stated in its follow-up correspondence to the Committee that the Office of the Attorney General supported its view that a service level agreement was not necessary for RTÉ and TG4.

NATIONAL BROADBAND PLAN

C.16. The Committee discussed the delay in the implementation of the National Broadband Plan. The Department's 2016 Appropriation Account outlined that while it was estimated that spending on the project would be €16.7 million, the actual spending was only €5.4 million. The Secretary General noted that the Broadband Plan had been delayed due to issues with procurement.

C.17. The Department informed the Committee at the meeting that it expected the contract for the National Broadband Plan to be awarded in 2018. Once the contract was awarded, a three to five year rollout of broadband services would commence on a prioritisation basis, in consultation with local authorities and the Department of Rural and Community Development. The Secretary General stated that the tendering process was complex, and that during the process of discussions with companies, further matters were raised which needed to be assessed and analysed by the Department and its advisors.

C.18. The Secretary General stated to the Committee that the first phase of the tendering process for the National Broadband Plan began in 2015, with the pre-qualification questionnaire process. By the end of the first phase, five consortia comprising 32 companies had applied. By November 2017, the tender process was still ongoing with two bidders involved, Eir and the Enet/SSE consortium. On 31 January 2018, it was confirmed that Eir had withdrawn its bid for the National Broadband Plan contract, leaving only the Enet/SSE consortium remaining.

C.19. The Department procured the services of four private-sector commercial advisors for the National Broadband Plan at a cost of €13 million. After two extensions, the advisors' contract was due to come to an end and would need to be re-tendered in 2018. It was noted that engagement with external advisors began before the first phase of the tendering process for the National Broadband Plan began in 2015, as the contract for external advice also included consultation regarding cost-benefit analysis, project scoping and the drawing up of contracts.

LANDFILL REMEDIATION AND WASTE PREVENTION

C.20. The Committee discussed the Department's landfill remediation programme. According to the Department's 2016 Appropriation Account, the estimated expenditure for

landfill remediation was €13.2 million, but actual expenditure was only €7.8 million, an underspend of 41%. The Secretary General stated that landfill remediation projects were complex and that underspending was due to delays caused by legal issues and ongoing technical assessments. However, the funding was in place to continue projects which had been delayed into 2017 and 2018.

C.21. The Secretary General outlined that the Court of Justice of the European Union found against Ireland in 2012 in respect of systemic problems with aspects of its waste system, including the extent of legacy local authority dumps and illegal landfills. A commitment was given by the Government at the time to the effect that a programme of measures would be put in place to address systemic problems. One of the measures put in place by the Government was to provide funding for the remediation of landfills. The Secretary General stated to the Committee that 58 legacy landfill sites were identified as part of the European Commission's case, and that remediation work had been completed on approximately 40 of these sites.

C.22. The Secretary General stated to the Committee that while the initial focus of the Department's landfill remediation work was to remedy the cases which were subject to the Court of Justice's ruling, further landfill sites were identified as the programme progressed. Over 500 landfill sites were identified, 71 of which were designated as high priority for remediation. The Department provided a list of the 71 high priority landfill sites and information on whether they were in public or private ownership in follow-up correspondence to the Committee. Of the 71 sites, 10 were privately owned and 61 were either publicly owned or publicly run.

ENVIRONMENT FUND

C.23. The Committee discussed the Department's Environment Fund. The Environment Fund was established in 2001 by the Waste Management (Amendment) Act 2001 and was funded through the proceeds of Environmental Levies in respect of plastic bags and landfills facilities. Areas of expenditure from the Environment Fund in 2015 included Environmental Protection Agency research development and administration costs, enforcement initiatives, national heritage and environmental awareness.

C.24. As the C&AG's audit of the Environment Fund's 2016 accounts was ongoing, the Committee focused its attention on the 2015 accounts. The C&AG informed the Committee

that the audit of the Environment Fund's 2016 accounts was ongoing. As of February 2018, the 2016 accounts for the Environment Fund had not been certified.

C.25. The Committee noted that the 2015 accounts for the Environment Fund showed €100,000 was spent in 2014 under the subhead "Nuclear Safety". This referred to a report regarding Sellafield, which was commissioned and published by the Department. In follow-up correspondence to the Committee, the Department stated that as part of the national policy on radioactive waste management, an annual contingency fund of €50,000 was maintained to dispose of radioactive orphan sources which represented a danger to public health and to the environment. There was no spending under the subhead of "Nuclear Safety" in 2015 or 2017. However, €14,755 was spent in 2016, and the Department anticipated spending in 2018 as a number of radioactive sources had been reported to the Environmental Protection Agency.

DISPOSAL OF ACCOUNTS

C.26. The Committee agreed to dispose of the 2016 Appropriation Accounts for Vote 29, Department of Communications, Climate Action and Environment.

POLICY MATTERS DISCUSSED

EU CLIMATE AND ENERGY TARGETS

C.27. The Committee discussed Ireland's position in relation to its EU 2020 Climate and Energy targets. It was noted in the Department's 2016 Appropriation Account that "*There is potential for financial liabilities to arise in 2017 and subsequent years depending on the outcomes of current, pending and possible future EU and other legal actions. The amounts involved cannot be determined at this point.*"

C.28. The Secretary General informed the Committee that Ireland was not on course to meet its target of reducing carbon emissions by 20% by 2020. Based on the most recent estimates, the reduction would most likely be 4% to 6%.

C.29. The Department of Finance informed the Committee at the meeting of 6 July 2017 that Ireland was set to be subject to fines of €600 million annually from 2021 if targets were not met. However, the Secretary General informed the Committee that he did not believe

that the figure of €600 million per annum from 2021 was correct. The Secretary General stated that there was acknowledgement from the European Commission that there was a “lack of realism” regarding Ireland’s 2020 target, noting that there were mechanisms in place which would allow the Department to buy carbon offsets. However, the cost of this was not yet known.

EIRCODE

C.30. The Committee enquired as to whether value for money was being achieved on the Eircode postcode system. The Secretary General confirmed that the 10 year contract cost €38 million, and that to date €21 million had been spent. It was outlined to the Committee that, since launching, Eircode had made significant progress, and that it was increasingly being used by state agencies, emergency services and logistics companies.

C.31. The Committee requested further information regarding its usage in the private sector, and whether all State agencies were using Eircode. In follow-up correspondence to the Committee, the Department outlined that 800 private sector businesses were using Eircode, a 100% increase since 2016. The Department also provided a list of public sector bodies, State bodies and agencies that have integrated Eircode into their services, and examples of such projects. However, it was not clear that all State agencies had adopted the Eircode system.

OUTSOURCING OF PUBLIC CONTRACTS

C.32. The Committee discussed the outsourcing of public service contracts, specifically the Emergency Call Answer Service. The Committee queried whether stipulations regarding engagement with industrial relations procedures could be included in outsourced public service contracts. The Secretary General stated that while provisions for compliance with employment law would be included in procurement tender documentation, he was unsure whether an obligation on the party that was successful in the tender process to engage with industrial relations procedures could be included. However, the Secretary General outlined that he expected that the services of the Workplace Relations Commission or the Labour Court would be available to resolve any disputes between employees and concessionaire companies.

C.33. The Committee requested a comparison of the cost of the Emergency Call Answer Service at present with the cost prior to outsourcing. In follow-up correspondence to the Committee, the Department outlined that the cost of providing the Emergency Call Answer Service prior to outsourcing was approximately €6 million per annum. The average annual cost of providing the service under the concession agreement was €7.5 million. It was also noted that the volume of calls had declined from 3.23 million in 2010 to 1.76 million in 2016, a decline of 54%.

C.34. The Department outlined in its follow-up correspondence that the funding of the Emergency Call Answering Service was legislated for in the Communications Regulation (Amendment) Act 2007. The Act provides for a Call Handling Fee for each emergency call made, which is to be collected by the operator of the Emergency Call Answering Service from the telecommunications provider. The amount charged for the Call Handling Fee is regulated by the Commission for Communications Regulation (ComReg). ComReg is responsible for ensuring that the amount charged for the Call Handling Fee is sufficient to cover the costs of the Emergency Call Answering Service.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

C.35. The Committee considers it unsatisfactory that the Department of Communications, Climate Action and Environment did not progress vitally important projects such as broadband infrastructure and sustainable energy research sufficiently, resulting in €20.4 million being returned to the Exchequer in 2016.

C.36. The Committee is of the view that, considering that RTÉ received €179.3 million from the Department of Communications, Climate Action and Environment in 2016, it is not acceptable that there is no service level agreement in place. The Committee is of the opinion that further clarity should be brought to the oversight arrangements of RTÉ, in addition to the provisions of the Broadcasting Act (2009).

C.37. The Committee was informed by the Secretary General of the Department of Communications, Climate Action and Environment at the meeting on 9 November 2017 that a formal oversight agreement would be in place between the Department and RTÉ by the end of 2017. However, the Committee was subsequently informed in writing that the Department considered that it was possible that a service level agreement would

undermine the independence of RTÉ. This lack of consistency in evidence to the Committee is a source of concern, and there is no evidence that this view has been communicated to the Department of Public Expenditure and Reform. The Committee believes that a service level agreement can be put in place between the Department and RTÉ without compromising the broadcasting independence of RTÉ.

C.38. The Committee considers the ongoing delays to the National Broadband Plan unacceptable. It is the Committee's view that the delays could have been reduced with more effective planning by the Department of Communications, Climate Action and Environment.

C.39. The Committee is not in a position to ascertain whether the €13 million spent by the Department of Communications, Climate Action and Environment on private-sector commercial advisors to consult on the implementation of the National Broadband Plan has provided value for money.

C.40. The Committee is of the view that there has been an undue delay in the Department of Communications, Climate Action and Environment in resolving matters related to 71 landfill sites that it has identified as high priority for remediation.

C.41. The Committee is of the view that Ireland's expected failure to meet its 2020 targets in relation to carbon emissions reduction will be harmful to the environment and may cost the Exchequer up to €600 million in fines per annum from 2021.

C.42. The Committee is of the opinion that there is a lack of consistency between the assessments of the Department of Finance and the Department of Communications, Climate Action and Environment regarding the State's position on its potential liability for not meeting its 2020 carbon emissions targets.

C.43. The Committee is of the view that further support across the public sector for the full adoption of the Eircode postcode system will be important for its long-term success.

C.44. The Committee is of the view that sufficient evidence has not been presented regarding the demonstration of value for money on the outsourcing of Emergency Call Answer Service. The cost of providing the Emergency Call Answer Service has increased by €1.5 million since it was outsourced in 2010, despite the fact that call volumes declined

by 54% during that time.

C.45. The Committee is of the view that there is a lack of clarity regarding the oversight of the funding model of the Emergency Call Answer Service. While the service is not funded directly from the Department's vote, it is the Committee's contention that the cost of the Call Handling Fee used to fund the service is ultimately passed on to customers by telecommunications providers.

Recommendations

C.46. The Committee recommends that the Department of Communications, Climate Action and Environment improves its project planning and budgeting processes to ensure the timely delivery, within budget, of significant projects such as broadband infrastructure, sustainable energy and landfill remediation.

C.47. The Committee recommends that a formal oversight arrangement and service level agreement be put in place between the Department of Communications, Climate Action and Environment and RTÉ as soon as possible.

C.48. The Committee recommends that the Department of Communications, Climate Action and Environment uses the available budget to ensure that landfill remediation work on the 71 sites which have been identified as high priority is carried out promptly.

C.49. The Committee recommends that, in order to reduce project risks and the possibility of budgetary overspend, the Department of Communications, Climate Action and Environment produces a clear and published timetable and costings for the implementation of the National Broadband Plan by June 2018.

C.50. The Committee recommends that the Department of Communications, Climate Action and Environment carries out a costed review of Ireland's potential liability for not meeting its 2020 carbon emissions targets.

2. EDUCATION AND TRAINING BOARD (ETB) SECTOR

Meeting Date: 16 November 2017

Principal Purpose of the Meeting: Engagement on Education and Training Board (ETB) Sector

Organisations:

Session A:

- Department of Education and Skills
- SOLAS

Session B:

- City of Dublin ETB
- Kilkenny and Carlow ETB

Session C:

- Tipperary ETB
- Kildare and Wicklow ETB

INTRODUCTION

EDUCATION AND TRAINING BOARDS (ETBS)

D.1. Under the Education and Training Boards Act 2013, the 33 Vocational Education Committees (VECs) were dissolved and replaced by 16 Education and Training Boards (ETBs).

D.2. In accordance with the Act, the key functions of the ETBs are to:

- establish and maintain recognised schools, centres for education and education or training facilities;
- plan, provide, coordinate and review the provision of education and training, including education and training for the purpose of employment;
- provide education and training at the request of, and on behalf of, any body which funds training out of money provided by the Oireachtas;
- support the provision, coordination, administration and assessment of youth work services.

D.3. The remit of the ETBs was widened in 2014 to include further education and training. As part of this expansion, 19 training centres and 800 staff were transferred from SOLAS to ETBs.

SOLAS

D.4. SOLAS is a statutory agency established under the Further Education and Training Authority Act 2013 that operates under the aegis of the Department of Education and Skills. Its annual budget is funded through the Exchequer and the European Social Fund.

D.5. SOLAS's budget is used to fund the further education and training sector. The majority of SOLAS's budget is spent on grants to the ETBs, which use this budget to deliver further education and training programmes. As noted in its Financial Overview, SOLAS paid €538.2 million in grants to the ETB sector in 2016.

C&AG SPECIAL REPORT NO.99

D.6. The C&AG carried out a review of financial reporting by public bodies in respect of periods of account ending 2015, focusing primarily on the timeliness of public sector financial reporting. A report was published on the findings in October 2017 as Special Report No.99: Financial Reporting in the Public Sector 2015.

D.7. In Special Report No.99, the C&AG outlined there were 16 sets of financial statements for 2015 or earlier periods that had not been certified at the end of 2016. Six of these were accounts of ETBs. The C&AG acknowledged that the ETB sector underwent significant organisational change from 2013, and that this continued to be a contributory factor to the delays in producing financial statements and meeting the requirements for auditing.

D.8. Four ETBs still did not have audited financial statements for 2015 by the end of August 2017: (i) Louth and Meath ETB; (ii) Limerick and Clare ETB; (iii) Mayo, Sligo and Leitrim ETB; and (iv) Kildare and Wicklow ETB.

D.9. The last audited accounts available for the ETBs which met with the Committee were as follows:

Table 3: Status of ETB Accounts as of 16 November 2017

ETB	Latest Audited Accounts as of 16 November 2017	Status of Latest Audited Accounts (and follow up information)
Kildare and Wicklow	2014	The C&AG noted that Draft 2015 financial statements were received from Kildare and Wicklow ETB on 12 December 2016 and the audit commenced in January 2017. A number of issues arose during the audit, which resulted in a formal audit query being issued to the Chief Executive of Kildare and Wicklow ETB.
City of Dublin	2015	The C&AG's audit of City of Dublin ETB's 2016 accounts was ongoing at the time of the meeting, and was completed on 20 December 2017. The C&AG's audit opinion was clear, but attention was drawn to: <ul style="list-style-type: none"> • a material level of non-compliance with national procurement rules in respect of contracts that operated in 2016; • the late review of the effectiveness of internal controls.
Tipperary	2015	The C&AG's audit of Tipperary ETB's 2016 accounts was ongoing at the time of the meeting and was completed on 28 November 2017. The C&AG's audit opinion of the financial statements was unqualified.
Kilkenny and Carlow	2016	The audit of Kilkenny and Carlow ETB's 2016 accounts were complete at the time of the meeting. The C&AG's audit opinion in respect of the financial statements was clear.

STATUTORY INVESTIGATION OF KILDARE AND WICKLOW ETB

D.10. It was noted in the C&AG's special report that arising from the audit of the 2015 financial statements for Kildare and Wicklow ETB, a number of issues were brought to the attention of the ETB and the Department of Education and Skills in July 2017.

D.11. On 4 October 2017, the Department appointed a statutory investigator and announced the launch of a statutory investigation under section 40 of the Education and Training Act 2013. The terms of reference of the investigation focused on the functions of Kildare and Wicklow ETB, particularly in relation to public procurement, usage and disposal of assets and propriety matters. The investigation was due to be completed in the first quarter of 2018, and was ongoing at the time of publication.

D.12. The statutory investigator appointed to carry out the review, Richard Thorn, indicated a willingness to meet with the Committee to discuss the findings once the statutory investigation was completed.

D.13. The Committee received correspondence from other members of the board of Kildare and Wicklow ETB following the meeting, expressing concerns regarding certain statements made to the Committee by the board Chairman and the Chief Executive of Kildare and Wicklow ETB. The Committee forwarded the correspondence to Richard Thorn as part of his investigation.

D.14. The Committee notes that it was reported in the Irish Times on 1 December 2017 that the Chairman of Kildare and Wicklow ETB had resigned from his position. The Chief Executive informed the Committee at the meeting that he planned to retire from his position at the end of 2017. The Committee was informed in follow-up correspondence from the Department in February 2018 that a new Chairperson and Vice Chairperson were elected to the Board of Kildare and Wicklow ETB in December 2017, and that sanction had been received to fill the vacant post of Chief Executive.

MATTERS ARISING FROM CONSIDERATION OF 2016 APPROPRIATION ACCOUNT

FUNDING OF ETB SECTOR

D.15. The Committee requested the overall figure of funding from the Department of Education and Skills to the ETB sector. The overall figure was not separately identified in the Department's Appropriation Accounts, but was broken down into programme subheads which did not exclusively comprise funding to ETBs. The Secretary General provided an estimate of the spending as €1.8 billion, including the SUSI grant scheme. However, exact figures could not be provided at the meeting. Members of the Committee expressed their concern that these figures were not readily available.

D.16. In follow-up correspondence, the Department provided a detailed breakdown of the 2016 outturn as per its 2016 Appropriation Account. According to the breakdown provided, the amount spent by the Department on the ETB sector totalled €1.78 billion. This included €388 million for the SUSI grant scheme. The largest sub-head of expenditure was for grants to ETBs in respect of teachers' salaries, which totalled €596 million.

SAVINGS

D.17. The Committee also requested a breakdown of any savings made by the merging of VECs into ETBs. In follow-up correspondence to the Committee, the Department stated that the establishment of ETBs had resulted in savings through shared procurement and the reduction in overall staff costs. The Department also anticipated that the provision of shared business services for ETBs would result in long-term savings.

Table 4: Identifiable Savings Made by ETBs since their Establishment in 2013

(as per information provided by the Department of Education and Skills)

Area	Saving	Anticipated saving	Note
ETB Chief Executive Officer salaries	€1.7 million		Decrease in number of Chief Executive Officers from 33 in the VECs to 16 in the ETBs
Administrative and maintenance staff pay for all ETBs combined 2013-2016	€7.66 million		
Joint procurement through ETBI	€3.88 million		
Surrender of leases on 3 former head offices of VECs	€680,000 annually		
Education Shared Business Services (ESBS) - Payroll		€1.8 million annually	€16.5 million has been paid to establish the ESBS Payroll, and it is expected to be fully utilised from Q4 2019. It is anticipated that the cost will be recouped 8 years after launch
ESBS- Finance		€4.2 million annually	€7.8 million has been paid to establish the ESBS Finance, and it is expected to be fully utilised from 2020. It is anticipated that the cost will be recouped 5 years after launch.

MATTERS ARISING FROM CONSIDERATION OF THE C&AG'S SPECIAL REPORT NO.99

DELAYS IN PRESENTING ACCOUNTS TO THE C&AG

D.18. The Committee discussed issues of timeliness in relation to the presentation of annual accounts and any related delays. It was noted in the C&AG's report that Kilkenny and Carlow ETB was the only ETB to meet the statutory date for presenting its 2015 accounts. It was also one of two ETBs to meet the statutory dates for the presentation of its 2016

accounts. The C&AG's audit of Kilkenny and Carlow ETB's 2016 accounts was completed in October 2017, and a clear audit opinion was given.

D.19. Witnesses from City of Dublin ETB, Tipperary ETB and Kildare and Wicklow ETB gave similar reasons for the delays in presenting their accounts. The majority of these reasons related to amalgamation and organisational reform, including: (i) recessionary budget deficits, (ii) incompatibility of IT and accounting systems between organisations, and (ii) a shortage of experienced staff following the public service moratorium on recruitment.

D.20. The Director-Head of Finance of City of Dublin ETB noted that ETBs used a receipts and payments form of accounting, while training centres accounted on an accruals basis. The process of combining the two systems to produce joint accounts was a manual task which was time and labour intensive. The Chair of Tipperary ETB also stated that it had overcome significant issues with staffing and incompatible IT systems to produce its annual accounts. The Secretary General stated that the ETBs' delays in presenting accounts were a concern, but that the ETB reconfiguration process had presented a number of challenges.

SANCTIONS

D.21. The Committee queried whether the Department sanctioned the ETBs which failed to publish their annual accounts in a timely manner. In follow-up correspondence to the Committee, the Department stated that, while there were no sanctions, it had written to the Chief Executive of each ETB to ensure that all efforts be made to ensure full compliance with statutory reporting duties for 2018.

D.22. The Department included a copy of a letter sent from the Secretary General to the Chief Executive of City of Dublin ETB in its follow-up correspondence to the Committee. This was provided as an example of the correspondence which was sent to the Chief Executive of each ETB regarding complying with statutory reporting duties.

D.23. In the letter addressed to City of Dublin ETB, the Department outlined that measures had been put in place by the Department to support ETBs in meeting their statutory duties in presenting accounts. These measures included the upgrading of legacy processes and IT systems, and approval to fill outstanding vacancies. It was emphasised that these measures should result in the increased capacity of ETBs to meet their statutory financial reporting duties for 2018. The Department also requested a fortnightly update from the ETB regarding

progress made towards meeting the April 2018 deadline for completing its 2017 annual accounts.

OVERSIGHT AND ACCOUNTABILITY ARRANGEMENTS

D.24. The Committee sought information regarding the Department's oversight and accountability arrangements with ETBs. All ETBs emphasised the importance of following procedures as outlined by the Department of Education and Skills' Code of Practice and Department of Public Expenditure and Reform (DPER) circulars.

D.25. The Secretary General acknowledged that the governance relationship between the Department and the ETBs was in need of improvement. It was outlined in the Department's 2016 Statement on Internal Financial Control that it was working to strengthen its approach to managing governance across the Education Sector, including the continued implementation of the ETB/SOLAS Reform Programme. The Secretary General also stated to the Committee that a review of the Code of Practice for the Governance of ETBs was ongoing.

FINANCIAL REPORTING RESPONSIBILITIES

D.26. The Committee discussed financial reporting arrangements in place between the Department and ETBs. In follow-up correspondence to the Committee, the Department outlined the financial allocation process, as presented in the table below:

Table 5: Financial Reporting Arrangements between the Department of Education and Skills and ETBs

(as per information provided by the Department of Education and Skills)

	Department	ETB
Annually	The Department advises each ETB of their annual allocation at the start of the year	ETBs devise their annual service plans
Quarterly	The information received quarterly from ETBs is reconciled against sanctions issued and actual pay costs as indicated by ETBs in monthly financial reports	ETBs are required to submit information to the Department on a quarterly basis regarding staffing levels in schools, head office and any relevant Departmental funding streams
Monthly	Pay and ordinary non-pay funding to ETBs is disbursed on a monthly basis	ETBs are required to submit a monthly analysis of its pay and ordinary non-pay budget to the Department, detailing expenditure and anticipated costs
Other	Associated or Targeted Non-Pay Grants are paid at various points in the year in respect of the actual enrolment figures for particular programmes	

OVERSIGHT RESPONSIBILITIES

D.27. In follow-up correspondence, the Department outlined its responsibilities for the oversight of ETBs in accordance with Public Financial Procedures and the Code of Practice for the Governance of ETBs. The Department must be satisfied that monitoring systems and procedures are in place for ETBs, and if not, that appropriate corrective action is taken promptly at ETB level.

INTERNAL AUDIT UNIT

D.28. The Secretary General informed the Committee that the ETB Internal Audit Unit was a shared service for all ETBs, based in the offices of Cavan Monaghan ETB. Previously, the City of Dublin ETB had separate internal audit arrangements, but it was in the process of being integrated into the shared ETB Internal Audit Unit.

D.29. The Department informed the Committee in follow-up correspondence that the Internal Audit Unit produced two reports on each internal audit:

- A Findings and Recommendations Report, which detailed the audit work performed and the recommendations made;
- An Opinion Report, which provided an overall conclusion on the results of the internal audit, the adequacy and effectiveness of internal financial control.

Both reports were sent directly to the Chairperson of the Audit Committee and the Chief Executive of the relevant ETB.

D.30. The ETB Internal Audit Unit also produced general reports on audit findings in the sector, which were sent to the Chief Executive of each ETB. It was outlined in follow-up correspondence that the ETB Internal Audit Unit's steering group had oversight of the implementation of the audit programme and the group comprised nominees from the Department of Education and Skills, SOLAS, ETBI, ETB Chief Executives, ETB staff nominees, and also a selection of external members. The Committee was provided with a list of the steering group members. Four of the 14 members of the Committee, including the Chairperson, were external to the sector.

AUDIT COMMITTEE AND FINANCE COMMITTEE MEETINGS

D.31. The Committee sought information regarding the presence of risk registers and the frequency of audit and finance committee meetings with the ETBs. The Secretary General noted that the audit and finance committees of each ETB were obliged to meet four times a year and report to the board of the ETB. The Director Head of Finance of City of Dublin ETB noted that its audit committee had met three times and its finance committee had met twice. The Finance Officer of Kildare and Wicklow ETB informed the Committee that its audit committee had met three times that year.

TRAINING ON CORPORATE GOVERNANCE

D.32. The Committee sought information from the ETBs regarding training that had been provided for staff of HEO grade and above and school principals in the area of corporate governance. Kilkenny and Carlow ETB, Tipperary ETB and City of Dublin ETB provided information regarding its procedures for providing training in follow-up correspondence to the Committee. All three ETBs listed a number of training sessions held from 2015 to 2017, noting that training was ongoing in the area of corporate governance.

KEY PERFORMANCE INDICATORS

D.33. The Committee sought information on whether there were key performance indicators in place for ETBs. The Secretary General informed the Committee that key performance indicators were in place for SOLAS, but not for ETBs.

D.34. In follow-up correspondence to the Committee, the Secretary General stated that the Department would review the financial oversight arrangements with SOLAS with a view to devising a consistent approach regarding key performance indicators for the ETB sector.

MINUTES OF BOARD MEETINGS

D.35. The Committee queried whether the boards of ETBs were obliged to publish the minutes of their meetings. Witnesses from the ETBs informed the Committee that they did not publish the minutes of their board meetings, but instead presented the business discussed at board meetings to the Audit Committees of their respective ETBs.

D.36. The Secretary General stated in follow-up correspondence to the Committee that it was not a requirement that ETBs publish the minutes of their board meetings, but that the Department intended to make it a requirement as part of its ongoing review of the Code of Practice for the Governance of ETBs.

MATTERS ARISING FROM THE CONSIDERATION OF FINANCIAL STATEMENTS

SOLAS REFUND TO THE DEPARTMENT OF EDUCATION AND SKILLS

D.37. The Committee sought information from SOLAS regarding the return of unused funding. A surplus of €9.45 million was noted in SOLAS's 2016 financial statements, which was returned to the Department of Education and Skills as per DPER Circular 13/2014. The amount represented 1.6% of the organisation's overall budget for the year.

D.38. The CEO of SOLAS stated that while the organisation sought to maximise its investments, one third of its funding was allocated to participant allowances for students. This area of spending was subject to fluctuation as student numbers increased or decreased. The Department added in follow-up correspondence to the Committee that a process of joint annual service planning was in place between ETBs and SOLAS.

DISPOSAL OF ACCOUNTS

D.39. The Committee agreed to dispose of Kilkenny and Carlow ETB's 2016 financial statement, City of Dublin ETB's 2015 financial statement, and Tipperary ETB's 2015 financial statement. The Committee decided not to dispose of Kildare and Wicklow ETB's 2014 accounts until the investigation has been completed.

OTHER ISSUES DISCUSSED

C&AG 2012 REPORT ON KILDARE VEC

D.40. The Committee discussed follow-up actions taken by the Department after the publication of the C&AG's 2012 report on matters found in the course of the audit of Kildare VEC's 2010 accounts. Kildare VEC was amalgamated into Kildare and Wicklow ETB when

the ETBs were established in 2013. In the C&AG's 2012 report, attention was drawn to deficiencies found in relation to Kildare VEC's procurement of goods and services related to information and communications technology and certain property related services. The C&AG concluded that further guidance was needed on the use of procurement frameworks by VECs, and that any factors preventing the "optimum" use of procurement frameworks should be examined on a system-wide basis.

D.41. The previous Public Accounts Committee considered the C&AG's 2012 report on Kildare VEC at a meeting on 9 February 2012, and discussed the matter with the Chief Executive of Kildare VEC, who later became the Chief Executive of Kildare and Wicklow ETB.

D.42. The Secretary General stated to the Committee that after the publication of the C&AG's report in 2012, the Vocational Support Services unit of the Department of Education and Skills conducted a follow-up audit of Kildare VEC. The Department published a report in 2013, making further recommendations, which was forwarded to the Committee. The Chief Executive of Kildare and Wicklow ETB informed the Committee that targeted internal audits were conducted within Kildare and Wicklow ETB from 2013-15 on key areas of its operations, in parallel with the work of the C&AG, and that the ETB was now meeting its corporate governance responsibilities.

ROLE OF ETBI

D.43. The Committee sought further information regarding the role of Education and Training Ireland (ETBI). ETBI was established under the Education and Training Boards Act 2013 as a collective organisation for the ETB sector. Under the provisions of the Act, ETBI is a representative body for ETBs, but also works to develop policies, procedures and training programmes for the sector. ETBI informed the Committee that it was a voluntary body registered with the Charities Authority.

D.44. It was outlined in ETBI's 2016 financial statement that the organisation had an income for €1.6 million in 2016, including €571,700 from subscription fees paid by ETBs and €556,654 from the Department.

ETB HEAD OFFICES and SUB-OFFICES

D.45. The Secretary General outlined to the Committee that each ETB had a Head Office and a number of sub-offices. The Committee queried whether Chief Executives of ETBs were based primarily in the Head Office. The Secretary General stated to the Committee that he expected that Chief Executives would spend the majority of their time based in Head Offices, but that the individual configuration of each ETB was dependent on its circumstances, and subject to the judgment of the Chief Executive, who was accountable to the Board.

D.46. The Committee requested a list of where the Chief Executive of each ETB was based. In follow-up correspondence, the Department provided a list which outlined the 16 ETBs and where the Chief Executives and Directors were based. According to the list provided, all ETB Chief Executives with the exception of Louth and Meath ETB were based in head offices. 13 out of 52 directors were based in sub-offices.

ETB CHIEF EXECUTIVE RE-DEPLOYMENT

D.47. The Committee queried the appointment process for Chief Executives for the 16 ETBs. The Secretary General informed the Committee that there were 20 Chief Executives within the VECs, 16 of whom were redeployed to ETBs. The redeployment process was based on seniority and preference. Those who were not allocated to an ETB were redeployed to other roles within the Department and other state bodies. The Committee received further information regarding the agreements which were in place for the redeployment process in follow-up correspondence.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

D.48. The Committee considers it unsatisfactory that the Department of Education and Skills had difficulty providing overall figures for its spending on the ETB sector in 2016 during its meeting with the Committee. It is the view of the Committee that this is indicative of a general lack of Departmental oversight of the ETB sector.

D.49. The Committee is of the opinion that the line of funding from the Department of Education and Skills to the ETB sector is not outlined with sufficient clarity in the Department's Appropriation Accounts.

D.50. It is unacceptable to the Committee that the majority of ETBs did not submit their 2014, 2015 and 2016 accounts to the C&AG by the statutory deadline of 1 April of the following year to which the accounts pertain. Only one ETB, Kilkenny and Carlow ETB, met the statutory deadline for presenting its 2015 accounts and only two ETBs, Kilkenny and Carlow ETB and Cork ETB, met the statutory dates for the presentation of their 2016 accounts. It is the Committee's view that if it was possible for Kilkenny and Carlow ETB to submit its 2016 accounts in a timely manner, then it should have been possible for all ETBs.

D.51. The Committee is of the view that the amalgamation and restructuring of the VECs to establish the ETBs represented an opportunity to improve overall accountability and performance output. The absence of meaningful performance indicators for ETBs indicates a lack of commitment from the Department of Education and Skills in this regard.

D.52. It is the Committee's view that the fact that ETB Board minutes are not published contributes to an absence of transparency in the ETB sector.

D.53. The Committee concludes that the Department of Education and Skills' failure to take appropriate or timely action to address the deficiencies highlighted by the C&AG's 2010 audit of Kildare VEC led to similar issues re-emerging following its amalgamation into Kildare and Wicklow ETB in 2013. The Committee awaits the results of the Department of Education and Skills' statutory investigation of public procurement, usage and disposal of assets and propriety matters in relating to Kildare and Wicklow ETB.

D.54. The Committee is of the opinion that there is a lack of clarity regarding the meaningful role of ETBI in the ETB sector. Although ETBI is a voluntary representative body, it is substantially publicly funded and therefore needs to be accountable for funding provided.

D.55. The Committee is of the view that the failure of ETB Audit Committees to meet the requirement for a minimum of four meetings annually is not acceptable.

D.56. The Committee is of the view that there are important management risks associated with ETB Chief Executives and Directors not being based in ETB head offices.

Recommendations

D.57. The Committee recommends that a note be added to the Department of Education and Skills' Appropriation Accounts going forward to clearly show amounts given to ETBs and other sectors.

D.58. The Committee recommends that the Department of Education and Skills strengthens its governance and oversight of the ETB sector, including working with the ETBs to ensure that their annual accounts are submitted within the statutory time limit.

D.59. The Committee recommends the implementation of meaningful performance indicators for ETBs and the establishment of regular comprehensive reporting arrangements.

D.60. The Committee recommends that the role of ETB boards be strengthened and that comprehensive governance training be provided for all board members.

D.61. The Committee recommends that boards of ETBs and the Chairpersons of ETBs take responsibility for ensuring that ETBs submit their annual account to the C&AG by the statutory deadline.

D.62. The Committee recommends that the minutes of all ETB board meetings be made publicly and promptly available through their websites following board approval.

D.63. The Committee recommends that the Department of Education and Skills establish a timeline for the implementation of the recommendations and any other necessary actions arising from its statutory investigation of matters in relation to Kildare and Wicklow ETB, and that the implementation of the recommendations is given priority.

D.64. The Committee recommends that outcomes be established and agreed between the Department of Education and Skills and ETBI, and all future public funding to ETBI be aligned to clear and measurable goals.

D.65. The Committee recommends that the Department of Education and Skills carries out a full assessment of the risks associated with ETB Chief Executives and Directors not being based in ETB head offices.

3. DEPARTMENT OF EDUCATION AND SKILLS

Meeting Date: 16 November 2017

Principal Purpose of the Meeting: Matters arising from discussion of the costs of the Child Abuse Inquiry and Redress Scheme

Organisation: Department of Education and Skills

INTRODUCTION

E.1. Following ongoing correspondence with the Department of Education and Skills on this issue, the Committee allocated time at its meeting on 16 November 2017 to discuss the transfer of properties as part of the redress scheme established under the Residential Institutions Redress Act 2002.

E.2. In December 2016, the C&AG's Special Report No 96 on the Cost of Child Abuse Inquiry and Redress was published. The report outlined that in May 1999 the Taoiseach apologised, on behalf of the State, to survivors of abuse in institutions run by religious congregations and established the Commission to Inquire into Child Abuse. This was followed by the setting up of a redress scheme and other supports for survivors of abuse.

E.3. Offers of contributions to the State to finance the redress scheme were made by 18 religious congregations which managed 100 of the 139 residential institutions listed in the schedule to the Residential Institutions Redress Board Act 2002. The offers comprised cash, property and counselling, and were made to the State as part of two agreements, (i) an Indemnity agreement in 2002 and (ii) a voluntary agreement in 2009. The total value of the offers made by the congregations was €480.6 million, including the offer of the Christian Brothers to transfer its school playing fields. In follow-up correspondence, the Department confirmed that, following adjustments, the offers effectively totalled €445.42 million.

E.4. As outlined in the C&AG's report, contributions to the redress scheme from religious congregations were managed by the Department of Education and Skills. The Secretary General stated that managing the transfer of properties had been challenging for the Department, and that it had involved cross-sectoral cooperation with the HSE and Local Authorities.

MATTERS ARISING FROM DISCUSSION OF THE COST OF THE CHILD ABUSE INQUIRY AND REDRESS SCHEME

INDEMNITY AGREEMENT 2002

E.5. The Secretary General informed the Committee that €123.14 million in cash, counselling, and properties have been received under the 2002 Indemnity Agreement, leaving €4.9 million outstanding of the total of €128 million. The cash and counselling portions of the Indemnity Agreement amounted to €64.4 million, and had been paid in full.

Table 6: Breakdown of the 2002 Indemnity Agreement

(as per information provided by the Department of Education and Skills, figures rounded)

Amount Offered	Purpose	Amount outstanding
€54.4 million	Cash	
€10 million	Counselling	
€63.6 million	61 Properties	6 properties outstanding, with a value of €4.9 million
€128 million (total)		

E.6. As part of the Indemnity Agreement it was agreed that 61 properties with a total value of €63.58 million would be transferred to the State. However, as of December 2017 six properties, with the combined value of €4.9 million, had still not been transferred. A full list of the properties accepted under the 2002 Indemnity Agreement was included in follow-up correspondence to the Committee.

E.7. The Committee was informed in follow-up correspondence that five of the six outstanding properties were either in use or available for use by the intended recipients, but that legal transfer had yet to be completed. One further property had been offered, but was rejected by the State. In accordance with the terms of the Indemnity Agreement, the congregation concerned was requested to offer an acceptable alternative property or cash in lieu of the rejected property offer.

VOLUNTARY AGREEMENT 2009

E.8. Following a report published by the Commission to Inquire into Child Abuse in 2009, the 18 religious congregations involved were called upon by the Government and the Dáil to make further offers of redress. 15 congregations made offers of cash and property on a voluntary basis. While there was no binding agreement, the Committee was informed that

the Department had an overall coordinating role. The Department was responsible for direct engagement with the congregations, the receipt of cash contributions and reporting to Government. However, the Department outlined to the Committee that as the agreement was voluntary, the State is not in a position to compel congregations to complete transfers of properties offered or to seek alternative properties or cash equivalents in the event that transfers are not completed.

E.9. The Secretary General informed the Committee that the effective total of the offers made as part of the 2009 voluntary agreement was €317.4 million. A breakdown of the offers made is outlined in the table below:

Table 7: Breakdown of 2009 Voluntary Agreement

(as per information provided to the Committee by the Department of Education and Skills)

Amount Offered	Purpose	Amount Outstanding
€107 million	Cash over a five year period	
€2.32 million	Refunded legal costs Unclaimed legal costs €1 million towards the National Children's Hospital	
€208.09 million	18 Properties This figure was based on values placed on the properties by the congregations in 2009. However, the Government agreed in 2013 that properties would be valued at the date of transfer on an Open Market Value basis.	10 properties outstanding
€317.41 Million (total)		

E.10. As part of the 2009 voluntary agreement, the Christian Brothers offered to transfer its school playing fields into a joint trust with the State. After a series of negotiations, it was decided by the Minister not to accept the proposal of joint ownership. The Minister's counter-proposal of entitling the State to 50% of the proceeds of any sale of the playing fields was not accepted by the Christian Brothers. The Secretary General stated to the Committee that the Department was due to meet with the Christian Brothers to further discuss the offers on 24 November 2017. In follow-up correspondence, it was stated that a preliminary discussion had taken place, but that the Department was still in correspondence with the Christian Brothers on the progression of the offer.

E.11. In follow-up correspondence to the committee, the Department stated that of the 18 properties accepted by the State as part of the 2009 voluntary agreement, five had been transferred to the State as of November 2017. The Committee was informed in March 2018

that eight properties had been transferred, with 10 properties outstanding. A full list of the properties offered under the 2009 Voluntary Agreement was provided to the Committee as part of follow-up correspondence.

E.12. The Department stated that the five properties which had been fully transferred as of November 2017 had a combined value of €1.38 million. It was confirmed by the Department that the valuation placed on these properties in 2009 by the congregation involved had been €10.75 million. The Department stated in follow up correspondence in March 2018 that the valuation information of the three properties transferred between November 2017 and March 2018 was not yet available.

E.13. The Government agreed in 2013 that the properties accepted under the 2009 Voluntary Agreement would be valued at the date of transfer on an Open Market Value basis. In follow up correspondence to the Committee, the Department confirmed that the valuation of €208.09 million was placed on the properties by the congregations involved, not by the State. As the 2009 agreement was voluntary, the State was not in a position to compel congregations to transfer property or to make up any shortfall in value on a property. The Department stated that while the cash amounts received for properties which had so far been transferred under the 2009 agreement had been significantly lower than valued in 2009, there was no indication that this this pattern would continue for the remaining transfers.

CARANUA

E.14. The Government decided to utilise the €107 million cash offered as part of the 2009 voluntary agreement, along with €3 million of the proceeds from property sales, to establish the Residential Institutions Statutory Fund (Caranua) in 2013. Caranua was set up as an independent State body set up to help people who, as children, experienced abuse in residential institutions in Ireland and have received settlements, Redress Board or Court awards. The Committee examined Caranua's 2014 and 2015 financial statements in detail at a previous meeting on 13 April 2017.

E.15. The Secretary General informed the Committee that €100 million had been provided to Caranua as of 2017, with a further €10 million committed to Caranua for 2018. Caranua reported in February 2018 that as of the end of December 2017, it had paid out €72.5 million in services to successful applicants. In follow-up correspondence to the Committee in March

2018, the Department informed the Committee that it had received a cash contribution of €1.95 million from one congregation towards Caranua.

CARANUA ELIGIBILITY REVIEW

E.16. The Committee sought information regarding the timeline of the Department of Education and Skills' Caranua Eligibility Review. The review was established to examine the possibility of widening eligibility requirements and to evaluate Caranua's overall expenditure. The Secretary General stated to the Committee that the review was ongoing but could not provide the Committee with a due date for its completion. In reply to a Parliamentary Question on 16 January 2018 the Minister for Education and Skills stated that the initial phase of the review, which looked at Caranua's expenditure to date and an estimation of its projected expenditure, was nearing completion.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

E.17. The Committee is of the view that there is a lack of determination by the Department of Education and Skills to bring the transfer of property under the Redress Scheme to a conclusion. After 16 years, the ongoing delay is not acceptable and may lead to additional cost where remedial work is required on transferred properties which have fallen into disrepair.

E.18. The Department of Education and Skills informed the Committee that five properties transferred as part of the Redress Scheme under the 2009 Voluntary Agreement. The properties were valued at €10.75 million in 2009 by the religious congregations. At the time of transfer, the properties were valued at €1.38 million. It is the Committee's view that this represents a significant loss for the State and for the recipients of services funded under the Redress Scheme. The Committee is of the opinion that the State should have carried out its own valuation of the properties offered by congregations as part of the 2009 Voluntary Agreement.

E.19. The Committee is of the view that the Department of Education and Skills' delay in completing the Caranua Eligibility Review indicates a lack of commitment on the part of the Department.

E.20. The Committee is of the opinion that the Department of Education and Skills has not provided adequate information to the public in relation to the Redress Scheme and the transfer of properties to the State.

Recommendations

E.21. The Committee recommends that the Department of Education and Skills urgently concludes the transfer of property from religious organisations to the State through the Redress Scheme.

E.22. The Committee notes that there are 10 properties awaiting transfer to the State under the Redress Scheme as part of the 2009 Voluntary Agreement with religious congregations. The Committee recommends that the State carries out its own independent valuation of these properties to ascertain any shortfall between current valuation and the valuation placed on the properties by religious congregations in 2009.

E.23. The Committee recommends that the Department of Education and Skills publishes quarterly progress reports on the property transfer process in relation to the Redress Scheme.

E.24. The Committee recommends that the Department of Education and Skills completes and publishes the Caranua Eligibility Review forthwith.

4. AN GARDA SÍOCHÁNA

Meeting Date: 23 November 2017

Principal Purpose of the Meeting: C&AG Report 2016 Chapter 12: Management of Ancillary Services at the Garda Training College

INTRODUCTION

F.1. In 2016, the Garda Internal Audit Section (GIAS) commenced an examination of the financial structures and procedures at the Garda College. The audit sought to assess corporate governance and financial controls at the College, including controls in relation to the operation of the restaurant and other ancillary services at the College. An interim report, completed in February 2017, highlighted significant governance, accounting and control shortcomings in the operation of the Garda College.

F.2. Chapter 12 of the C&AG's 2016 Annual Report examined management of ancillary services at the Garda College and the management of College land. The C&AG's examination was carried out subsequent to the Committee's work on the issue earlier in 2017. The Committee examined matters arising from the Interim Report on Financial Procedures in the Garda College, Templemore over a number of meetings in May and June of 2017 and published a related report in July 2017.

F.3. The Committee outlined in its report in July 2017 that a number of investigations were ongoing regarding the Garda College, as listed in the table below:

Table 8: List of Referrals and Ongoing Investigations Regarding the Garda College

(amended from the table published in the Committee's July 2017 report)

Issue of investigation	Organisation(s)
Investment accounts and implementation of interim audit report	GIAS, GSOC
EU Funded Programmes and Projects	GSOC, OLAF (European Anti-Fraud Office), C&AG

F.4. In November 2017, the Committee invited representatives of An Garda Síochána (AGS) to discuss Chapter 12 of the C&AG's Annual Report 2016, and to provide an update on the progress being made to implement the recommendations of the Interim Audit Report.

F.5. The Head of Internal Audit informed the Committee that since the publication of the GIAS Interim Audit Report, members of the organisation had brought concerns to GIAS on a range of different issues, including legacy and governance issues. However, the Head of Internal Audit could not provide further detail as these concerns were being examined as part of ongoing audits.

MATTERS ARISING FROM DISCUSSION OF C&AG REPORT 2016 CHAPTER 12

TAX NUMBERS AND BANK ACCOUNTS

F.6. In previous engagements with AGS in May and June 2017, the Committee was informed that there were five tax numbers in operation for the Garda College, one each for An Garda Síochána, Garda College Sportsfield Company Ltd, Garda College Restaurant, Garda College Shop and the Garda College Bar. The Committee requested an update regarding the status of these tax numbers. The Chief Administrative Officer (CAO) informed the Committee that AGS was awaiting determination following its voluntary disclosure to the Revenue Commissioners. The Committee was informed that it was the intention of AGS to have one single tax number in operation for the entire organisation from 2018. The Committee has requested an update regarding this process.

F.7. The Committee outlined in its Special Report that between 2009 and 2016, there were 50 bank accounts associated with the Garda College, but that the number had been reduced to five by July 2017. The CAO informed the Committee that as of November 2017, four accounts were still open. The CAO stated that the ultimate goal was to operate only two bank accounts for the Garda College, one Imprest account and another account for receiving funding for EU Training.

COLLEGE RESTAURANT AND BAR

F.8. As outlined in Chapter 12, in May 2017 AGS commissioned an external accountancy company to review the tax affairs of the Garda College shop, restaurant and bar, and the Sportsfield Company.

F.9. During the course of the review, it was found that there had been an underpayment of tax in relation to the Garda College bar. AGS made a voluntary disclosure to Revenue on this issue, submitting an estimate from incomplete records.

F.10. The CAO informed the Committee that the process of bringing the operation of the restaurant into public control was ongoing, that staff contracts were in the process of being regularised and that the funding model for the restaurant had changed. The living allowance given to students previously had been the main source of funding for the operation of the restaurant. However, the practice of paying students a living allowance ceased from May 2017, and under the new arrangements, any revenue generated by the restaurant was to be returned to the Vote. The Committee was also informed that recommendation 8 of the interim audit report, a tendering process for food services in the restaurant was on-going with the Office of Government Procurement (OGP). The Committee understands that the process has since been completed and has sought an update from AGS.

TAX TREATMENT OF LIVING ALLOWANCE

F.11. In 2011, the Revenue Commissioners conducted a review of the tax treatment of a range of Garda allowances. However, the Revenue Commissioners gave AGS no direction regarding the payment of the living allowance to students during the phases of their training when they attended the Garda College. The CAO informed the Committee that the Department of Justice and Equality was in the process of seeking legal advice regarding the tax treatment of the living allowance in these circumstances.

MANAGEMENT OF COLLEGE LAND

F.12. The C&AG's report recommended that *"An Garda Síochána and OPW, in conjunction with the Department, should develop a long term plan for the development of land and buildings in relation to the Garda College"*.

F.13. The Head of Estate Management for the Office of Public Works (OPW) informed the Committee that the OPW was collaborating with AGS on a "master plan" for property needs for Templemore. The CAO noted that the ongoing priority was to wind down the Sportsfield Company and transfer its assets to the OPW, as recommended by the GIAS audit report. It was stated that discussions were ongoing with the OPW and the Chief State Solicitor's Office regarding the process of transferring the Sportsfield Company's land assets. Once

lands were transferred to the OPW, AGS would then be in a position to wind down the Sportsfield Company.

F.14. It was outlined in the C&AG's report that the golf course adjacent to Templemore was owned by the OPW but leased to Sportsfield Company on a 99 year lease. In 2000, the Sportsfield Company began to lease the land to a local golf club for €12,600 per annum. However, the lease fell into arrears. The figure for rental income outstanding was reported in the C&AG's report, published in September 2017, as €88,000. The CAO was unable to provide the Committee with an updated figure. The CAO noted that he expected to engage with the golf club "later in the year" on the issue but that the process of collecting money owed was complex due to ownership issues and the winding down of the Sportsfield Company. The Committee has requested further information from AGS regarding the amount owed by the golf club, and the results of any further engagement with the golf club on the issue.

IMPLEMENTATION OF INTERIM AUDIT REPORT RECOMMENDATIONS

F.15. In February 2017, GIAS completed its Interim Audit Report on financial procedures at the Garda College, which highlighted significant governance, accounting and control shortcomings in the operation of the Garda College. In its previous examination of the matters arising from the Interim Audit Report, the Committee found that only 4 of the 19 recommendations made had been implemented by AGS as of May 2017. The Committee sought information regarding the progress made in the implementation of 19 recommendations as of November 2017, and as of the time of publication this information had not been received.

F.16. An update of the implementation of the recommendations was provided to the Committee on 21 November 2017, stating that the Policing Authority deemed 11 of the 19 recommendations closed or complete subject to GIAS completing its work and any input from the Department of Justice and Equality. The briefing material provided to the Committee also included a tracker outlining the progress of each recommendation's implementation. Four recommendations were outlined as being due for completion by the end of December 2017. The Committee has requested an update on the status of these recommendations.

F.17. At the Committee meeting on 31 May 2017, the Head of Internal Audit stated his opinion that there had been “*non-cooperation and withholding (of) information from internal audit*”. At the meeting on 23 November 2017, the Committee queried whether this perception had improved in the interim. The Head of Internal Audit informed the Committee that a number of improvements had been made since the previous Committee meetings. The role specification of the Head of Internal Audit was changed in September 2017 so that he reported directly to the Garda Commissioner. The Head of Internal Audit had already had a number of formal and informal meetings with the Acting Garda Commissioner, and had met with the Executive Board, which comprised the Garda Commissioner, the CAO, and the Deputy Commissioner.

F.18. The Executive Director of Human Resources and People Development noted that there had been an improvement within the organisation in relation to being able to come forward with concerns. The Head of Internal Audit noted that he was working with the Acting Garda Commissioner and the Audit Committee to redraft the charter regarding the responsibilities and duties of GIAS.

AUDIT ASSURANCE

F.19. The Head of Internal Audit informed the Committee that while significant progress had been made in implementing the recommendations of the GIAS Interim Audit Report, he could not be fully satisfied that all financial controls were in place in Templemore until all recommendations were fully implemented. Once all recommendations were implemented, he would then be able to review his audit opinion.

F.20. The Committee was informed that work was still ongoing on the audit of financial procedures in Templemore, and that it was envisaged that the current phase of the audit would be finished by the end of 2017. The Head of Internal Audit noted that issues arising from the audit would be added to annual audit plans and be investigated further over the next few years. The Committee has requested a further update on the status of the audit, but has not received an update at the time of publication of this periodic report.

EXTENSION OF ONGOING GSOC INVESTIGATION

F.21. The Committee sought information regarding any sanctions which had been imposed following the findings of the interim audit report. The Acting Garda Commissioner informed

the Committee that anything of a criminal nature would be examined as part of the An Garda Síochána Ombudsman Commission (GSOC) investigation. He stated that the shortcomings identified by the interim audit report were the result of flawed systems, and that processes were now in place to address the issues highlighted.

F.22. The CAO confirmed that GSOC had extended the remit of its investigation beyond issues raised in the GIAS report on EU-Funded Training Programmes/Projects to include issues arising from the Interim Audit report. AGS provided a copy of correspondence between the Acting Garda Commissioner and GSOC from July 2017, confirming that the remit had been extended to include the Interim Audit Report. It was noted in the correspondence by GSOC that at that stage it was not possible to say who was the subject of the investigation, but that the issues arising from the Interim Audit report were being investigated as per Section 98 of the Garda Síochána Act 2005, which provides for “an investigation into a complaint that appears to involve an offence”.

SIPO AND GOVERNANCE FRAMEWORK

F.23. The Committee sought information regarding the implementation of recommendation 14 of the interim audit report, which stated that AGS should remind staff of their Standards in Public Office (SIPO) obligations. The CAO informed the Committee that all relevant members had been notified of the importance of compliance with SIPO regulations, and the CAO had scheduled a meeting with the Standards in Public Office Commission to seek further advice.

F.24. The Department of Justice and Equality informed the Committee that a new governance framework had been signed by the Secretary General and the Acting Garda Commissioner. The Committee requested a detailed note on this framework. The Committee received follow-up correspondence from the Department of Justice and Equality, providing a copy of the Corporate Governance Assurance Agreement between An Garda Síochána and the Department, which was signed on 20 November 2017. The commitments outlined in this agreement included a provision for AGS to ensure that effective governance frameworks were in place within the organisation, and that at least two annual governance meetings were held between the Department and AGS.

OTHER MATTERS DISCUSSED

DISCLOSURES TRIBUNAL CO-ORDINATION UNIT

F.25. The Committee sought information regarding the AGS co-ordination unit for the Tribunal of Inquiry into Protected Disclosures (Charleton Tribunal). The Secretary General of the Department of Justice and Equality informed the Committee that the unit was established at the request of the former Garda Commissioner. Oral sanction from the Department of Justice and Equality was received on 21 February 2017 and written sanction was received from the Department of Public Expenditure and Reform on 5 May 2017.

F.26. The unit contained two full time staff and a liaison officer for each region. One retired Chief Superintendent and one retired Assistant Commissioner were employed, and existing Garda staff were transferred to the unit on 21 February 2017. The Executive Director of Human Resource and People Development informed the Committee that contracts were drawn up for employees working in the co-ordination unit in February 2017.

F.27. The Executive Director of Human Resource and People Development stated to the Committee that he had raised concerns regarding the co-ordination unit and had written to the Head of Legal Affairs. However, as the Tribunal was ongoing, the Acting Garda Commissioner informed the Committee that members of AGS were not in a position to discuss the matter further.

POLICY MATTERS DISCUSSED

SLIGO GARDA STATION

F.28. On 20 November 2017, members of the Garda Representatives Association based in Sligo staged a walk out from Sligo Garda station, citing concerns over the safety of the building. The Committee sought information on the status of remedial work on Sligo Garda Station. The Head of Estate Management for OPW stated that that the building was habitable, but in need of remedial and upgrade works. The Executive Director of Human Resources & People Development stated to the Committee that remedial work to the station was planned and costed and was due to be completed in September 2018. The Committee was informed that remedial work was the immediate priority, but that a new station was planned in the long term.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

F.29. The Committee is satisfied that progress has been made by An Garda Síochána on the process of winding down the Sportsfield Company and transferring its land assets to the Office of Public Works (OPW). However, the Committee is of the opinion that the winding down of the Sportsfield Company should be brought to a conclusion promptly.

F.30. The Committee is of the view that while significant progress has been made by An Garda Síochána in implementing the recommendations of the Interim Audit report of the financial procedures in the Garda College Templemore, further commitment is required to bring the process to a conclusion promptly.

F.31. The Committee is of the view that it is not acceptable that staff were allocated to the An Garda Síochána Co-ordination Unit for the Tribunal of Inquiry into Protected Disclosures (Charleton Tribunal) ten weeks before written approval was received from the Department of Public Reform and Expenditure.

F.32. The Committee is not satisfied with the undue delay in the process of bringing the Garda College under a single An Garda Síochána tax number. An Garda Síochána declared its intention to the Committee to bring the organisation under one tax number in June 2017. However, as of the publication of this periodic report in March 2018, this has not yet happened.

Recommendations

F.33. The Committee recommends that An Garda Síochána prioritises the implementation of outstanding recommendations from the Garda Internal Audit Service's 2017 Internal Audit Report on financial procedures at the Garda College.

F.34. The Committee recommends that An Garda Síochána presents to the Public Accounts Committee and to the Policing Authority the implementation plan for the outstanding recommendations of the 2017 Internal Audit Report on financial procedures at the Garda College. This should be done promptly

5. DEPARTMENT OF EMPLOYMENT AFFAIRS AND SOCIAL PROTECTION

Meeting Date: 7 December 2017

Principal Purpose of the Meeting: Comptroller and Auditor General 2016 Report

Chapter 16: Regularity of Social Welfare Payments

Chapter 17: Management of Social Welfare Overpayments

Chapter 18: Department Reviews of Welfare Schemes

INTRODUCTION

G.1. The Department of Employment Affairs and Social Protection's expenditure in 2016 on social welfare and labour activation schemes totalled €19.2 billion. 56% of the expenditure was charged to Vote 37 Social Protection and 44% was charged to the Social Insurance Fund.

G.2. The Social Insurance Fund is funded mainly from the Pay-Related Social Insurance (PRSI) contributions collected by the Revenue Commissioners in respect of employers, employees and self-employed persons. Social insurance benefits, redundancy payment entitlements and occupational injuries benefits administered by the Department of Employment Affairs and Social Protection are paid out of the Social Insurance Fund. Eligibility for schemes funded by the Social Insurance Fund is dependent on the level of the claimants' recorded PRSI contributions.

G.3. The C&AG gave a clear audit opinion on the accounts of both Vote 37 and the Social Insurance Fund for 2016. However, attention was drawn to the issues covered in Chapters 16, 17 and 18 of the C&AG's 2016 Annual report:

- Chapter 16: Regularity of Social Welfare Payments
- Chapter 17: Management of Social Welfare Overpayments
- Chapter 18: Department Reviews of Welfare Schemes

REGULARITY OF SOCIAL WELFARE PAYMENTS, CH.16 C&AG 2016 REPORT

G.4. The C&AG outlined that irregular income support payments arose when income support recipients were paid amounts to which they are not entitled, or which exceeded their entitlements. This may have been as a result of fraud by claimants, or as a result of errors made by claimants or by staff of the Department.

G.5. Chapter 16 outlined the estimated levels of excess payment for both Vote-funded and Social Insurance-funded schemes due to (i) fraud or suspected fraud, (ii) claimant or departmental error, or (iii) medical ineligibility. Surveys carried out on schemes funded by the Department showed variation in the estimated level of excess payment, but that the net level of fraud and error averaged approximately 2%. As the amount was over 1%, the C&AG assessed it to be material.

G.6. The C&AG concluded that excess payments due to fraud, error or medical ineligibility were irregular, and that the level of excess payments found by the Department's fraud and error surveys was material. Accordingly, reference to the material level of irregularity of scheme payments was added as a note to the 2016 Appropriation Account for Vote 37 Social Protection and the 2016 Account of the Social Insurance Fund.

MANAGEMENT OF SOCIAL WELFARE OVERPAYMENTS, CH.17 C&AG 2016 REPORT

G.7. Chapter 17 outlined the results of an audit of social welfare schemes overpayments. The chapter also examined:

- The Department's procedures for managing overpayment debt;
- The causes of overpayments;
- How successful the Department has been in recovery of recorded overpayments;
- Enforcement action taken by the Department.

G.8. Chapter 17 outlined six recommendations for the Department to improve its performance in this area, including (i) reviewing outstanding debts, (ii) reviewing the causes of overpayments and (iii) reviewing practices and procedures regarding the collection and write-off of debt. The Secretary General informed the Committee that all six recommendations had been accepted, and that the process of implementing them had been initiated.

DEPARTMENT REVIEWS OF WELFARE SCHEMES, CHAPTER 18 C&AG 2016 REPORT

G.9. Chapter 18 outlined the C&AG's examination of the Department's performance in implementing planned reviews of income support payment claims. It also assessed the effectiveness of controls in three schemes; (i) family income supplement, (ii) invalidity pension and (iii) domiciliary care allowance.

G.10. Chapter 18 outlined three recommendations to the Department for improvements in the review process, including:

- All files should have a medical review status
- The number of medical reviews carried out should be increased
- The Department should take all necessary steps to avoid erroneous payments.

MATTERS ARISING FROM DISCUSSION OF THE C&AG'S 2016 REPORT

SOCIAL WELFARE OVERPAYMENTS

G.11. The Secretary General informed the Committee that income support overpayments made by the Department amounted to €110 million in 2016. Of this figure, 37% was due to fraud or suspected fraud, 42% was claimant error, 18% was due to estate cases of the deceased and 2.1% was due to departmental error.

G.12. The Secretary General outlined to the Committee that levels of fraud and error were relatively low. It was outlined to the Committee that the Department's policy was to not pursue the elimination of error or fraud at the cost of denying entitlement or impeding access to services.

G.13. The Secretary General stated to the Committee that Section 302 of the Social Welfare Consolidation Act 2005 held the Department to a high standard when determining fraud. The Act stated that payments may be disallowed or reduced by reason of any "*statement or representation (whether written or verbal) which was to the knowledge of the person making it false or misleading in a material respect or by reason of the wilful concealment of any material fact*".

G.14. The Secretary General stated to the Committee that as the standard for determining fraud was so stringent, in most cases the Department attributed overpayment to customer negligence or customer error. The Secretary General noted that the rules of payment and allowance schemes were complex, and as a result there may be confusion or lack of awareness regarding the conditions for eligibility and entitlement. Therefore, there was an onus on the Department to inform its customers of their obligations.

RECOVERY AND WRITE-OFF OF DEBT

G.15. Chapter 17 of the C&AG's report states that the Department recovered overpayments in two ways, (i) direct payments by claimants or their estates or (ii) withholding some or all of welfare entitlements. In 2016, €81.9 million was recovered in respect of scheme overpayments, of which €67.9 million was Vote-related and €14 million was Social Insurance Fund-related. The overall figure for overpayment debt remaining at the end of 2016 was €482 million.

G.16. At the end of 2016, 46% of outstanding debt by value was over five years old and almost 25% of outstanding debt by value was over 10 years old. Less than 14% of the overpayment debt outstanding at 31 December 2016 was recorded in 2016. The overpayment amounts to be recovered varied significantly. 36,211 debts of €100 each totalled €1.6 million were owed to the Department, while 1,156 debts of over €50,000 totalled €90.7 million were owed. At the end of 2016, 5.7% of the total debtors accounted for 60% of outstanding overpayment debt.

G.17. It was noted in Chapter 17 of the C&AG's report that outstanding overpayment debt could be written off where it was deemed that there was no prospect of repayment. €2.7 million was written off by the Department in 2016. The figure for overpayments which was written off in 2016 had reduced significantly from a high of €14.1 million in 2014. The C&AG's examination noted that the introduction of a new Debt and Receipts Accounting System in 2014 had provided the Department with better information about overpayment debt, resulting in improved debt management.

G.18. The Secretary General stated that the Department was in the process of preparing a proposal to Department of Public Expenditure and Reform with respect to the prioritisation of debt recovery activity, including a proposal for a structured write-off or write-down of a stock of very aged debt.

CONTROL REVIEWS

G.19. The Department informed the Committee that it carried out post-claim approval reviews, which it called control reviews. These reviews were conducted to ensure continued compliance with all conditions for receipt of payment. Control reviews could be conducted in a variety of ways, through (i) a home visit, (ii) an interview, or (iii) a desk assessment based on review of the relevant file or papers.

G.20. The Committee noted the finding in the C&AG's report regarding significant delays in conducting medical control reviews. Medical eligibility was a key qualifying criterion for payment under certain schemes, such as disability allowance, illness benefit and invalidity pension.

G.21. Chapter 18 of the C&AG's report outlined that approximately 10,000 invalidity pension cases due for review within three years had not been reviewed for at least five years and in many cases, for ten years. Approximately 4,000 invalidity pension cases, 8% of all invalidity pension cases, did not have an assigned medical review status, and therefore could potentially never be selected for a medical control review.

G.22. The Secretary General informed the Committee that medical control reviews had not been carried out due to resource restrictions. However, based on the recommendation of the C&AG, the Secretary General had authorised the recruitment of additional medical assessors, and had initiated the profiling of cases which did not have a review status.

OTHER MATTERS DISCUSSED

SOCIAL WELFARE APPEALS PROCESS

G.23. The Committee discussed the timelines and outcomes of the social welfare appeals process. It was outlined to the Committee in follow-up correspondence that the Social Welfare Appeals Office was independently responsible for determining appeals against decisions on certain social welfare entitlements and insurability of employment. The Chief Appeals Officer confirmed that the total cost of running social welfare appeals services in 2016 was €4.2 million.

G.24. The Committee sought information regarding timelines for the appeals process. The Secretary General stated that the appeals process was a “quasi-judicial” process, and that time had to be allocated for both the Department and for the appellant to make submissions, and for appeals officers to decide upon each case. The Chief Appeals Officer informed the Committee that there was no timescale for the turnaround of appeals provided for in legislation, but that the current processing time was 26 weeks. In follow-up correspondence, the Department provided further information regarding the stages of the appeals process and its underpinning legislation.

G.25. The Secretary General outlined that 1% of decisions made regarding eligibility and entitlement to payments were appealed. Of this number, approximately 60% had a favourable outcome. The scheme with the highest rate of appeals was the disability allowance scheme, which accounted for approximately 26% of all appeals. The Secretary General stated that the Department was working with stakeholder groups such as the National Disability Authority and Family Carers Ireland to streamline the process of claiming allowances.

G.26. The Chief Appeals Officer informed the Committee that in 40% of claims that were revised, the decision was made in the review stage by the Appeals Officer prior to a formal appeal assessment. This was due to the submission of additional evidence supporting the case, including medical evidence, early in the appeals process.

G.27. In follow-up correspondence to the Committee, the Committee was informed that the Social Welfare appeals office received requests for files from the Office of the Ombudsman regarding seven social welfare appeal cases in 2017. Overall there were 679 complaints regarding the Department of Employment Affairs and Social Protection received by the Office of the Ombudsman in 2016.

REDUNDANCY AND EMPLOYERS INSOLVENCY SCHEMES

G.28. The Committee sought information regarding outstanding debt outlined in the Social Insurance Fund’s 2016 Financial Statement in relation to redundancy and employers’ insolvency schemes.

G.29. The Social Insurance Fund was used to make redundancy and insolvency payments to employees who have been made redundant, but whose former employers were unable to

make the appropriate statutory payment, usually due to insolvency. The balance of payments which had not been recovered or written off at the end of 2016 was €462 million. It was stated in the accounts that the Department envisaged that 90% of the value of the debt would eventually be written off, since the majority of the debt refers to insolvent companies.

G.30. The Committee noted that the issue had been raised at previous Committee meetings, and that the Committee had been in correspondence with the Department previously regarding the issue. The Committee sought information from the Department regarding the efforts made to recover debt from companies which were still deemed to have a normal trading status, and the extent of co-operation between the Department and the Revenue Commissioners on the issue.

G.31. The Secretary General stated that €10 million outstanding debt relating to insolvency schemes had been collected in 2016. However, the Secretary General acknowledged that the issue required additional focus. It was noted that it could be the case that companies deemed to be trading normally by the Companies Registration Office could have ceased trading, but have not yet gone through the receivership or liquidation processes. The Department stated it would seek increased cooperation with the Revenue Commissioners in ascertaining the true status of companies deemed to be trading normally.

JOBPATH

G.32. The Committee discussed the costs, procurement and processes of the JobPath scheme. The JobPath employment activation programme was established by the Department in 2015 to assist people who were long-term unemployed to secure and sustain full time paid employment.

G.33. The Secretary General noted that there were approximately 60,000 people currently using the scheme, and that 141,000 people had availed of it since it was established in 2015. In follow-up correspondence to the Committee, the Department provided further information regarding the JobPath scheme, including performance and outcome data for the period of July 2015 - June 2016. According to the data provided, 18% of those who completed the JobPath scheme during this period started full-time work of at least 13 weeks duration.

G.34. The administration of the JobPath scheme was shared between two companies, Seetec and Turas Nua, which were contracted for this purpose. Follow-up information from the Department confirmed that the Department had paid €83.9 million to contractors of the JobPath scheme between 2015 and 2017. The Secretary General informed the Committee that the fee paid to each company could not be disclosed due to commercial sensitivities, but that the companies were procured through a competitive tendering process. The Department produced performance reports for the JobPath scheme, which were published on their website.

G.35. The Committee inquired into the oversight and controls of the JobPath scheme. The Secretary General informed the Committee that payments to the companies administering the JobPath scheme were based on outcomes and that pricing was linked to the overall level of employment in the economy. The Department automatically checked all employment notices received from JobPath against commencement of employment notices received from the Revenue Commissioners and the Department's own payments system to ensure that the employment was genuine. The Department carried out audits of jobs providers and customer satisfaction research on the JobPath scheme.

POLICY MATTERS DISCUSSED

“WELFARE CHEATS CHEAT US ALL” COMMUNICATIONS CAMPAIGN

G.36. The Committee discussed the communications campaign undertaken in April 2017 by the Department to highlight the issue of Social Welfare fraud to the public. The Secretary General informed the Committee that the “Welfare Cheats Cheat Us All” campaign had cost €163,000, and resulted in a 30% increase in the reported instances of welfare fraud. The Committee was informed that the increased number of reports resulting from the campaign generated €1 million in control activity savings.

G.37. The Committee expressed concern that communications containing the phrase “welfare cheats” could lead to increased stigmatisation of those in receipt of income support payments and allowances. Despite the majority of overpayments of payments and allowances being the result of claimant or departmental error rather than claimant fraud, the communications campaign focused exclusively on instances of fraud. The Secretary General stated that feedback would be considered when planning future communications campaigns, and apologised for any negative perceptions created by the campaign.

“SUSPECTED FRAUD”

G.38. The Committee noted that documentation published by the Department often contained phrasing relating to “fraud”. However, the Committee emphasised that as “fraud” is a criminal act and can only be determined by a judge or through criminal proceedings, it would be more appropriate to apply the term “suspected fraud”. The Secretary General agreed with this assertion, noting that the phrase “suspected fraud” was beginning to be implemented in reports being published by the Department.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

G.39. Given the effect on some of the most vulnerable people in society, the Committee is of the view that the Department of Employment Affairs and Social Protection’s significant delays in providing required medical reviews is unacceptable.

G.40. The Committee is of the opinion that inadequate effort has been made by the Department of Employment Affairs and Social Protection to recover debt from redundancy and employers’ insolvency schemes.

G.41. The Committee is of the opinion that there is insufficient transparency of expenditure on outsourcing/closed tenders regarding JobPath.

G.42. The Committee expresses concern regarding the Department of Employment Affairs and Social Protection’s focus on fraud in public information campaigns, despite the fact the majority of overpayments are caused by claimant or departmental error.

Recommendations

G.43. The Committee recommends that the Department of Employment Affairs and Social Protection prioritises recruitment of additional medical assessors to ensure that cases awaiting medical reviews are dealt with in a more timely manner.

G.44. The Committee recommends that the Department of Employment Affairs and Social Protection focuses its Social Welfare overpayment debt recovery efforts on the 5.7% of cases which constitute 60% of outstanding debt.

G.45. The Committee is of the view that debts owed to the Department of Employment Affairs and Social Protection which are under €100 should be written off after one year. It is the Committee's opinion that in order to improve chances of repayment efforts need to be enhanced to ensure that debt recovery begins earlier.

G.46. The Committee recommends that all future publications from the Department of Employment Affairs and Social Protection should use the phrase "suspected fraud" instead of "fraud" in instances where the burden of proof has not been met regarding fraud.

G.47. The Committee recommends that future public information campaigns produced by the Department of Employment Affairs and Social Protection prioritise error reduction rather than claimant fraud, as claimant and departmental error are more significant causes of social welfare overpayment than claimant fraud.

G.48. The Committee recommends a detailed plan is put in place and closer cooperation between the Department of Employment Affairs and Social Protection and the Revenue Commissioners to tackle the issue of outstanding debt relating to redundancy and employers' insolvency schemes.

6. DEPARTMENT OF FINANCE

Meeting Date: 14 December 2017

Principal Purposes of the Meeting:

- Comptroller and Auditor General 2016 Report Chapter 3: Cost of Banking Stabilisation Measures as at end 2016
- Irish Bank Resolution Corporation (IBRC) Liquidation

INTRODUCTION

CHAPTER 3 OF THE C&AG'S ANNUAL REPORT 2016

H.1. As outlined in Chapter 3 of the C&AG's Annual Report 2016, following the onset of the financial crisis in 2008, the State undertook a number of measures to stabilise the banking system. These measures included:

- the provision by the Central Bank of Ireland of significant exceptional liquidity assistance to domestic banks;
- the provision of Government guarantees of deposits and certain other liabilities;
- recapitalisation of domestic banks;
- the establishment of the National Asset Management Agency (NAMA) to acquire impaired assets from banks.

H.2. The C&AG provided an estimate of the net outturn of the banking stabilisation measures taken by the State, as of the end of 2016. The cost of capitalising banks through investments amounted to €66.8 billion. This was funded through the Exchequer (€44.4 billion) and the Ireland Strategic Investment Fund (€22.4 billion). The Exchequer element included €30.85 billion in the form of promissory notes.

H.3. The net cost to the State from banking stabilisation measures up to the end of 2016 was approximately €56.5 billion. This figure took into account related income from investments, liability guarantee schemes and the estimated related Central Bank surplus.

H.4. The C&AG's report stated that once the estimated value at 31 December 2016 of the State's investments in banks (€13.6 billion), and NAMA's projected terminal surplus when it

winds up (around €3 billion) were offset from the net cost €56.5 billion, the net outflow for the State of bank stabilisation measures by the end of 2016 was €39.9 billion.

Table 9: Outline of Costs of Bank Stabilisation Measures

(as per C&AG's report)

Cost of Bank Stabilisation	Amount	Note
Gross expenditure	€66.8 billion	Sources of Funding: Exchequer - €44.4 billion (Including €30.85 billion in promissory notes) Ireland Strategic Investment Fund - €22.4 billion
Net expenditure	€56.5 billion	
Net cost before debt servicing costs	€39.9 billion	<i>Net expenditure (€56.5 billion) minus:</i> State's investments in banks: €13.6 billion NAMA's projected terminal surplus when it winds up: approx. €3 billion

H.5. The C&AG's report outlined that the cost to the Exchequer of servicing the debt associated with bank capitalisation from 2009 - 2016 was €14.8 billion, and that the cost for 2017 was expected to be approximately €1.7 billion. The breakdown of this figure is outlined in the table below:

Table 10: Estimated Cost of Servicing Debt for 2017

(as per C&AG's report)

Bank	Estimated cost of servicing debt for 2017
IBRC	€1 billion
AIB	€0.6 billion
Permanent TSB	€0.05 billion
Total	€1.7 billion (approx.)

IBRC SPECIAL LIQUIDATION

H.6. The State made investments in Anglo Irish Bank, which was taken into State ownership in 2009, and provided capital funding to the Irish Nationwide Building Society in 2009 and 2010. In early 2011 the majority of the deposits held in Anglo Irish Bank and Irish Nationwide Building Society were transferred to Allied Irish Banks (AIB) and Permanent TSB. In July 2011, Anglo Irish Bank and Irish Nationwide Building Society were merged to form Irish Bank Resolution Corporation (IBRC).

H.7. In February 2013 the Irish Bank Resolution Corporation Act 2013 was enacted and a Special Liquidation Order was signed by the Minister for Finance placing the IBRC into Special Liquidation. Two joint Special Liquidators from KPMG were appointed by the Minister to control the operations of IBRC as per the 2013 Act.

H.8. The Department of Finance published four progress reports on the IBRC Special Liquidation between 2014 and 2017. It was outlined in the 2017 progress report that the gross special liquidation professional and legal fees for the 47 month period up 31 December 2016 were €222.5 million. The amount for the 12 month period between December 2015 and December 2016 was €32 million.

LITIGATION

H.9. The Committee received correspondence from the Department of Finance prior to the meeting explaining that the Department had received a plenary summons on 8 December 2017 arising from action taken by an individual against the Minister for Finance. The Summons sought declaratory reliefs against the Minister with regard to a number of matters pertaining to the conduct of the liquidation of IBRC and the costs incurred by the Special Liquidators. A copy of the plenary summons was provided to the Committee as part of the correspondence.

H.10. The Department outlined in the correspondence following consultation with the Attorney General's Office, that the Department was advised not to respond to queries concerning the costs incurred by the Special Liquidation. However, the Assistant Secretary indicated a willingness to come before the Committee at a future date to discuss the issue once the claim had moved forward and updated advice had been received from the Attorney General.

H.11. The Special Liquidators of the IBRC were due to attend the Committee meeting alongside the witnesses from the Department of Finance. However, on 13 December 2017, the Special Liquidators wrote to the Committee to state that following legal advice regarding the pending legal case, they were no longer in a position to attend the meeting.

H.12. In follow up correspondence received on 19 January 2018, the Department provided the Committee with an update regarding the legal proceedings. It was stated that the Department was in the process of preparing its response to the claim.

MATTERS ARISING FROM DISCUSSION OF C&AG'S 2016 REPORT

RECAPITALISATION OF THE BANKS

H.13. The Committee sought information regarding the breakdown of the €66.8 billion spent on bank recapitalisation. The approximate breakdown of spending, as per the Department of Finance and the C&AG, is outlined in the table below:

Table 11: Total Investment and Net Cost of Bank Capitalisation

Bank	Total Investment	Estimated Net cost (up to end of 2016)	Estimated Net surplus (up to end of 2016)
AIB	€22.2 billion	€7.9 billion	
Bank of Ireland	€5.9 billion		€1.8 billion
IBRC (Anglo Irish Bank and Irish Nationwide Building Society)	€34.7 billion	€35.8 billion	
Irish Life and Permanent/Permanent TSB	€4 billion	€1 billion	
Other			€3 billion (NAMA)
Total	€66.8 billion	€39.9 billion	Net outflow (Net cost minus surplus)

H.14. The Committee questioned the rationale for investing €29 billion of the total €66.8 billion on recapitalising Anglo Irish Bank. The Assistant Secretary informed the Committee that the decision to recapitalise Anglo Irish Bank was a policy decision of the Government at the time.

LOANS ACQUIRED BY NAMA

H.15. As outlined in the C&AG's report, National Asset Management Agency (NAMA) was established to acquire certain property-related bank assets (largely property loans to debtors) from Irish banks, to hold and manage the loans and related collateral and, ultimately, to dispose of these assets in a manner that protects the State's interests.

H.16. Between March 2010 and October 2011, NAMA paid €31.8 billion to banks to purchase property-related loans, in respect of which the borrowers owed just over €74.4 billion. It was stated in the C&AG's report that the loss incurred by the banks on the loans was approximately €42.6 billion, or 57% of the loans' carrying value.

H.17. The Committee requested a breakdown by bank of the €31.8 billion spent by NAMA. In follow-up correspondence to the Committee, the Department provided the following breakdown per bank of the amount paid by NAMA to purchase loans. The breakdown also contained the loan balances transferred, and the discount paid on the loans by NAMA. The figure for the loss incurred by the banks on the loans given by the Department of Finance was €42.2 billion. The breakdown is outlined in the table below:

Table 12: Loan Acquisition by NAMA

(as per information provided by Department of Finance)

Bank	Consideration paid by NAMA	Loan Balance Transferred	Discount	Loss to the bank
AIB	€9 billion	€20.4 billion	56%	€11.4 billion
Anglo Irish Bank	€13.4 billion	€34.1 billion	61%	€20.7 billion
Bank of Ireland	€5.6 billion	€9.9 billion	43%	€4.3 billion
EBS	€0.4 billion	€0.9 billion	57%	€0.5 billion
Irish Nationwide Building Society	€3.4 billion	€8.7 billion	61%	€5.3 billion
Total	€31.8 billion	€74 billion	57%	€42.2 billion

H.18. The Committee requested further information regarding the breakdown of loans by institution. However, it was noted in follow-up correspondence that NAMA grouped, consolidated and managed the loans it acquired by “borrower connection”. Each “borrower connection” comprised multiple loans, often from more than one financial institution. Therefore, that further breakdown could not be provided at the institutional level, as NAMA’s operating systems captured information and managed debts at the “borrower connection” level.

H.19. The Department provided a breakdown of the NAMA’s debtors by size of nominal debt. It was outlined that three “borrower connections” had debts of more than €200 million, while 302 “borrower connections” had debts of less than €20 million.

PROMISSORY NOTES AND GOVERNMENT BONDS

H.20. The Committee sought further information regarding the promissory notes issued by the State to Anglo Irish Bank and the Irish Nationwide Building Society. The notes were issued in 2010 and were cancelled in February 2013 when the Special Liquidation of the IBRC commenced. The C&AG’s report outlined that the promissory notes were exchanged between the NTMA and the Central Bank for floating rate Bonds totalling €25 billion.

H.21. In follow-up correspondence to the Committee, the Department outlined that the decision was taken to exchange the promissory notes held by Anglo Irish Bank and Irish Nationwide for bonds as there would be significant cashflow benefits to the State. The Deputy Head of Shareholding and Advisory Division stated to the Committee that it would not have been advantageous for the banks concerned to accept the exchange promissory notes for bonds while they were still active.

DISPOSAL OF AIB SHARES

H.22. It was stated in Chapter 3 of the C&AG's report that as of the end of 2016 the value of the State's share in AIB was €11.6 billion.

H.23. In 2017, 29% of the State's shareholding was sold at a price of €4.40 per share to institutional and retail investors, which realised €3.43 billion. Following the sale, the State held 71% of AIB with an estimated value of almost €8.5 billion.

H.24. The Committee sought information as to why the decision was taken to sell 29% of AIB shares. The Assistant Secretary stated that the 2016 Programme for Partnership Government gave permission to sell up to 25% of the State's bank shares, plus an over-allotment option, which amounted to the extra 4%. The Department explained that there were a number of factors which led to the decision to sell the shares at that particular time. However, the main factor was the fact that AIB had made its first dividend, which materially increased the bank's valuation and created favourable conditions for the sale of shares.

H.25. The Committee sought information regarding the increase in the value of the AIB shares since the State sold 29% of its stake. The Assistant Secretary informed the Committee that the value of the shares at the time of the meeting was approximately 22% higher than when the State sold its 29% stake earlier in the year.

MATTERS ARISING FROM DISCUSSION OF IBRC LIQUIDATION

REBATE TO THE SPECIAL LIQUIDATORS

H.26. The Committee noted that the summary of Special Liquidation fees presented in the 2017 IBRC progress report outlined net fees to the Special Liquidators for the 47 month period up to 31 December 2016 of €214.5 million.

H.27. The net fee was calculated by deducting a rebate of €8 million. €5 million of the rebate was allocated to KPMG, with the remaining €3 million allocated to the Special Liquidators' two principal legal advisors.

H.28. The Assistant Secretary informed the Committee that the figure for the rebate was negotiated and agreed in late 2013 and early 2014. It was agreed between the Department, the Minister, the special liquidators and professional advisers used by the special liquidators. The rebate amount agreed was 10% of the total fees at the time of negotiation, and totalled 2.5% of the 2016 total fee of €222.5 million.

Table 13: Gross and Net Costs of the Special Liquidation

(as per the 2017 IBRC progress report)

Gross Fees from 2013-2016	Rebate	Net cost (Gross fees minus rebates)
€222.58 million	€5 million - KPMG	
	€2.7 Million - ALG	
	€298,000 – Linklaters	
Total	€8.04 million	€214.58 million

H.29. The Assistant Secretary informed the Committee that as there was legal action pending regarding matters pertaining to the conduct of the liquidation of IBRC and the costs incurred by the Special Liquidators, he was not in a position to further discuss costs paid to the Special Liquidators.

UNSECURED CREDITORS

H.30. The Assistant Secretary outlined to the Committee that the Special Liquidators had received 3,000 claims from creditors. Of the 3,000 claims, 1,200 claims were accepted, 1,000 were rejected and 800 were in progress. The Committee was informed that the total figure for unsecured credit claims was €1.3 billion, and the State was owed €1.1 billion of

this figure. The majority of the remaining €200 million was owed to local authorities and to the Revenue Commissioners.

H.31. The Committee was informed that the State, as the main unsecured creditor of the IBRC, received €280 million as a first interim dividend of 25% of its claim from the Special Liquidation in 2016. It was announced on 7 December 2017 that a further 25% payment was to be made to the IBRC's unsecured creditors. The Assistant Secretary informed the Committee that the State expected to receive a second payment of €280 million in early 2018. It was noted that the second payment would bring the total dividend received by accepted unsecured creditors to 50%. It was outlined in the 2017 IBRC progress report that the Special Liquidators expected that unsecured creditor claims which were accepted should receive between 75% and 100% of their claim "in due course".

OVERSIGHT OF THE SPECIAL LIQUIDATION PROCESS

H.32. The Committee discussed the Department's oversight of the Special Liquidation of the IBRC. The Assistant Secretary informed the Committee that the relationship between the Department and the Special Liquidators was defined by the Irish Bank Resolution Corporation Act 2013.

H.33. The Committee was informed that the Act provided for the role of the Special Liquidators to parallel that of a normal liquidator governed by the High Court. In the case of the Special Liquidation, the Department took on the role of the High Court and mirrored the process that the High Court would have in place for the liquidation of a normal institution. It was outlined that as part of this process, the Department of Finance maintained oversight of the Special Liquidators, while the Special Liquidators took on the role of managing the IBRC.

H.34. The Committee sought information regarding the rationale for not establishing a Committee of Inspection as part of the Special Liquidation process. It was noted that a Committee of Inspection was required to oversee the liquidation process under the Companies Act 2014. The Assistant Secretary outlined to the Committee that the Department was granted additional powers over and above a normal liquidation in the case of the special liquidation of the IBRC due to the size, nature and complexity of the process. The Department could provide more detailed information on the special liquidation process than a Committee of Inspection would in the case of a normal liquidation process, as outlined in the annual IBRC progress reports.

H.35. The Committee sought information regarding update meetings held between the Department and the Joint Liquidators. The Assistant Secretary stated that the meetings were minuted, and that the Department would provide the Committee with a copy of the minutes. The Committee has sought a copy of the minutes of the meetings held between the Department and the Joint Liquidators. However, as of time of publication, these minutes were not received.

H.36. The Committee sought information regarding the staffing complement in the Department of Finance overseeing the special liquidation. The Assistant Secretary informed the Committee that there were currently two whole-time equivalent staff dedicated to the IBRC, which was sufficient to meet the current day-to-day requirements. The Principal Officer stated that there were 10 staff working full time on the IBRC when the bulk of the Special Liquidation work was being completed in 2013-2014.

CONTRACT WITH THE SPECIAL LIQUIDATORS

H.37. The Assistant Secretary stated to the Committee that he did not know what the final duration of the contract with the special liquidators would be, as there was still substantial litigation outstanding. The Committee was informed that there were 175 legal cases at the end of 2016, with 119 legal cases outstanding at the time of the meeting. Of the 119 legal cases, 32 were before the courts, including four large cases.

H.38. The Committee requested that a copy of the contract be provided confidentially to the Committee for its consideration. The Department provided the Committee with a redacted copy of the letter of engagement between the Department of Finance and KPMG regarding the Special Liquidation of the IBRC.

OTHER MATTERS DISCUSSED

PROTECTED DISCLOSURES

H.39. The Committee sought information regarding the process of making protected disclosures to the Central Bank. The Principal Officer of the Banking Division stated that under section 33AK of the Central Bank Act, a subsection of the Act concerning the disclosure of information, there were specified gateways for information to flow to various State agencies, including regulators and An Garda Síochána. However, this did not include

the Department of Finance. It was stated that the Central Bank was subject to European rules about banking confidentiality, and produced an annual report on the number of protected disclosures that are made to it.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

H.40. The Committee is of the opinion that the €66.8 billion used by the State to stabilise the banking sector resulted in an unprecedented and disastrous loss for the taxpayer.

H.41. The Committee notes €34.7 billion of the €66.8 billion used to stabilise the banking sector was specifically allocated to Anglo Irish Bank and Irish Nationwide Building Society, both of which were ultimately put into liquidation and provided no return to the taxpayer.

H.42. The Committee is of the opinion that the Department of Finance's oversight of the Special Liquidation process of the Irish Bank Resolution Corporation (IBRC) is inadequate.

H.43. The Committee notes that the legislation providing for the Special Liquidation of the IBRC does not provide for a Committee of Inspection. It is the Committee's view that considering the cost involved in the Special Liquidation process, a Committee of Inspection would provide increased public oversight.

H.44. The Committee acknowledges that there is a legal case ongoing regarding the conduct of the liquidation of the Irish Bank Resolution Corporation (IBRC) and the costs incurred by the Special Liquidators. The Committee will await the proceedings of this case before taking further action on this matter. The Committee considers that further examination may be required once the case is concluded.

Recommendations

H.45. The Committee recommends that the Department of Finance and the Special Liquidator of the IBRC prepares and publishes a timescale and an estimated cost of completing the Special Liquidation process.

H.46. The Committee recommends consideration is given to amending legislation to enable the establishment of a Committee of Inspection for the Special Liquidation of the IBRC.

H.47. The Committee recommends that a Dáil debate takes place on the utilisation of NAMA's projected terminal surplus of €3 billion in view of the fact that Eurostat and the EU have no rules on this due to the unique nature of NAMA.

H.48. The Committee recommends that a Dáil debate takes place on the orderly wind down of NAMA or the possible consideration of use of NAMA for other specific purposes.

APPENDIX 1 COMMITTEE MEMBERSHIP



Bobby Aylward (FF)



Peter Burke (FG)



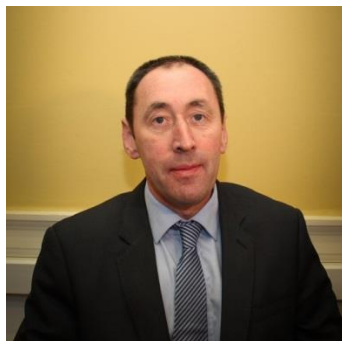
Shane Cassells (FF)



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 COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT

Meeting Date: 9 November 2017

Principal Purpose of the Meeting: Vote 29: Communications, Climate Action and Environment, Appropriation Accounts 2016

Witnesses:

Witness Name	Title
Mark Griffin	Secretary General, Department Of Communications, Climate Action And Environment
Matt Collins	Assistant Secretary, Department Of Communications, Climate Action And Environment
Finola Rossi	Principal Officer, Department Of Communications, Climate Action And Environment
Rebecca Minch	Principal Officer, Department Of Communications, Climate Action And Environment

[Link to transcript](#)

EDUCATION AND TRAINING BOARD (ETB) SECTOR

Meeting Date: 16 November 2017

Principal Purpose of the Meeting: Engagement on Education and Training Board (ETB) Sector

Organisations:

Session A: Department of Education and Skills and SOLAS

Session B: City of Dublin ETB and Kilkenny and Carlow ETB

Session C: Tipperary ETB and Kildare and Wicklow ETB

Witnesses:

Session A

Witness Name	Title
Sean Ó Foghlú	Secretary General, Department of Education and Skills
Hubert Loftus	Assistant Secretary General, Department of Education and Skills
Ann Fitzpatrick	Principal Officer, ETB/SOLAS Project Management Office, Department of Education and Skills

Witness Name	Title
Eamonn Cusack	Principal Officer, Devolved Projects Section, Department of Education and Skills
Phil O'Flaherty	Principal Officer, Further Education and Training Section, Department of Education and Skills
Mary Cregg	Principal Officer, Planning and Building Unit, Department of Education and Skills
Aongus Ó hAonghusa	Assistant Principal, Redress Unit, Department of Education and Skills
Paul O'Toole	Chief Executive Officer, SOLAS
Connor J. Dunne	Assistant CEO Resources, SOLAS
Ciarán Conlon	Director FET Operational Planning, Liaison & Grant Assurance, SOLAS

Session B

Witness Name	Title
Carol Hanney	Chief Executive, City of Dublin ETB
Aideen O'Riordan	Director-Head of Finance, City of Dublin ETB
Alan Murphy	Head of SUSI, City of Dublin ETB
Paddy Bourke	Chairperson, City of Dublin ETB
Councillor Peter Cleere	Chair, Kilkenny and Carlow ETB
Cynthia Deane	Chief Executive, Kilkenny and Carlow ETB
Linda O'Brien	Head of Finance, Kilkenny and Carlow ETB
Eileen Curtis	Director of Schools, Kilkenny and Carlow ETB
Liam Scott	Director of Organisation, Kilkenny and Carlow ETB

Session C

Witness Name	Title
Fionuala McGeever	Chief Executive, Tipperary ETB
John Hogan	Chair, Tipperary ETB
Frank Bermingham	Director of Organisation Support and Development, Tipperary ETB
Liam McGrath	Assistant Principal Officer, Tipperary ETB
Seán Ashe	Chief Executive, Kildare and Wicklow ETB
Jim Ruttle	Chair, Kildare and Wicklow ETB
Catherine Doran	Acting Assistant Principal Officer, Finance, Kildare and Wicklow ETB
Linda Wynne	Acting Grade 7, Finance, Kildare and Wicklow ETB
Bridget Daly Lynam	Acting Grade 7, Corporate Services, Kildare and Wicklow ETB

[Link to transcript](#)

AN GARDA SÍOCHÁNA

Meeting Date: 23 November 2017

Principal Purpose of the Meeting: C&AG Report 2016 Chapter 12: Management of Ancillary Services at the Garda Training College

Witness Name	Title
Acting Commissioner Dónall Ó Cualáin	Acting Garda Commissioner, An Garda Síochána
Assistant Commissioner Pat Leahy	Assistant Commissioner, An Garda Síochána
Assistant Commissioner John O'Driscoll	Assistant Commissioner , An Garda Síochána
Assistant Commissioner Eugene Corcoran	Assistant Commissioner, An Garda Síochána
Joe Nugent	Chief Administrative Officer , An Garda Síochána
John Barrett	Executive Director of Human Resources & People Development, An Garda Síochána
Niall Kelly	Head of Garda Internal Audit Section, An Garda Síochána
Seán Murphy	Head of Estate Management, An Garda Síochána
Noel Waters	Secretary General, Department of Justice & Equality
John O'Callaghan	Assistant Secretary, , Department of Justice & Equality
Anne Barry	Principal Officer, Policing Division, Department of Justice & Equality
George Trimble	Principal Officer, Policing Division, Department of Justice & Equality
Martin Bourke	Head of Estate Management, Office for Public Works
Seamus O'Neill	Assistant Principal Officer, Property Management, Office for Public Works

[Link to transcript](#)

DEPARTMENT OF EMPLOYMENT AFFAIRS AND SOCIAL PROTECTION

Meeting Date: 7 December 2017

Principal Purpose of the Meeting: Comptroller and Auditor General 2016 Report

Chapter 16: Regularity of Social Welfare Payments

Chapter 17: Management of Social Welfare Overpayments

Chapter 18: Department Reviews of welfare Schemes, Social Welfare Appeals Process, Social Insurance Fund

Witness Name	Title
John McKeon	Secretary General, Department Of Employment Affairs And Social Protection
Anne Vaughan	Deputy Secretary General, Department Of Employment Affairs And Social Protection
Kathleen Stack	Assistant Secretary General, Department Of Employment Affairs And Social Protection
Helen Faughnan	Assistant Secretary General, Department Of Employment Affairs And Social Protection
Jim McDonnell	Chief Accountant, Department Of Employment Affairs And Social Protection
Joan Gordon	Chief Appeals Officer, Department Of Employment Affairs And Social Protection
Grainne McGuckin	Department of Public Expenditure and Reform

[Link to transcript](#)

DEPARTMENT OF FINANCE

Meeting Date: 14 December 2017

Principal Purpose of the Meeting: Comptroller and Auditor General 2016 Report

Chapter 3: Cost of Banking Stabilisation Measures as at end 2016

Witness Name	Title
Des Carville	Assistant Secretary, Head of Shareholding and Advisory Division, Department of Finance
Gary Tobin	Assistant Secretary, Banking Division, Department of Finance
Scott Rankin	Deputy Head of Shareholding and Advisory Division, Department of Finance
Gary Hynds	Principal Officer (equivalent), Shareholding and Advisory Division, Department of Finance
Eoin Dorgan	Principal Officer, Banking Division, Department of Finance
David Tuohy	Shareholding and Advisory Division, Department of Finance

[Link to transcript](#)

APPENDIX 4 REFERENCES

Paragraph/ Table No.	Reference
Department of Communications, Climate Action and Environment (DCCAE)	
C.3	<ul style="list-style-type: none"> • DCCAE Appropriation Account 2016, p7 • DCCAE Appropriation Account 2016, Section 4, Receipt, p22
C.7	DCCAE briefing paper
C.9	DCCAE Meeting Transcript p63-64
C.10	<ul style="list-style-type: none"> • "TV licence should be replaced by broadcasting charge - Communications Committee report", Oireachtas Press Release • Letter from DCCAE, 1 December 2017, Appendix D p21
C.12	<ul style="list-style-type: none"> • Code of Practice for Governance of State Bodies Oversight Agreements, Section 8.4, p40 • DCCAE Meeting Transcript p50, p66, p84 p85 • Letter from DCCAE, 1 December 2017, Appendix D p19-20
C.13	<ul style="list-style-type: none"> • Department of Public Expenditure and Reform, Circular 13/2014, Management of and Accountability for Grants from Exchequer Funds Section 3, Management of Grant Funding, General Conditions p5-8 • Broadcasting Act 2009
C.14	Letter from DCCAE, 1 December 2017, Appendix D p18-19
C.15	Letter from DCCAE, 1 December 2017, Appendix D p18-19
C.16	DCCAE Appropriation Account 2016, Subhead A3 "Information and communications technology programme" p16
C.18	<ul style="list-style-type: none"> • DCCAE Meeting Transcript p38 • "Statement by the Minister for Communications Denis Naughten TD following the withdrawal of eir from the National Broadband Plan (NBP) Procurement Process", Department of Communications, Climate Action and Environment press release, 31 January 2018 • "Rural broadband to be delivered despite Eir's withdrawal - Minister", Irish Times, 31 January 2018 • "Eir pulls out of tender for National Broadband Plan", RTÉ News, 1 February 2018
C.19	DCCAE Meeting Transcript p75-76, p77
C.20	DCCAE Appropriation Account 2016, Subhead F6 p21
C.21	"A number of financial penalties imposed on Ireland for failure to comply with two judgments of the Court concerning the environment", European Commission press release, 19 December 2012
C.22	Letter from DCCAE 1 December 2017, p1-3 Appendix A
C.23	<ul style="list-style-type: none"> • Environment Fund, Annual Account 2015, Statement of Account Policies, Basis of Accounts p3 • Environment Fund, Annual Account 2015, Statement of Income and Expenditure p6
C.25	Letter from DCCAE, 1 December 2017, p31 Appendix H
C.26	DCCAE Meeting Transcript p92
C.27	<ul style="list-style-type: none"> • "2020 climate & energy package", European Commission • DCCAE Appropriation Account 2016, p15, note 2.10, "Contingent Liabilities"
C.29	<ul style="list-style-type: none"> • Transcript, of meeting with Department of Finance, 6/07/17 p59 • DCCAE Meeting Transcript p62-3
C.31	Letter from DCCAE, 1 December 2017, p22-25 Appendix E
C.32	DCCAE Meeting Transcript p73

Paragraph/ Table No.	Reference
C.33	Letter from DCCAIE, 1 December 2017, p39 Appendix I
C.34	<ul style="list-style-type: none"> • Communications Regulation (Amendment) Act 2007 Part 6 • Letter from DCCAIE 1 December 2017, p39 Appendix I Home Phone /Mobile Section – Emergency Call Answering Service (ECAS)", ComReg
Education and Training Boards (ETBs)	
D.7	C&AG Special Report 99 "Public Sector Financial Reporting for 2015", p9
D.8	C&AG Special Report 99 "Public Sector Financial Reporting for 2015", Fig 3.3, p26
Table 3	<ul style="list-style-type: none"> • Financial Statements and Accounts received since meeting of Thursday, 14 December 2017, considered at the meeting 18 January 2018 • Financial Statements and Accounts received since meeting of Thursday, 7 December 2017, considered at the meeting 14 December 2017
D.10	C&AG Special Report 99 "Public Sector Financial Reporting for 2015", Paragraph 3.5, p25
D.11	Letter from DES 4 October 2017
D.12	<ul style="list-style-type: none"> • Letter from Richard Thorn 21 November 2017 • Letter from Richard Thorn 16 January 2018
D.14	<ul style="list-style-type: none"> • "Board members resign at education body under investigation", Irish Times, 1 December 2017 • ETB Meeting Transcript p102 Letter from DES, 5 February 2018
D.16	<ul style="list-style-type: none"> • Breakdown of funding to ETBs
D.17	Letter from DES, 4 December 2017 Note 8 p9
Table 4	Letter from DES, 4 December 2017, Note 8 p6
D.18	<ul style="list-style-type: none"> • ETB Meeting Transcript p26 Opening Statement, Secretary General, DES, p6
D.20	<ul style="list-style-type: none"> • ETB Meeting Transcript p78, p140-141
D.22	Sample letter to ETB from DES regarding 2017 Accounts Deadline
D.23	Sample letter to ETB from DES regarding 2017 Accounts Deadline
D.25	<ul style="list-style-type: none"> • ETB Meeting Transcript p51 DES Appropriation Account 2016, p3, p6
Table 5	<ul style="list-style-type: none"> • Governance and Financial Reporting arrangement for ETBs
D.27	ETB Internal Audit Unit Terms of Reference, Appendix 2 p10
D.30	<ul style="list-style-type: none"> • ETB Internal Audit Unit Terms of Reference • Letter from DES, 4 December 2017 ETB Internal Audit Unit Steering Committee membership
D.31	<ul style="list-style-type: none"> • ETB Meeting Transcript p78 and p130
D.32	<ul style="list-style-type: none"> • Letter from KCETB, 12 December 2017 • Letter from TETB, 8 December 2017 Letter from CDET B 7 December 2017
D.34	<ul style="list-style-type: none"> • Letter from DES, 4 December 2017, Note 12, p12
D.36	Letter from DES, 4 December 2017
D.37	Department of Public Expenditure and Reform, Circular 13/2014, Management of and Accountability for Grants from Exchequer Funds
D.38	Letter from DES, 4 December 2017, Note 12 p11
D.39	ETB Meeting Transcript p93 and p149
D.40	"County Kildare Vocational Education Committee, Report Under Section 7(4) Of The Comptroller And Auditor General (Amendment) Act 1993", C&AG, 2012
D.41	PAC Transcript 9 February 2012

Paragraph/ Table No.	Reference	
D.42	<ul style="list-style-type: none"> KWETB Internal Audit Report ETB Meeting Transcript p138-139	
D.43	<ul style="list-style-type: none"> "About ETBI", ETBI website Letter from ETBI, 6 November 2017 	
D.44	<ul style="list-style-type: none"> ETBI Financial Statements 2016, Note to Financial Statement 2, Income 	
D.45	ETB Meeting Transcript p72-p73	
D.46	Work Locations of ETB CEs and Directors	
D.47	Redeployment of VEC CEOs - Agreed Scheme	
Department of Education (DES)		
E.2		C&AG Special Report 96, Cost of Child Abuse Inquiry and Redress Fig 3.1 p24
E.4		Letter from DES, 4 December 2017
E.5		Letter from DES, 4 December 2017
Table 6		Property Fully & Finally Accepted under 2002 Indemnity Agreement (
E.6		Letter from DES, 4 December 2017
E.7		Letter from DES, 4 December 2017
E.8	<ul style="list-style-type: none"> Letter from DES, 4 December 2017 Letter from DES, 15 March 2018	
Table 7	<ul style="list-style-type: none"> Letter from DES, 4 December 2017, Section 3(i). Letter from DES, 15 March 2018 	
E.10	<ul style="list-style-type: none"> DES Meeting Transcript p20 Letter from DES, 4 December 2017, Section 3 (h) p8 	
E.11	<ul style="list-style-type: none"> Letter from DES, 15 March 2018 Properties accepted for transfer to the State under the 2009 voluntary offers 	
E.12	<ul style="list-style-type: none"> Letter from DES, 15 March 2018 	
E.13	<ul style="list-style-type: none"> Letter from DES, 4 December 2017, Section 3 (g) p7 Letter from DES, 15 March 2018	
E.14	<ul style="list-style-type: none"> "Who we are", Caranua website PAC Transcript of meeting with Caranua 13 April 2017 	
E.15	<ul style="list-style-type: none"> DES Meeting Transcript p20 and p23 "€72.5 million spent on services", Caranua press release, 19 February 2018 Letter from DES, 15 March 2018 	
E.16	<ul style="list-style-type: none"> Caranua Eligibility Review, Final Terms of Reference DES Meeting Transcript p20-21 Parliamentary Question [1932/18], 16 January 2018 	
An Garda Síochána (AGS)	<ul style="list-style-type: none"> 	
F.2		Garda College Templemore Module 1 Report p43
F.6		Garda College Templemore Module 1 Report p41
F.7		C&AG 2016 Annual Report, Chapter 12, section 12.19, p174
F.8		C&AG 2016 Annual Report, Chapter 12 p184, Recommendation 12.2
F.12		

Paragraph/ Table No.	Reference
F.13	<ul style="list-style-type: none"> • AGS Meeting Transcript p68 • Interim Audit Report, Financial Procedures in the Garda College Templemore, Recommendation 10, p5 Briefing Note and Update on Implementation of Internal Audit Report Recommendations, recommendation 10, p6
F.14	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 12 p180 section 12.43 • AGS Meeting Transcript p69- p70
F.15	<ul style="list-style-type: none"> • Garda College Templemore Module 1 Report C.3, p14
F.16	Briefing Note and Update on Implementation of Internal Audit Report Recommendations
F.17	<ul style="list-style-type: none"> • PAC Transcript 31/5/2017 p4 AGS Meeting Transcript p62
F.18	<ul style="list-style-type: none"> • AGS Meeting Transcript p57
F.22	Note on GSOC Investigation
F.24	<ul style="list-style-type: none"> • AGS Meeting Transcript p60 Letter from Department of Justice and Equality 12 December 2017 (
F.25	<ul style="list-style-type: none"> • Tribunal of Inquiry into protected disclosures made under the Protected Disclosures Act 2014 and certain other matters following Resolutions
F.26	Note on Charleton Coordination Unit
F.27	AGS Meeting Transcript p3-4 and p12
F.28	"Gardaí protest over conditions at Sligo station", RTÉ News, 20 November 2017
Department of Employment Affairs and Social Protection (DEASP)	
G.2	
G.5	<ul style="list-style-type: none"> • DEASP Meeting Transcript p12
G.6	<ul style="list-style-type: none"> • DEASP Meeting Transcript p14 C&AG 2016 Annual Report, Chapter 16, paragraph 16.13, p225
G.8	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 17, Conclusions p241-245
G.10	C&AG 2016 Annual Report, Chapter 18 p256-258
G.11	DEASP Meeting Transcript p18
G.12	C&AG 2016 Annual Report, Chapter 17, paragraph 17.10, p229
G.13	<ul style="list-style-type: none"> • DEASP Meeting Transcript p15 Social Welfare Consolidation Act 2005
G.14	<ul style="list-style-type: none"> • DEASP Meeting Transcript p17
G.15	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 17, paragraphs 17.1 and 17.3, p230 • Department of Social Protection 2016 Appropriation Account, p4, Debt reconciliations C&AG 2016 Annual Report, Chapter 17, paragraph 17.5, p227
G.16	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 17, paragraph 17.21, p233 • C&AG 2016 Annual Report, Chapter 17, fig 17.8, p234 • C&AG 2016 Annual Report, Chapter 17, paragraph 17.24, p234
G.17	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 17, fig 17.5 p231 • C&AG 2016 Annual Report, Chapter 17, paragraph 17.7, p228

Paragraph/ Table No.	Reference	
	<ul style="list-style-type: none"> • DEASP Meeting Transcript p10 	
G.18	<ul style="list-style-type: none"> • DEASP Meeting Transcript p13 	
G.19	C&AG 2016 Annual Report, Chapter 18, paragraph 18.1, p247	
G.21	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 18, paragraph 18.24 p253 C&AG 2016 Annual Report, Chapter 18, paragraph 18.40, p256	
G.22	<ul style="list-style-type: none"> • DEASP Meeting Transcript p13 	
G.23	<ul style="list-style-type: none"> • Letter from DEASP, 22 January 2018, p6-7 DEASP Meeting Transcript p23	
G.24	<ul style="list-style-type: none"> • DEASP Meeting Transcript p22 • Letter from DEASP, 22 January 2018 p6-9 	
G.27	<ul style="list-style-type: none"> • Letter from DEASP, 22 January 2018 p9-10, p15 	
G.29	Social Insurance Fund Annual Financial Statement 2016, note 5 (iii), p14	
G.30	<ul style="list-style-type: none"> • Letter from Department of Social Protection, 6 April 2017 DEASP Meeting Transcript p74	
G.32	<ul style="list-style-type: none"> • "JobPath – Employment Activation Programme", Department of Employment Affairs and Social Protection website 	
G.33	<ul style="list-style-type: none"> • Letter from DEASP, 22 January 2018, p1 JobPath Performance Data July 2015- June 2016	
G.34	<ul style="list-style-type: none"> • Letter from DEASP, 22 January 2018, p2 	
G.35	DEASP Meeting Transcript p49	
G.36	"Welfare Cheats Cheat Us All", Department of Employment Affairs and Social Protection press release, 18 April 2017	
G.38	DEASP Meeting Transcript p68	
Department of Finance (DOF)		
H.2		
		C&AG 2016 A
H.3	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 3, paragraph 3.4 p35 C&AG 2016 Annual Report, Chapter 3, Fig 3.1 p36	
H.4	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 3, paragraph 3.4 p35 	
H.5	C&AG 2016 Annual Report, Chapter 3, paragraph 3.8, 3.20 p 41	
H.6	"Irish Bank Resolution Corporation", Department of Finance website	
H.7	<ul style="list-style-type: none"> • "Irish Bank Resolution Corporation", Department of Finance website Irish Bank Resolution Corporation Act 2013	
H.8	<ul style="list-style-type: none"> • "Irish Bank Resolution Corporation", Department of Finance website • IBRC Progress Update Report 5th May 2017, Department of Finance p39 	
H.9	<ul style="list-style-type: none"> • Letter from DOF, 12 December 2017 	
H.10	<ul style="list-style-type: none"> • Letter from DOF, 12 December 2017 DOF Meeting Transcript p34, p43	
H.11	<ul style="list-style-type: none"> • Letter from Joint Special Liquidator of the IBRC 13 December 2017 	
H.12	Letter from DOF, 19 January 2018	
Table 11	<ul style="list-style-type: none"> • DOF Meeting Transcript p41, p74, p75 • C&AG 2016 Annual Report, Chapter 3, Figure 3A.1, p44 C&AG 2016 Annual Report, Chapter 3, paragraph 3.30 p43	
H.14	<ul style="list-style-type: none"> • DOF Meeting Transcript p74 	
H.15	C&AG 2016 Annual Report, Chapter 3, paragraph 3.25, p42	

Paragraph/ Table No.	Reference
H.16	C&AG 2016 Annual Report, Chapter 3, paragraph 3.26, p42
H.17	<ul style="list-style-type: none"> • DOF Meeting Transcript p57 Letter from DOF, 19 January 2018 Appendix 2, p6-7
H.18	<ul style="list-style-type: none"> • DOF Meeting Transcript p77 • Letter from DOF, 19 January 2018, Appendix 2 p6-7
H.19	<ul style="list-style-type: none"> • Letter from DOF, 19 January 2018, Appendix 2 p6-7
H.20	<ul style="list-style-type: none"> • DOF Meeting Transcript p45-47 • Letter from DOF, 19 January 2018 C&AG 2016 Annual Report, Chapter 3, Fig 3B.1, Note d, p45
H.21	<ul style="list-style-type: none"> • Letter from DOF, 19 January 2018, Appendix 1 • DOF Meeting Transcript p47
H.23	<ul style="list-style-type: none"> • C&AG 2016 Annual Report, Chapter 3, paragraphs 3.7-3.9, p37
H.24	<ul style="list-style-type: none"> • DOF Meeting Transcript p69 Programme for Partnership Government, 1. Sound Public Finances and a Stable and Broad Tax Base, p34
H.25	<ul style="list-style-type: none"> • DOF Meeting Transcript p65
H.26	DOF Meeting Transcript p25
H.27	IBRC Progress Update Report 5th May 2017, Department of Finance p39
H.29	DOF Meeting Transcript p11
H.30	DOF Meeting Transcript p36 and p38
H.31	<ul style="list-style-type: none"> • "IBRC special liquidators announce that they will shortly commence the payment of a second interim dividend", Press Release, Department of Finance, 7 December 2017 • DOF Meeting Transcript p13, p28-29 IBRC Progress Update Report 5th May 2017, Department of Finance p14
H.33	<ul style="list-style-type: none"> • DOF Meeting Transcript p78
H.34	<ul style="list-style-type: none"> • DOF Meeting Transcript p21, 35 Companies Act 2014, Chapter 10, Committee of Inspection
H.35	<ul style="list-style-type: none"> • DOF Meeting Transcript p23
H.36	DOF Meeting Transcript p30
H.37	DOF Meeting Transcript p32, p48, p49
H.38	DOF Meeting Transcript p19
H.39	<ul style="list-style-type: none"> • DOF Meeting Transcript p68-69 • Central Bank and Financial Services Authority of Ireland Act 2003
	<ul style="list-style-type: none"> •