



TITHE AN OIREACHTAIS

AN COISTE UM CHUNTAIS PHOIBLÍ

TUARASCÁIL

Tuarascáil Thréimsiúil, Meán Fómhair - Deireadh Fómhair 2017

Arna Foilsiú in Eanáir 2018

HOUSES OF THE OIREACHTAS

COMMITTEE OF PUBLIC ACCOUNTS

REPORT

Periodic Report September - October 2017

Published January 2018

32/CPA/004

CONTENTS

Contents	2
Chairman's Preface	5
Abbreviations Used in Report	6
Conclusions outlined in the Body of the Report	7
An Garda Síochána	7
Health Information and Quality Authority (HIQA)	8
Industrial Development Authority (IDA)	9
Transport infrastructure Ireland (TII)	9
TUSLA (Child and Family Agency)	10
Health Service Executive (HSE)	10
Matters Arising from Correspondence regarding Console	11
Recommendations outlined in the body of the report	12
An Garda Síochána	12
Health Information and Quality Authority (HIQA)	12
Industrial Development Authority (IDA)	13
Transport infrastructure Ireland (TII)	13
TUSLA (Child and Family Agency)	13
Health Service Executive (HSE)	14
Matters Arising from Correspondence regarding Console	14
1. An Garda Síochána	15
Introduction: Meeting One, 28 September 2017	15
Matters Arising from Discussion of Interim Report into re-opening of Garda Stations	16
Criteria considered by the review to re-open decommissioned Garda stations	16
Interim Report and the decision to re-open Stepside Garda Station	17
Introduction: Meeting Two, 23 November 2017	17
Matters Arising from Discussion of the Final Report on Re-opening of Garda Stations	18
Recommendations of the Final Garda Report	18
Criteria Applied to the Review	18
Resources Available to Re-Open Stepside Garda Station	20
Conclusions & Recommendations	20
2. Health Information and Quality Authority (HIQA)	22
Introduction	22
2016 Financial Overview	23
C&AG's Audit Opinion on HIQA's 2016 Financial Statement	23
Matters arising from Discussion of HIQA's 2016 Financial Statement	23
Reporting of superannuation costs	23
Cost of exiting lease on Dublin 18 property	24

Workforce capacity	24
Fees for consultancy services	25
Other Issues Discussed.....	25
Incurred interest and Penalties	25
Travel and subsistence payments	26
Registration fees	26
Protected disclosures	26
Conclusions & Recommendations	26
3. Health Information and Quality Authority (HIQA)	28
Introduction	28
Matters Arising from Discussion of Governance and Management of Conflict of Interest.....	29
Potential Conflict of Interest & HIQA Governance Standards	29
Conclusions	30
4. Industrial Development Authority (IDA) Ireland.....	31
Introduction	31
2016 Financial Overview and C&AG Audit Opinion	31
Principal Matters Discussed	31
Succeed in Ireland Initiative	31
Matters Arising from Discussion of the IDA's 2016 financial Statement	33
Policy Matters Raised.....	34
Conclusions & Recommendation	34
5. Transport Infrastructure Ireland (TII).....	36
Introduction	36
2016 Financial Overview	36
C&AG' Audit Opinion and Annual REport.....	36
Matters arising From the Committee's Discussion of C&AG's Report	37
Post-Project Reviews of PPP projects.....	37
Legal Challenges and Associated Costs	37
VAT on tolls.....	38
Policy Matters Raised.....	38
Write off of debt from uncollected tolls.....	38
Funding of road maintenance	38
Goodwill payments.....	38
Priorities for the Capital Investment Plan.....	39
Climate Change Plan	39
Road Safety Authority.....	40
Conclusions & Recommendations	40
6. Tusla (Child and Family Agency)	42
Introduction	42
2016 Financial Overview	42

C&AG Audit Opinion	42
Matters Arising from Discussion of TUSLA's 2016 Financial Statement	43
Non-Competitive Procurement	43
Grants to External agencies	43
Other Issues Addressed	44
SIPO Commission Finding.....	44
Payroll overpayment	45
Atlantic Philanthropies Grant	45
Policy Matters Raised.....	45
Mandatory reporting.....	45
Staff retention.....	46
Domestic, Sexual and Gender Based Violence Services.....	46
Conclusions & Recommendations	47
7. Health Service Executive (HSE)	49
Introduction: Specific matters related to the HSE-commissioned Deloitte report	49
Matters Arising from Discussion of Deloitte Report.....	50
Conclusions taken from the findings of the Deloitte report.....	50
Table 3.3 from Draft Deloitte Report.....	50
Introduction: C&AG's Report on the Accounts of the Public Services 2016, Chapter 19	51
Matters Arising from Discussion of C&AG's Report on the Accounts of the Public Services 2016, Chapter 19	52
Policy Matters Raised.....	54
Conclusions & Recommendations	55
8. Matters Arising From Correspondence regarding Console	57
Conclusion and Recommendation	57
Appendix 1 Committee Membership	58
Appendix 2 Committee Terms of Reference	60
Appendix 3 Witnesses who provided oral evidence and links to transcripts	62
An Garda Síochána	62
Health Information and Quality Authority (HIQA)	63
Industrial Development Authority (IDA)	64
Transport Infrastructure Ireland (TII)	64
TUSLA (Child and Family Agency).....	65
HSE	65
Appendix 4 References.....	67

CHAIRMAN'S PREFACE

This is the Committee's first periodic report, which focuses on the matters arising from engagements of the Committee of Public Accounts initiated between 28 September and 26 October 2017.

The Committee welcomes the opportunity to publish a periodic report which reflects the everyday important and diverse work of the Committee of Public Accounts. The Committee has considered the evidence presented at these sessions and has made a number of conclusions, with recommendations for further actions to be taken.

The Committee held seven public sessions between 28 September and 26 October 2017, following up on matters arising from previous meetings and examining issues emerging from the 2016 financial statements audited by the C&AG.

The Committee met with six organisations during this period; An Garda Síochána, the Health Information and Quality Authority (HIQA), the Industrial Development Authority (IDA), Transport Infrastructure Ireland (TII), TUSLA (Child and Family Agency) and the HSE (Health Service Executive).

On behalf of the Committee, I would like to express my gratitude to everyone who participated in the hearings and also 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
18 January 2018



ABBREVIATIONS USED IN REPORT

Abbreviation	Term	Chapter(s)
C&AG	Comptroller and Auditor General	
CCPC	Competition and Consumer Protection Commission	HIQA
CHO	Community Health Organisation	HSE
CRO	Companies Registration Office	HSE
DBEI	Department of Business, Enterprise and Innovation	IDA
DPER	Department of Public Expenditure and Reform	
DMR	Dublin Metropolitan Region	An Garda Síochána
DTTAS	Department of Transport, Tourism and Sport	TII
FDI	Foreign Direct Investment	IDA
NHI	Nursing Homes Ireland	HIQA
NHSS	Nursing Home Support Scheme	HIQA
NTFP	National Treatment Purchase Fund	HIQA
OPW	Office of Public Works	An Garda Síochána
PPP	Public Private Partnership	TII
SII	Succeed in Ireland Initiative	IDA
SIPO	Standards in Public Office	Tusla
SLA	Service Level Agreement	Tusla and HSE

CONCLUSIONS OUTLINED IN THE BODY OF THE REPORT

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

AN GARDA SÍOCHÁNA

A.1. The Committee noted that the Assistant Commissioner for Dublin Metropolitan Region (DMR) stated that the re-opening of Stepside Garda Station was not an immediate priority, and that projected population growth in Cherrywood area over the next 10-15 years may require a new Garda station to be opened in the area. It is the opinion of the Committee that the criteria applied to the review did not take account of the policing priorities in the DMR. (C.27, p20)

A.2. The Committee notes that as of the date of the publication of this report, Stepside Garda Station was not ready to be re-opened. The Committee has been informed that the re-opening of Stepside Garda Station is subject to assessment of the building by the OPW. (C.28, p20)

A.3. The Committee expresses concern that resource implications, value for money and policing priorities were not considered as part of the review into the re-opening of Garda stations. (C.29, p21)

A.4. The Committee expresses concern that a decision was made to approve the re-opening of a Garda station based on the conclusions of an interim report of a review which at the time was still ongoing. (C.30, p21)

A.5. The Committee notes that while the decision to re-open Stepside Garda station was made in June 2017, the interim report outlining the criteria and rationale for this decision was not published until September 2017. The Committee is of the opinion that there was an undue delay in the publication of the interim report. (C.31, p21)

A.6. The Committee is of the view that in order to fully assess the review's application of processes and criteria, it would need to consider Assistant Commissioner O'Driscoll's final report on the re-opening of Garda stations. (C.32, p 21)

HEALTH INFORMATION AND QUALITY AUTHORITY (HIQA)

A.7. The Committee is satisfied that HIQA made reasonable efforts to dispose of the lease on the Dublin 18 property which it inherited upon its foundation in 2007 from the previous Irish Health Services Accreditation Board upon its formation, but ultimately could not utilise. However, the Committee is of the opinion that expenditure on this property did not represent an efficient use of resources and did not provide benefit to HIQA. *(D.24, p26)*

A.8. The Committee is of the view that HIQA's reliance on agency staff to temporarily fill vacant posts does not represent good value for money and could present challenges to HIQA's delivery of services. The Committee is concerned that insufficient workforce capacity is a risk to HIQA in the delivery of its services. However, the Committee acknowledges that the inclusion of this issue on HIQA's risk register means that it has been identified and that attention is being given to the matter. *(D.25, p26)*

A.9. The Committee notes that sanction from the Department of Public Expenditure and Reform (DPER) to fill vacant posts was delayed, which necessitated HIQA taking on agency staff to fill vacancies. *(D.26, p27)*

A.10. The Committee is satisfied that "other" consultancy services listed in HIQA's 2016 Financial Statement were required for HIQA to fulfil its function. *(D.27, p27)*

A.11. The Committee acknowledges the separation of HIQA's regulatory role from the functions of its board. However, the Committee is of the view that advising and representing nursing homes in negotiations with the National Treatment Purchase Fund (NTPF) while simultaneously holding the role of the Chairperson of the Board of HIQA could undermine public confidence in the independence of HIQA in carrying out its functions effectively. *(E.14, p30)*

A.12. The Committee is of the view that further investigation of the nursing home sector is necessary and intends to undertake further work on the Nursing Home Support Scheme (NHSS) and the National Treatment Purchase Fund (NTPF) as part of its 2018 work programme. *(E.15, p30)*

A.13. The Committee notes that despite media reports on the Nursing Home Ireland (NHI) meeting being published on 8 October 2017, the issue had not been discussed by the Board

of HIQA prior to meeting with the Committee on 19 October 2017. The Committee is of the view that this suggested a lack of urgency in addressing a potential conflict of interest. (E.16, p30)

INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

A.14. The Committee recognises that there has been disagreement between the IDA and ConnectIreland regarding the objectives and outcomes of the Succeed in Ireland initiative. However, the Committee is of the view that there needs to be a resolution to the ongoing commercial dispute to allow a value for money assessment of the Succeed in Ireland initiative to be carried out. (F.19, p34)

A.15. The Committee is not assured of the adequacy of the methodology used by the IDA to verify the number of jobs created by their client companies. The Committee is of the view that the use of an annual self-assessment survey does not provide sufficient reassurance or clarity in relation to accuracy of numbers of jobs created. (F.20, p34)

TRANSPORT INFRASTRUCTURE IRELAND (TII)

A.16. The Committee is of the opinion that there is not sufficient information available on the contents of PPP (public private partnership) contracts to ascertain whether value for money has been achieved on TII's PPP projects. (G.23, p40)

A.17. The Committee decided not to sign off on TII's 2016 Financial Statement until it has further considered Chapter 4, "Overview of Public Private Partnerships", of the C&AG's Report on the Accounts of the Public Services 2016. The Committee intends to examine Chapter 4 as part of its work programme for 2018. (G.24, p40)

A.18. The Committee is of the opinion that the amount of debt written off by TII from uncollected M50 toll and fine payments is significant. The Committee expects to see the results of increased enforcement efforts reflected in TII's future financial accounts. (G.25, p40)

A.19. The Committee is not satisfied that full use is being made by TII of the Road Safety Authority's database of information regarding road fatalities in its road investment planning. (G.26, p40)

TUSLA (CHILD AND FAMILY AGENCY)

A.20. The Committee notes that €5.2 million was spent through non-competitive procurement by Tusla in 2016. As the prescribed processes were not followed, it is not clear whether value for money was achieved. It is the view of the Committee that this shortcoming is not acceptable *(H.23, p47)*

A.21. The Committee notes that the figure of €5.2 million spent through non-competitive procurement included spending of €700,000 that was not identified by Tusla. The additional €700,000 was identified by the C&AG in the course of auditing Tusla's 2016 financial statements. The Committee is of the opinion that this represents an unacceptable lapse in financial controls by Tusla. *(H.24, p47)*

A.22. The Committee notes that following the C&AG's audit report, Tusla has put a target in place to have service level agreements (SLAs) for all grant funded agencies by Q1 2018. *(H.25, p47)*

A.23. The Committee is of the opinion that inconsistencies in Tusla's monitoring of grant funded agencies are not acceptable. However, the Committee has been informed that efforts are being made to improve monitoring of compliance and commissioning. *(H.26, p47)*

A.24. The Committee notes the Standards in Public Office (SIPO) Commission's investigation and finding regarding a board member of the former Family Support Agency in 2017. The Committee is of the view that Tusla should ensure that its staff and the staff of all Tusla funded public agencies are aware of their obligations and responsibilities under SIPO legislation. *(H.27, p47)*

HEALTH SERVICE EXECUTIVE (HSE)

A.25. The Committee notes that the Director General of the HSE was of the opinion that the conclusions of the Deloitte report showed that the Service Provider in the "Grace" case was treated fairly and that funding provided was adequate. However, the Committee is of the opinion that the terms of reference provided for the Deloitte report did not allow it to make a conclusion regarding whether the service provider was treated fairly. The Committee is of the view that this matter should be examined by the statutory Commission of Investigation. *(I.31, p55)*

A.26. The Committee notes that the C&AG drew attention to weaknesses in financial control in the HSE's monitoring and oversight arrangements of grant funded bodies (Section 38/39 agencies) which deliver a number of services on the HSE's behalf. However, the Committee also acknowledges that there have been significant improvements in the HSE's oversight of these agencies and in their compliance with financial procedures since 2016. *(I.32, p55)*

A.27. The Committee notes that the HSE have commenced the process of streamlining relationships between Community Health Organisations (CHOs) and large voluntary organisations which are subject to multiple service level agreements, in order to facilitate sharing of information and to avoid duplication. *(I.33, p55)*

A.28. The Committee notes that at the time of the meeting 320 business cases from 15 organisations were being reviewed by the HSE regarding non-compliance with public sector pay policies. *(I.34, p55)*

MATTERS ARISING FROM CORRESPONDENCE REGARDING CONSOLE

A.29. The Committee is of the view that given the weaknesses in the HSE's oversight of the charity Console and the HSE's delays in dealing with matters at the charity, that there is a moral obligation to pay monies owed to staff previously employed by Console who were not fully paid for their work with the organisation. *(J.3, p57)*

RECOMMENDATIONS OUTLINED IN THE BODY OF THE REPORT

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

AN GARDA SÍOCHÁNA

B.1. The Committee recommends that the ultimate decision to re-open Garda stations should take into account the best use of Garda resources, use of State funds and policing priorities. *(C.33, p21)*

B.2. The Committee recommends that the implications of the review to re-open Garda stations be considered in the context of the 2018 Estimates process. *(C.34, p21)*

B.3. The Committee recommends that before a final decision is made to commence the process of re-opening Stepside Garda station, a review should be undertaken by Office of Public Works (OPW) regarding (i) the suitability of the Stepside Garda station building, (ii) the estimated cost involved renovating the building, and (iii) the possible requirement for a new building in the future. *(C.35, p21)*

HEALTH INFORMATION AND QUALITY AUTHORITY (HIQA)

B.4. The Committee recommends that HIQA carry out an examination of the cost of agency staff to fill vacant posts and the challenges of relying on agency staff, with a view to determining the most cost-effective method of delivering its services. *(D.28, p27)*

B.5. The Committee recommends that the Department of Public Expenditure and Reform promptly evaluates outstanding requests for additional staff so that HIQA can fulfil its function without undue or unnecessary reliance on agency staff. *(D.29, p27)*

B.6. The Committee recommends that a more comprehensive breakdown of expenditure on consultancy services is included in HIQA's future annual accounts. *(D.30, p27)*

INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

B.7. The Committee recommends that the IDA review and improve the methodology used to verify the number of jobs created by its client companies. The Committee recommends that the IDA liaise with other data collection agencies to develop a more robust methodology for verifying the number of jobs, and reduce the current dependency on self-assessment. *(F.21, p35)*

TRANSPORT INFRASTRUCTURE IRELAND (TII)

B.8. The Committee recommends that TII publish post-project reviews of its public private partnership (PPP) projects to ensure that information regarding these contracts is in the public domain and available for scrutiny, as per the recommendation of the C&AG. *(G.27, p40)*

B.9. The Committee recommends that TII implement stronger enforcement mechanisms to ensure the collection of unpaid M50 tolls and fines. *(G.28, p41)*

B.10. The Committee recommends that TII avails of road safety reports from the RSA to develop performance objectives and inform its future investment priorities. *(G.29, p41)*

TUSLA (CHILD AND FAMILY AGENCY)

B.11. The Committee recommends that Tusla ensure all arrangements are in place to meet the target of securing service level agreements for 100% of grant funded agencies by Q1 2018. *(H.28, p47)*

B.12. The Committee recommends that Tusla addresses current weaknesses in its systems to ensure that all of its procurement complies with relevant Department of Public Expenditure and Reform (DPER) policies. *(H.29, p48)*

B.13. The Committee recommends that, in order to improve interagency cooperation in the area of child protection, Tusla establishes a clear timeline for the implementation of its action plan for the recommendations of Dr Shannon's report on the "Audit of Processes and

Procedures adopted by members of An Garda Síochána in initiating the provisions of Section 12 of The Child Care Act 1991” (H.30, p48)

B.14. Dr Shannon's report highlighted a number of matters to be addressed by An Garda Síochána. The Committee recommends An Garda Síochána, with support from Tusla, ensures that the relevant recommendations are implemented in a timely manner. (H.31, p48)

HEALTH SERVICE EXECUTIVE (HSE)

B.15. The Committee recommends that the HSE implement without delay the process of appointing a lead Community Health Organisation (CHO) for large voluntary organisations which have different service level agreements with multiple CHOs. (I.35, p55)

B.16. The Committee recommends that the 320 business cases being reviewed by the HSE regarding non-compliance with public sector pay policies be brought to a conclusion by the HSE and the Department of Public Expenditure and Reform (DPER) by Q2 2018. (I.36, p56)

MATTERS ARISING FROM CORRESPONDENCE REGARDING CONSOLE

B.17. The Committee accepts that there is no legal responsibility on the Department of Health or the HSE to pay monies owed to staff previously employed by Console who were not fully paid for their work with the organisation. However the Committee remains of the view that an ex-gratia payment should be made in this exceptional case. (J.4, p57)

1. AN GARDA SÍOCHÁNA

Meeting Dates: 28 September 2017 and 23 November 2017

Principal Purpose of the Meetings: Matters relating to Report into re-opening of Garda Stations

INTRODUCTION: MEETING ONE, 28 SEPTEMBER 2017

C.1. On 13 July 2017, the then-Deputy Commissioner Dónall Ó’Cualáin stated to the Committee that he would provide a copy of a report which had been commissioned by the government into the re-opening of Garda stations. The review was commissioned following a commitment in the 2016 Programme for Partnership Government to “*launch a pilot scheme to re-open 6 Garda stations both urban and rural to determine possible positive impacts that such openings will have on criminal activity, with special emphasis on burglaries, theft and public order*”.

C.2. However, by September 2017 the Committee had not received a copy of the report and queried why it had not been forwarded. Correspondence was received from the Acting Garda Commissioner, stating that the report had not been finalised, and that sharing the report was a matter for the Department of Justice and Equality.

C.3. The Committee received correspondence from the Secretary General of the Department of Justice and Equality on 20 September 2017, stating that further work was to be undertaken on the report and that the Minister expected to receive a finalised report “in the coming weeks”. However, as of the meeting of the 28 September 2017 the final report had not been circulated or published. An interim report was published on the Department of Justice and Equality website on 30 September 2017.

MATTERS ARISING FROM DISCUSSION OF INTERIM REPORT INTO RE-OPENING OF GARDA STATIONS

CRITERIA CONSIDERED BY THE REVIEW TO RE-OPEN DECOMMISSIONED GARDA STATIONS

C.4. The Committee discussed the criteria used by Assistant Commissioner John O’Driscoll in carrying out the review of Garda stations to be re-opened. The criteria for the review were established by the Department of Justice and Equality and were outlined by the Acting Commissioner as below:

- A mixture of urban and rural stations, with at least one to be in County Dublin
- Analysis of population and crime trends
- Limiting the choice of stations to those remaining in state ownership
- Limiting the choice of stations to those that could be opened without delay
- Consideration of the impact on local policing

C.5. The Committee was informed that the criteria for re-opening stations under this review were the same as were used to close stations in 2012 and 2013 as part of the Garda Síochána District and Station Rationalisation Programme. However, the Committee noted that according to documentation from a Topical Issue debate in 2012, the decision to close Garda stations was based on the following:

- Activity analysis of the Garda network
- Examination of the impact assessments conducted by local Garda management in respect of station regrading delivery (of services)
- Detailed review of the Garda station network in the Dublin Metropolitan Region (DMR)

C.6. The Acting Garda Commissioner confirmed that the criteria listed above were used in determining which stations were to be closed in 2012 and 2013. He noted that the criteria used in the review to re-open stations were based on these criteria, with the addition of limiting the choice of stations to those still in State ownership. He emphasised that in instances of both closure and re-opening, the input of local management was a key factor.

INTERIM REPORT AND THE DECISION TO RE-OPEN STEPASIDE GARDA STATION

C.7. The Committee was informed that the decision to re-open one Garda station, in Stepside in Dublin, was a result of a recommendation of the interim report on the re-opening of Garda stations. The interim report was submitted to the Department of Justice and Equality on 9 June 2017, with the decision to commence the process of re-opening Stepside Garda station announced on 13 June 2017. The interim report was published on 30 September 2017.

C.8. The Acting Garda Commissioner outlined that there were only four Garda stations in the Dublin Metropolitan Region (DMR) which met the criteria for re-opening, and therefore a decision regarding Dublin was arrived at relatively quickly. It was confirmed in the interim report that the four Dublin Garda stations considered were Stepside, Dalkey and Kill O' The Grange in the DMR South East Division, and Rush in the DMR North Division.

C.9. The interim report recommended that Stepside be considered as a first choice due to a significant population increase in the area between 2011 and 2016, and significant projected population increase going forward. Rush was recommended as a second choice. The Chief Administrative Officer of An Garda Síochána stated to the Committee that correspondence with the Office of Public Works (OPW) on the issue was ongoing.

C.10. In districts outside of Dublin there were more decommissioned stations which met the criteria for consideration under the review. The interim report outlined that additional work by the Garda Síochána Analysis Service and the Estate Management section was required before making any decisions regarding stations outside of Dublin. The Garda Síochána requested the OPW not to sell any of the remaining decommissioned Garda stations in its portfolio pending the completion of the review.

INTRODUCTION: MEETING TWO, 23 NOVEMBER 2017

C.11. On 23 November 2017, the Committee invited representatives from An Garda Síochána to address outstanding questions and to provide an update on the progress of the review since the previous meeting on 28 September 2017.

C.12. It was outlined at the meeting of 23 November 2017 that Assistant Commissioner John O’Driscoll had completed the review, and had submitted a final report to the Minister for Justice and Equality. However, at the time of the meeting the final report had not been published and it was not provided for the consideration of the Committee.

MATTERS ARISING FROM DISCUSSION OF THE FINAL REPORT ON RE-OPENING OF GARDA STATIONS

RECOMMENDATIONS OF THE FINAL GARDA REPORT

C.13. The Acting Garda Commissioner outlined in his opening statement to the Committee that Assistant Commissioner O’Driscoll’s report recommended that the following 6 Garda stations be considered for re-opening; Ballinspittle, Bawnboy, Donard, Leighlinbridge, Rush and Stepaside.

C.14. The final report and its recommendations were approved by the Acting Garda Commissioner, and forwarded to the Minister for Justice and Equality. The Acting Garda Commissioner informed the Committee that further work was required before the stations could be re-opened, including assessment of the buildings by the OPW and an examination of additional resources needed. The progress of this follow-on work would determine the timelines for the re-opening of the selected Garda stations.

CRITERIA APPLIED TO THE REVIEW

C.15. The Secretary General informed the Committee that the criteria for the review were outlined by the Minister for Justice and Equality in June 2016, and were accepted by the then-Garda Commissioner.

C.16. The Committee requested that Assistant Commissioner O’Driscoll provide follow up information regarding when he was asked to carry out the review and to provide relevant correspondence outlining the process of commissioning the review. However, as of the time of the publication of this report, this information had not been received.

C.17. Assistant Commissioner O’Driscoll informed the Committee that in his final report he made recommendations regarding the criteria applied to the review and additional options which he felt should be considered, such as extending opening hours of some existing

Garda stations, additional resources for areas where there are gatherings of people other than where they reside, and mobile Garda stations. He noted that these additional recommendations would inform the broader work of the Policing Authority.

C.18. Assistant Commissioner O'Driscoll stated that, as part of the review process, he sought the views of regional management, consulted with the OPW, and examined the relevant data concerning crime trends and projected population growth. He noted that he had not contradicted any recommendations made by regional management. However, only one of the recommended stations in the Dublin Metropolitan Region (DMR), Stepside, fully met the criteria as outlined for the review.

C.19. As part of the consultation with regional management, three of the six DMR regions, DMR South, DMR North Central and DMR South Central, did not make any recommendations. The Superintendent for DMR East recommended that Stepside be re-opened with reduced opening hours, with DMR North recommending that Rush be re-opened and DMR West recommending extended opening hours for Cabra Garda station.

C.20. The Committee discussed whether the framework of criteria used for the review into re-opening of Garda stations reflected policing priorities. Assistant Commissioner Pat Leahy, Assistant Commissioner responsible for the DMR, stated to the Committee that while Stepside was recommended for re-opening as it met the criteria outlined by the review, he would not consider the re-opening of Stepside Garda station an immediate priority in terms of resource or personnel allocation.

C.21. Assistant Commissioner Leahy outlined that there was a broad range of priorities within the DMR, but that he would consider areas such as Ballyfermot, Ronanstown, the north inner city or the south inner city to be more urgent priorities than the re-opening of Stepside Garda station.

C.22. Assistant Commissioner O'Driscoll noted in the interim report that Stepside had experienced significant population growth between 2011 and 2016, and that this was a factor in its recommendation. However, he told the Committee that further population growth was expected in the area due to ongoing development of nearby Cherrywood.

C.23. Assistant Commissioner O'Driscoll outlined his view to the Committee that re-opening Stepside station would service the needs of the area in the interim, but that the additional

development and increased population in the area served by Stepside Garda station would possibly require a new Garda station to be established in the area in the coming years.

RESOURCES AVAILABLE TO RE-OPEN STEPASIDE GARDA STATION

C.24. The Committee sought information regarding resources available for re-opening the Garda stations as recommended, specifically Stepside Garda station.

C.25. The Acting Garda Commissioner informed the Committee that Stepside was not currently ready to be re-opened, but was approved subject to further assessment work by the OPW. Personnel requirements and opening hours would also be considered as part of the process of implementing the review's recommendations.

C.26. The Secretary General outlined that expenditure relating to the re-opening Garda stations would come from the capital budget for An Garda Síochána, which was stated as being €400 million for the next four years for all capital projects including ICT. Spending to implement the recommendations of the review would be subject to sanction from the Department of Justice and Equality and from the Department of Public Expenditure and Reform.

CONCLUSIONS & RECOMMENDATIONS

Conclusions

C.27. The Committee noted that the Assistant Commissioner for Dublin Metropolitan Region (DMR) stated that Stepside was not an immediate priority, and that projected population growth in Cherrywood area over the next 10-15 years may require a new Garda station to be opened in the area. It is the opinion of the Committee that the criteria applied to the review did not take account of the policing priorities in the DMR.

C.28. The Committee notes that as of the date of the publication of this report, Stepside Garda Station was not ready to be re-opened. The Committee has been informed that the re-opening of Stepside Garda Station is subject to assessment of the building by the OPW.

C.29. The Committee expresses concern that resource implications, value for money and policing priorities were not considered as part of the review into the re-opening of Garda stations.

C.30. The Committee expresses concern that a decision was made to approve the re-opening of a Garda station based on the conclusions of an interim report of a review which at the time was still ongoing.

C.31. The Committee notes that while the decision to re-open Stepside Garda station was made in June 2017, the interim report outlining the criteria and rationale for this decision was not published until September 2017. The Committee is of the opinion that there was an undue delay in the publication of the interim report.

C.32. The Committee is of the view that in order to fully assess the review's application of processes and criteria, it would need to consider Assistant Commissioner O'Driscoll's final report on the re-opening of Garda stations.

Recommendations

C.33. The Committee recommends that the ultimate decision to re-open Garda stations should take into account the best use of Garda resources, use of State funds and policing priorities.

C.34. The Committee recommends that the implications of the review to re-open Garda stations be considered in the context of the 2018 Estimates process.

C.35. The Committee recommends that before a final decision is made to commence the process of re-opening Stepside Garda station, a review should be undertaken by the Office of Public Works (OPW) regarding (i) the suitability of the Stepside Garda station building, (ii) the estimated cost involved renovating the building, and (iii) the possible requirement for a new building in the future.

2. HEALTH INFORMATION AND QUALITY AUTHORITY (HIQA)

Meeting Date: 28 September 2017

Principal Purpose of the Meeting: HIQA's Financial Statements for year ended 31 December 2016

INTRODUCTION

D.1. HIQA is an independent authority established by Government to ensure high quality and safe care for people using health and social care services in Ireland. Its role is to develop standards, inspect and review health and social care services, and support informed decisions on how services were delivered.

D.2. HIQA regulates, registers and inspects designated centres for older persons and residential services for children and adults with disabilities. HIQA monitors and inspects healthcare service and children's social services, but does not have a role in regulation or registration. HIQA monitors healthcare services provided or funded by the HSE, but does not have legal remit over private hospitals.

D.3. HIQA reports directly to the Minister for Health and also engages with the Department of Children and Youth Affairs regarding the following statutory responsibilities:

- Monitoring and inspecting children's social services
- Monitoring healthcare safety and quality: investigating as necessary serious concerns about the health and welfare of people who use these services
- Setting standards for health and social services: developing standards, based on evidence and best international practice, for health and social care services in Ireland
- Health Technology Assessment: Providing advice that enables the best outcome for people who use the health service and the best use of resources by evaluating the clinical effectiveness and cost-effectiveness of drugs, equipment, diagnostic techniques and health promotion and protection activities
- Health Information: Advising on the efficient and secure collection and sharing of health information, setting standards, evaluating information resources and publishing information about the delivery and performance of Ireland's health and social care service

2016 FINANCIAL OVERVIEW

D.4. In 2016, HIQA total income was €18.86 million, with expenditure of €18.34 million. The largest category of spending for HIQA in 2016 was staff costs, with expenditure of €14 million. HIQA posted a surplus for the year of €519,000.

C&AG'S AUDIT OPINION ON HIQA'S 2016 FINANCIAL STATEMENT

D.5. It was noted by the C&AG in HIQA's financial statement that, in compliance with the directions of the Minister for Health, HIQA accounts for the costs of superannuation entitlements only as they become payable. This basis of accounting does not comply with Financial Reporting Standard 102 which requires such costs to be recognised in the year the entitlements are earned.

D.6. The C&AG also drew attention to Note 18(a) to the financial statements, which disclosed details of costs relating to HIQA's exit of a lease in 2016. This included a write off of €491,800 in relation to the residual capitalised value of leasehold improvement, building restoration costs of €350,000 and additional 6 months rent of €146,000 paid as part of the lease termination agreement.

D.7. It was outlined in Note 18(a) that the cost of leasehold improvement was recognised in the 2016 financial statement, while the restoration and lease termination costs were included in HIQA's 2015 financial statement.

MATTERS ARISING FROM DISCUSSION OF HIQA'S 2016 FINANCIAL STATEMENT

REPORTING OF SUPERANNUATION COSTS

D.8. The C&AG noted that HIQA accounts for the costs of superannuation entitlements only as they become payable. This basis of accounting did not comply with Financial Reporting Standard 102, which required such costs to be recognised in the year the entitlements were earned. However, it was noted that HIQA did not have discretion in the matter as this was mandated by the Minister for Health.

D.9. The Committee received a follow-up briefing note from the C&AG on the financial reporting frameworks used by agencies audited by the C&AG.

D.10. The C&AG noted that financial reporting frameworks that public bodies are required to apply in preparing financial statements are usually provided for in law, but that in most cases the enabling legislation gave the relevant Minister and/or the Minister for Public Expenditure and Reform the authority to specify the financial reporting framework.

D.11. It was outlined that of the approximately 290 accounts under the remit of the C&AG, just over 200 accounts were prepared in accordance with FRS102, IFRS or general accrual concepts.

D.12. In the case of the HSE, Tusla and eight other health agencies, there were departures from the accruals framework in respect of a number of accounting areas such as the treatment of pensions. A table was included in the briefing note outlining a full list of account categories and modifications applied to their reporting frameworks.

COST OF EXITING LEASE ON DUBLIN 18 PROPERTY

D.13. As noted in HIQA's annual report, in 2016 HIQA exited a lease on a property in Dublin 18. The property was transferred to HIQA upon its foundation in 2007, from the previous Irish Health Services Accreditation Board.

D.14. However, the property was not suitable for use by HIQA as the accommodation was not sufficient for the number of staff. It was occupied by CORU (The Health and Social Care Professionals Council) on a temporary basis until December 2015.

D.15. As outlined in paragraph D.6, the costs of exiting the lease included a write off, building restoration costs and six months additional rent paid as part of the lease termination agreement. The CEO informed the Committee that attempts were made to dispose of the property before exiting the lease at the earliest possible opportunity.

WORKFORCE CAPACITY

D.16. It was noted in HIQA's annual report that 11% of overall expenditure related to agency staff. HIQA had 192 employees as of the end of 2016, with plans to increase the number to

227. Follow-up correspondence to the Committee noted that HIQA employed 101 inspectors. The CEO of HIQA informed the Committee that external sanction was needed to fill all vacant posts, and that delays in this process necessitated taking on temporary or fixed contract staff. HIQA anticipated having to contract further agency staff in 2017.

D.17. HIQA informed the Committee in follow-up correspondence that four specific risks regarding staffing and resources had been identified by the Authority's corporate risk register, including a risk that "*because we have insufficient workforce capacity and capability we may not be able to deliver our current legal or corporate commitments*".

FEES FOR CONSULTANCY SERVICES

D.18. The Committee noted that €347,038 was listed under "other" fees for consultancy services. The CEO of HIQA confirmed that this expenditure included:

- Consultancy for pension and HR issues
- ICT security
- Preparation for the National Patient Safety Survey
- Subject matter experts for regulatory issues and the development of standards
- Legal services

D.19. It was also confirmed that HIQA contracted Deloitte to carry out internal auditing of financial and management functions, and also contracted a private PR firm. Five audits were carried out in 2016, of areas including ICT security, performance management and risk management, with no significant findings.

OTHER ISSUES DISCUSSED

INCURRED INTEREST AND PENALTIES

D.20. HIQA incurred interest and penalties of €12,870 in 2016 in respect of an unprompted voluntary disclosure to Revenue regarding incorrect accounting for VAT. The resulting fines were paid to Revenue and improvements to HIQA's accounting systems were implemented.

TRAVEL AND SUBSISTENCE PAYMENTS

D.21. Travel and subsistence payments outlined in HIQA's 2016 financial statement totalled €805,205. A large proportion of HIQA's activity was carried out through the regulation directorate, which entailed workers being widely dispersed to carry out monitoring of designated centres across the country. The CEO noted that HIQA were considering an accommodation strategy in order to improve efficiency and value for money in this area.

REGISTRATION FEES

D.22. The Committee noted that registration fees paid to HIQA in 2016 (€207,800) were down on the amount paid in 2015 (€322,500). This was due to the fact that registration fees only became payable every three years, so the amount received fluctuated on a yearly basis.

PROTECTED DISCLOSURES

D.23. The CEO noted that HIQA received information from unprompted disclosures, along with other sources, but that all information received was treated in the same manner as protected disclosures.

CONCLUSIONS & RECOMMENDATIONS

Conclusions

D.24. The Committee is satisfied that HIQA made reasonable efforts to dispose of the lease on the Dublin 18 property which it inherited upon its foundation in 2007 from the previous Irish Health Services Accreditation Board, but ultimately could not utilise. However, the Committee is of the opinion that expenditure on this property did not represent an efficient use of resources and did not provide benefit to HIQA.

D.25. The Committee is of the view that HIQA's reliance on agency staff to temporarily fill vacant posts does not represent good value for money and could present challenges to HIQA's delivery of services. The Committee is concerned that insufficient workforce capacity is a risk to HIQA in the delivery of its services. However, the Committee acknowledges that

the inclusion of this issue on HIQA's risk register means that it has been identified and that attention is being given to the matter.

D.26. The Committee notes that sanction from the Department of Public Expenditure and Reform (DPER) to fill vacant posts was delayed, which necessitated HIQA taking on agency staff to fill vacancies.

D.27. The Committee is satisfied that "other" consultancy services listed in HIQA's 2016 Financial Statement were required for HIQA to fulfil its function.

Recommendations

D.28. The Committee recommends that HIQA carry out an examination of the cost of agency staff to fill vacant posts and the challenges of relying on agency staff, with a view to determining the most cost-effective method of delivering its services.

D.29. B.5. The Committee recommends that the Department of Public Expenditure and Reform promptly evaluates outstanding requests for additional staff so that HIQA can fulfil its function without undue or unnecessary reliance on agency staff.

D.30. The Committee recommends that a more comprehensive breakdown of expenditure on consultancy services is included in HIQA's future annual accounts.

3. HEALTH INFORMATION AND QUALITY AUTHORITY (HIQA)

Meeting Date: 19 October 2017

Principal Purpose of the Meeting: Follow-up from the meeting of 28 September 2017; governance and management of conflict of interest issues at HIQA

INTRODUCTION

E.1. On 28 September 2017, the Committee met with HIQA regarding its 2016 Financial Statements. At that meeting the management of any potential conflicts of interest was discussed.

E.2. A newspaper article was published on 8 October 2017 in the Sunday Independent regarding a meeting attended by the Chairperson of HIQA's Board, Mr Brian McEnery, with members of Nursing Homes Ireland (NHI) in October 2015.

E.3. It was reported that the meeting was organised by NHI to discuss members' frustrations at rates paid by the Nursing Home Support Scheme (NHSS), also known as the Fair Deal scheme. It was alleged that at the meeting NHI members discussed the potential option of taking collective action to negotiate with or to boycott the NHSS. Reports of Mr McEnery's presence at this meeting raised concerns for the Committee regarding a perceived conflict of interest.

E.4. Mr McEnery, HIQA Chairman, was requested to attend a meeting of the Committee for the purposes of clarifying;

- the extent, if any, to which there was a real or perceived conflict of interest
- whether HIQA's governance standard was appropriate or sufficient to manage any conflicts of interest.

E.5. The CEO of NHI was also invited to attend the meeting as a witness on a voluntary basis, but declined the invitation to the meeting on 19 October 2017. In correspondence to the Committee, the CEO of NHI indicated a willingness to consider a future invitation once an agenda was provided. Representatives from the National Treatment Purchase Fund (NTPF) were also invited to the meeting, but were unable to attend.

E.6. The Committee received a document from an anonymous source outlining minutes of the NHI meeting held in October 2015. However, there were concerns regarding legal privilege pertaining to this document. It was agreed that the Committee would continue its examination on this matter, referring to the broader issues in the public domain, without reference to the document received.

E.7. The Committee notes that as of 18 October 2017, the Competition and Consumer Protection Commission (CCPC) had commenced an examination of information in relation to potential anti-competitive conduct in the private nursing home sector.

MATTERS ARISING FROM DISCUSSION OF GOVERNANCE AND MANAGEMENT OF CONFLICT OF INTEREST

POTENTIAL CONFLICT OF INTEREST & HIQA GOVERNANCE STANDARDS

E.8. When questioned by the Committee on the issue of potential conflicts of interest, Mr McEnery outlined his view that his professional role did not pose a conflict of interest to his position as chairperson of the Board of HIQA. Mr McEnery noted that he declared his professional interests as a partner in BDO Accounting to the Board of HIQA and declared them annually to the Standards in Public Office (SIPO) Commission.

E.9. Mr McEnery informed the Committee that in his professional capacity as a partner in BDO Accounting and a financial advisor to the healthcare sector, he had represented individual private nursing homes in negotiating rates with the National Treatment Purchase Fund (NTPF) as part of the Nursing Home Support Scheme (NHSS). He stated that he had previously worked as a financial advisor for Nursing Homes Ireland (NHI), but was not currently retained by the organisation in that capacity.

E.10. Mr McEnery confirmed that he attended the meeting of NHI in October 2015. The Committee was provided with a copy of the invitation email sent to Mr McEnery from the Chief Executive of NHI.

E.11. Mr McEnery stated that he had been invited to the meeting to speak to members of NHI because of his professional experience of the nursing home sector. He spoke regarding the NHSS and the NTPF, and also spoke about the results of the NHI Nursing Home Survey 2014/15, a report on which he had authored in his capacity as a partner in BDO Accounting.

Mr McEnery stated that he attended the meeting as an invited guest and was not remunerated for his attendance. Mr McEnery also informed the Committee that he did not participate in any discussion regarding taking collective action to negotiate with or to boycott the NHSS.

E.12. Mr McEnery stated his view that as HIQA's role did not extend to the financial aspect of the nursing home sector there was no crossover between his position with HIQA and his professional interests. The Board, as outlined in the Health Act 2007, was established to provide a governance function for HIQA.

E.13. It was confirmed by the CEO and Director of Regulation that the Board had no role in determining or influencing HIQA's operational or regulatory activities. The CEO and the Director of Regulation expressed their confidence in the separation between the Board and the executive management, stating that at no time had the Board sought to influence any operational or regulatory decisions.

CONCLUSIONS

Conclusions

E.14. The Committee acknowledges the separation of HIQA's regulatory role from the functions of its board. However, the Committee is of the view that advising and representing nursing homes in negotiations with the National Treatment Purchase Fund (NTPF) while simultaneously holding the role of the Chairperson of the Board of HIQA could undermine public confidence in the independence of HIQA in carrying out its functions effectively.

E.15. Arising from issues raised on this topic during the Committee's engagement with HIQA and also in correspondence, the Committee intends to examine further the Nursing Home Support Scheme (NHSS) and the National Treatment Purchase Fund (NTPF) as part of its 2018 work programme.

E.16. The Committee notes that despite media reports on the Nursing Home Ireland (NHI) meeting being published on 8 October 2017, the issue had not been discussed by the Board of HIQA prior to meeting with the Committee on 19 October 2017. The Committee is of the view that this suggested a lack of urgency in addressing a potential conflict of interest.

4. INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) IRELAND

Meeting Date: 05 October 17

Principal Purpose of the Meeting: Examination of the 2016 Financial Statement

INTRODUCTION

F.1. The Industrial Development Agency (IDA) Ireland was established on 1 January 1994 under the provisions of the Industrial Development Act 1993. It is a non-commercial semi-state body whose primary statutory objective is to attract foreign direct investment to Ireland. It does this by promoting Ireland as an attractive location to potential investors, through the payment of grant aid and through the development of industrial property which is readily available for use by potential investors.

2016 FINANCIAL OVERVIEW AND C&AG AUDIT OPINION

F.2. In 2016, the IDA's total income was €169.37 million, with expenditure of €124 million. €40.5 million of the resulting €45 million surplus was transferred to capital, €331,000 was returned to the exchequer. This resulted in a surplus after appropriations of €4.4 million.

F.3. The C&AG gave an unqualified audit opinion on the IDA's 2016 financial statements.

PRINCIPAL MATTERS DISCUSSED

SUCCEED IN IRELAND INITIATIVE

F.4. The Committee discussed the IDA's Succeed in Ireland (SII) initiative. The aim of this initiative was to generate referrals and introduce the IDA to companies interested in foreign direct investment (FDI) in Ireland. The company ConnectIreland was contracted by the IDA in 2012 to deliver the SII initiative, and the IDA's contract with ConnectIreland came to an end in March 2017. However, the Committee was informed that there was an ongoing commercial dispute between the IDA and ConnectIreland regarding the SII initiative.

F.5. The CEO of the IDA stated to the Committee that the SII initiative was not successful in achieving its targets and that the SII initiative was being wound down. The IDA paid

ConnectIreland €2.27 million for jobs created, and a termination payment of €1.54 million for jobs not created. The CEO stated that the target of the SII initiative was the creation of 5,000 jobs, but that only 544 jobs had been created by March 2017.

F.6. In correspondence to the Committee, ConnectIreland contested this target.

ConnectIreland stated that a target of 5,000 jobs was not a provision of its contract with the IDA. The company outlined that 575 verified jobs had been created under the SII initiative, but that referrals generated by ConnectIreland would lead to an additional 1,691 jobs over the next three years, and a potential figure of 2,536 jobs.

F.7. ConnectIreland noted that the government had sought an independent review of the SII initiative, but that this was postponed until 2020 to encompass the three year timeline that approved projects were given to create additional jobs.

JOB VERIFICATION METHODOLOGY

F.8. In response to the Committee's request for further information regarding how the number of jobs created were verified, the Committee received follow-up correspondence from the IDA and ConnectIreland regarding their respective methodologies.

F.9. ConnectIreland outlined the process used to verify jobs created by the SII initiative. ConnectIreland were required to provide the IDA with detailed information of each job created, including a signed declaration from the employer that all employment details were accurate. Once this information was supplied, the IDA arranged a face-to-face meeting with the employer to verify the details.

F.10. ConnectIreland noted that part of the methodology used by the IDA to assess job numbers was the Annual Employment Survey (AES). The Committee received further information from the IDA regarding the AES. The AES was a self-assessment survey sent to all client companies of the IDA and Enterprise Ireland on a yearly basis by the Department of Business, Enterprise and Innovation (DBEI). The data collected is entered into the DBEI business information database and used for longitudinal studies.

F.11. The purpose of the survey was to collect employment figures from individual companies for the year in question. The IDA stated that the surveys it collected from its client companies were followed up with extensive communication and checked against previous

surveys for deviations. However, the IDA stated in correspondence that the Annual Employment Survey was used for statistical purposes only, and that its grant verification process provided more meaningful information regarding the spending of public money.

F.12. The IDA provided detailed information regarding its grant verification process in its correspondence with the Committee, including a checklist of the documents required from client companies. The IDA noted that companies in receipt of IDA grants were subject to legal agreements requiring accurate reporting of any information requested by the IDA. Grant agreements with client companies allowed the IDA to carry out inspections, which could include checking the total number and other details of employees on the payroll.

MATTERS ARISING FROM DISCUSSION OF THE IDA'S 2016 FINANCIAL STATEMENT

RENTAL INCOME

F.13. The IDA's 2016 financial statement showed that rental income had decreased to €753,000, compared to €1.14 million in 2015. This was despite growth in the market, and a 6.3% increase in employment in IDA supported companies. The CEO noted that this decrease was due to disposal of property. The IDA's property portfolio was subject to frequent renewal through building, sale and leases.

ROAD DEVELOPMENT PROJECT IN SLIGO

F.14. The IDA's 2016 financial statement noted that €3 million was committed to funding a public road development in Sligo. The CEO explained to the Committee that the road development project would facilitate access to an industrial estate owned by the IDA. The funding was approved following a cost-benefit analysis and full payment was conditional on completion.

F.15. It was outlined to the Committee that while Sligo County Council was the only local authority to benefit from such funding in 2016, similar infrastructure funding arrangements with other local authorities had been entered into in the past.

POLICY MATTERS RAISED

REGIONAL DEVELOPMENT STRATEGY

F.16. The CEO of the IDA stated that achieving balanced regional development posed a significant challenge, but that the Authority's *Winning FDI 2015-19* strategy included a target of increasing regional development outside of Dublin by 30-40%. The IDA's regional directors worked with local authorities and enterprise offices, within the context of the National Planning Framework and the regional Action Plan for Jobs. While IDA employment figures increased in all regions in 2016, the Midlands and the South East saw much smaller gains than other regions.

F.17. The IDA's annual report stated that the overall growth in IDA supported jobs nationwide between 2015 and 2016 was 6.3%. However, the figure by region varied significantly, with the Mid-West region experiencing 9.7% growth compared to the Midlands region which experienced only 1.4% growth. It was discussed at the meeting that Laois was the county with the lowest number of IDA-supported jobs.

F.18. The IDA provided follow-up correspondence to the Committee which outlined a breakdown of grant aid by county in 2016. This breakdown showed that Dublin, Galway and Limerick received most funding, while Leitrim, Meath and Roscommon did not receive any grant aid from the IDA in 2016.

CONCLUSIONS & RECOMMENDATION

Conclusions

F.19. The Committee recognises that there has been disagreement between the IDA and ConnectIreland regarding the objectives and outcomes of the Succeed in Ireland initiative. However, the Committee is of the view that there needs to be a resolution to the ongoing commercial dispute to allow a value for money assessment of the Succeed in Ireland initiative to be carried out.

F.20. The Committee is not assured of the adequacy of the methodology used by the IDA to verify the number of jobs created by their client companies. The Committee is of the view

that the use of an annual self-assessment survey does not provide sufficient reassurance or clarity in relation to accuracy of numbers of jobs created.

Recommendation

F.21. The Committee recommends that the IDA review and improve the methodology used to verify the number of jobs created by its client companies. The Committee recommends that the IDA liaise with other data collection agencies to develop a more robust methodology for verifying the number of jobs, and reduce the current dependency on self-assessment.

5. TRANSPORT INFRASTRUCTURE IRELAND (TII)

Meeting Date: 12 October 2017

Principal Purpose of the Meeting: Examination of 2016 Financial Statement

INTRODUCTION

G.1. Transport Infrastructure Ireland (TII) was formed from the merger of the National Roads Authority (NRA) and the Railway Procurement Agency (RPA) in August 2015 under the terms of the Roads Act 2015. It is a non-commercial semi-state body under the aegis of the Department of Transport Tourism and Sport (DTTAS).

G.2. TII has overall responsibility for the development and maintenance of the national road network and the light rail and metro responsibilities of the previous RPA. TII also manages the LUAS operating contract governing the provision of LUAS services and maintenance.

2016 FINANCIAL OVERVIEW

G.3. In 2016, TII's total income was €1.07 billion, with expenditure of €873 million. The largest category of expenditure was on the road network, at €807 million. TII posted a surplus of €45.3 million.

C&AG' AUDIT OPINION AND ANNUAL REPORT

G.4. The C&AG gave an unqualified audit opinion on TII's 2016 financial statements.

G.5. Chapter 4 of the C&AG's Report on the Accounts of the Public Services 2016, "Overview of Public Private Partnerships" referred to TII under the following headings:

- European Commission and European Investment Bank financing
- Legal challenges
- Variation in costs
- Performance and availability deductions
- Transport projects in relation to risk sharing arrangements
- Post project reviews
- Progression of projects since 2012
- Department of Public Expenditure and Reform schedule of contracts, at end-2016

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

POST-PROJECT REVIEWS OF PPP PROJECTS

G.6. Chapter 4 of the C&AG's Report on the Accounts of Public Services 2016 provided an overview of and update on public private partnerships (PPPs), including road infrastructure projects managed by TII.

G.7. TII's PPP payments in 2016 amounted to €109 million. It was noted that this was set to increase for the coming years. At the time of the meeting two national roads PPP projects were under construction, to be completed in 2019. TII also had 13 PPP road contracts, eight toll roads and five Design Build Finance Operate Maintain contracts.

G.8. The CEO of TII confirmed that PPP projects were subject to the same planning process as Exchequer-funded projects. Cost-benefit analyses were conducted on all projects, including PPP projects, and cost-benefit analysis reports were published at an early stage in the project cycle. However, TII did not publish post-project reviews.

G.9. The CEO stated to the Committee that TII was willing to publish post-project reviews subject to the redaction of commercially sensitive information. Chapter 4 of the C&AG's report included the following recommendation: *"DPER should ensure that post project reviews of PPP projects are carried out after sufficient time has elapsed to allow the project to become fully operational and should ensure that the reviews are published"*.

LEGAL CHALLENGES AND ASSOCIATED COSTS

G.10. Chapter 4 of the C&AG's Report on the Accounts of the Public Services 2016 noted that two legal challenges had been brought against TII from bidders for its PPP projects. The two challenges were subsequently withdrawn, but it was noted in the C&AG's report that TII incurred a total of €695,000 in defending these two cases.

G.11. TII's Director of Operations stated that legal challenges were outside the control of TII, and that he was satisfied that the public procurement process had been validated. However, it was acknowledged that long legal challenges could present delays and opportunity costs to projects in terms of delays. The Committee received follow up information from TII

regarding the costs of judicial reviews, time delays and the estimated cost of delayed economic benefits.

VAT ON TOLLS

G.12. As outlined in TII's financial statement, the position of the Revenue Commissioners that VAT was to be paid on tolls was revised following a ruling by the Court of Justice of the European Union in January 2017. Between 2010 and 2017, TII paid €100 million in VAT on M50 and Dublin Tunnel Tolls. As of the time of the meeting, TII were in talks with the Revenue Commissioners regarding retroactive application of the ruling. The amount owed was still unresolved and therefore was not included in the organisation's financial statement. TII noted in follow up correspondence that discussions with Revenue on the issue were still ongoing as of November 2017.

POLICY MATTERS RAISED

WRITE OFF OF DEBT FROM UNCOLLECTED TOLLS

G.13. TII's 2016 Financial Statement outlined that over €10 million worth of debt relating to uncollected tolls from the M50 eFlow was written off; €5.2 million in 2016 and €4.9 million in 2015. The Director of Operations stated to the Committee that TII aimed to minimise the amount of debt to be written off, but despite enforcement efforts it was inevitable that there would be an amount of outstanding toll fines which could not be recouped.

FUNDING OF ROAD MAINTENANCE

G.14. The CEO of TII informed the Committee that road maintenance was underfunded by approximately €90-€100 million per annum, with only 130 km of the necessary 400 km of annual maintenance being carried out. It was outlined that the replacement cost of the road network was approximately €30 billion, and that, without investment, the road network would deteriorate by a value of €1 billion per annum over a 20 to 30 year average life cycle.

GOODWILL PAYMENTS

G.15. The Committee sought information regarding TII's use of goodwill payments to farmers in relation to compulsory purchase orders (CPO) on their land. The CEO noted that goodwill

payments were sometimes used to ensure co-operation and to cover costs before the CPO is executed. The payments were made through local authorities and follow a code of practice agreed with the Irish Farmers Association (IFA).

G.16. In response to the Committee's request for follow up information regarding the amount spent on goodwill payments overall, by project and by year, TII provided a breakdown of goodwill payments made in 2016, by county, by Local Authority and by project. The total spending on goodwill payments in 2016 was €2.9 million.

PRIORITIES FOR THE CAPITAL INVESTMENT PLAN

G.17. The Committee sought information regarding which projects were to be prioritised as part of the Capital Investment Plan. As of the time of the meeting, the Capital Plan was under review and TII was in discussion with the DTTAS regarding priorities for the plan. It was noted that bottlenecks and missing links in transport infrastructure would be included as priorities.

G.18. In response to the Committee's request for further information regarding the criteria for making such decisions, TII provided an outline of its planning and prioritisation criteria and processes.

CLIMATE CHANGE PLAN

G.19. The CEO of TII noted that the organisation engaged with the Department of Communications, Climate Action and Environment and the Department of Transport, Tourism and Sport on the National Mitigation Plan for addressing matters related to climate change.

G.20. TII worked with the National Transport Authority (NTA) in developing transport strategies in some areas which include alternatives to road networks, such as park and ride facilities and light rail. TII also commissioned the development of a carbon calculator to be used in the planning of future TII projects.

ROAD SAFETY AUTHORITY

G.21. The CEO of TII informed the Committee that the organisation worked closely with the Road Safety Authority (RSA). TII and the RSA shared a database of information regarding road fatalities, which TII used as part of cost-benefit analyses conducted for transport infrastructure projects.

G.22. TII's work with the RSA regarding the Road Safety Strategy was also discussed by the Committee. It was noted that 11 of the actions outlined in the Road Safety Strategy's action plan relate to TII. The CEO stated that seven of these were delivered, but that two were at risk due to lack of funding.

CONCLUSIONS & RECOMMENDATIONS

Conclusions

G.23. The Committee is of the opinion that there is not sufficient information available on the contents of PPP (public private partnership) contracts to ascertain whether value for money has been achieved on TII's PPP projects.

G.24. The Committee decided not to sign off on TII's 2016 Financial Statement until it has further considered Chapter 4, "Overview of Public Private Partnerships", of the C&AG's Report on the Accounts of the Public Services 2016. The Committee intends to examine Chapter 4 as part of its work programme for 2018.

G.25. The Committee is of the opinion that the amount of debt written off by TII from uncollected M50 toll and fine payments is significant. The Committee expects to see the results of increased enforcement efforts reflected in TII's future financial accounts.

G.26. The Committee is not satisfied that full use is being made by TII of the Road Safety Authority's database of information regarding road fatalities in its road investment planning.

Recommendations

G.27. The Committee recommends that TII publish post-project reviews of its public private partnership (PPP) projects to ensure that information regarding these contracts is in the public domain and available for scrutiny, as per the recommendation of the C&AG.

G.28. The Committee recommends that TII implement stronger enforcement mechanisms to ensure the collection of unpaid M50 tolls and fines.

G.29. The Committee recommends that TII avails of road safety reports from the RSA to develop performance objectives and inform its future investment priorities.

6. TUSLA (CHILD AND FAMILY AGENCY)

Meeting Date: 19 October 2017

Principal Purpose of the Meeting: Examination of Tusla's 2016 Financial Statement

INTRODUCTION

H.1. Tusla was established on 1 January 2014 under the Child and Family Agency Act 2013. The new Agency originated from the amalgamation of Child & Family Services in the Health Service Executive (HSE), the Family Support Agency and the National Educational Welfare Board. Tusla also incorporated the School Completion Programme (SCP) from the Department of Children and Youth Affairs, some psychological services and a range of services responding to domestic, sexual and gender-based violence.

2016 FINANCIAL OVERVIEW

H.2. In 2016, Tusla's total income was €665.7 million, with expenditure of €665.08 million. The largest category of expenditure was pay and pensions, at €239 million. Tusla posted a surplus in 2016 of €626,000.

C&AG AUDIT OPINION

H.3. The C&AG issued a clear audit opinion in respect of the Agency's financial statements for 2016.

H.4. However, the audit report drew attention to the Statement on Internal Control in which the Board acknowledges that there had been inadequate monitoring and oversight of grants paid to outside agencies.

H.5. The control weaknesses identified included;

- Delays in the signing of some service level agreements — audit sampling found that some agreements for the calendar year 2016 were signed as late as quarter 3, 2016

- Inconsistencies in the Agency's ongoing monitoring of grant funded agencies, which is carried out through monitoring meetings and receipt of financial reports and staffing returns from grant funded agencies, and
- Inconsistent review of the financial statements, with some cases identified where no evidence was available to demonstrate that required financial statements had been received or reviewed.

MATTERS ARISING FROM DISCUSSION OF TUSLA'S 2016 FINANCIAL STATEMENT

NON-COMPETITIVE PROCUREMENT

H.6. According to Tusla's 2016 Financial Statement, it incurred expenditure of €5.2 million where the relevant goods and services were not procured through a competitive process. €4.5 million of this was identified by Tusla, and a further €700,000 was identified by the C&AG during the audit of the 2016 financial statements.

H.7. The Chief Executive noted that issues regarding procurement stemmed from legacy issues inherited by Tusla upon its formation. As Tusla was created through the amalgamation of three separate organisations, there was a legacy of different processes and practices. However, it was noted that work was beginning on organisational reform and regularising processes within Tusla.

H.8. In follow-up correspondence, Tusla forwarded its current three year procurement plan as additional information for the Committee's consideration. The plan outlined procurement priorities from 2018-2020, in addition to an assessment of compliance. Areas of Tusla's non-pay expenditure listed as non-compliant in 2016 included private foster care, interpreting services, insurance, and agency staff.

GRANTS TO EXTERNAL AGENCIES

H.9. Tusla provided a total of €144 million in grant aid funding to 986 agencies in 2016. However, at the time of meeting, Tusla did not have its own internal audit function. Instead, it was dependent on the HSE and external services to carry out audits of grant aid funding. 15 audits, a mixture of random and selected, and an analytical review of the top 40 agencies

were carried out in 2016. Some grant recipients had payments suspended as a result of these audits. The Chief Executive informed the Committee that he was currently in consultation with the Board regarding establishing an internal audit function for Tusla.

H.10. The C&AG drew attention to delays in signing service level agreements (SLAs) identified in audit sampling, with some SLAs for the 2016 calendar year not signed until Q3 of 2016. Tusla provided the Committee with a list of the five highest funded agencies without a signed SLA, as of time of meeting, which outlined that the five agencies received combined funding of €10.1 million.

H.11. The Chief Executive informed the Committee that Tusla was in the process of arranging new contractual frameworks with external agencies, and 83% of agencies funded by Tusla were covered by SLAs, with an anticipated 100% by Q1 2018. Tusla also anticipated having fully staffed compliance and commissioning units in place by the end of 2018.

OTHER ISSUES ADDRESSED

SIPO COMMISSION FINDING

H.12. In April 2017 the Standards in Public Office (SIPO) Commission found that a Board member of the previous Family Support Agency (FSA) had intentionally double-claimed travel expenses over a number of years. The total amount claimed was €44,000.

H.13. This was uncovered by the C&AG during the course of an inspection of the FSA in 2012, and was referred to the SIPO Commission by Tusla in 2015. Tusla made a disclosure to the SIPO Commission, omitting the Board member's name from the submission. The SIPO Commission conducted an investigation and made a finding in April 2017.

H.14. As of the time of meeting, Tusla were in legal discussions regarding recouping the money paid. In follow-up correspondence, Tusla noted that it could not anticipate when the money would be recouped, as legal discussions were ongoing.

PAYROLL OVERPAYMENT

H.15. The Committee noted an increase in Payroll overpayments from €422,000 in 2015 to €721,000 in 2016. The General Manager of Finance Operations noted that overpayments had not increased; rather they were more accurately represented due to the consolidation of nine different ledgers. Repayment plans would be in place by the end of 2017, although the figure was included in the financial statement as doubtful debt on the advice of the C&AG.

ATLANTIC PHILANTHROPIES GRANT

H.16. Tusla entered a partnership with Atlantic Philanthropies in 2015 for the allocation of €8.05 million over three years with the agreed objective “to transform child and family services in Ireland by embedding prevention and early intervention into the culture and operation of the new national family support system”. A governance group established within Tusla worked with the Department of Children and Youth Affairs and the Galway University Foundation to ensure that the money was used in accordance with the purposes for which it was granted.

H.17. It was noted from the Financial Statement that the majority of the 2016 allocation, €1.2 million of €1.8 million spent, was used for staff costs. The Chief Executive confirmed that the grant was primarily used for frontline services.

POLICY MATTERS RAISED

MANDATORY REPORTING

H.18. The Committee questioned whether Tusla was sufficiently prepared for the introduction of Mandatory Reporting as part of the Children First policy in 2018. The Chief Executive noted that Tusla had submitted various scenarios relating to the increased need for resources as part of the 2016 Estimates process, but that it was difficult to precisely predict the level of increased demand on Tusla’s services. In preparation, an additional 304 staff of all grades were to be recruited, including 185 social workers, with a further 150 in 2018.

STAFF RETENTION

H.19. At the time of the meeting Tusla had hired 250 new staff in 2017. However, due to high staff turnover there was only a net gain of 18. It was confirmed in follow-up correspondence that the turnover of social workers employed by Tusla between 2010 and 2013 was more than 15%. However, a reduction in turnover was seen between 2014 and 2017, with the rate reported as 8.4%. The Chief Executive noted that actions taken by Tusla to address high turnover included expanding its senior practitioner promotion opportunities and conducting exit interviews.

DOMESTIC, SEXUAL AND GENDER BASED VIOLENCE SERVICES

H.20. It was confirmed to the Committee that €23 million was spent on domestic, sexual and gender based violence services in 2017, a €1.5 million increase on the previous year. The Committee requested Tusla's Estimates submission to the Department of Children and Youth Affairs regarding domestic violence services. In follow-up correspondence, Tusla provided a breakdown of domestic violence services which received additional expenditure in 2017 and a list of outcomes achieved.

H.21. The Committee sought information regarding the implementation of the recommendations of Dr Shannon's 2017 report on the "*Audit of Processes And Procedures adopted by members of An Garda Síochána in initiating the provisions of Section 12 of The Child Care Act 1991*". The report was commissioned by the Garda Commissioner, and its findings outlined a number of recommendations to improve interagency cooperation between An Garda Síochána and Tusla in the area of child protection. In follow-up correspondence, Tusla provided the Committee with its action plan based on the recommendations of Dr Shannon's report which were relevant to its remit.

H.22. The Committee notes that Tusla's action plan did not contain target dates. While Dr Shannon's report did not suggest a timeline for implementation of recommendations for An Garda Síochána or Tusla, it was suggested that if recommendations were not implemented after one year, An Garda Síochána should provide reasons as to why, along with a proposal to address the delays.

CONCLUSIONS & RECOMMENDATIONS

Conclusions

H.23. The Committee notes that €5.2 million was spent through non-competitive procurement by Tusla in 2016. As the prescribed processes were not followed, it is not clear whether value for money was achieved. It is the view of the Committee that this shortcoming is not acceptable.

H.24. The Committee notes that the figure of €5.2 million spent through non-competitive procurement included spending of €700,000 that was not identified by Tusla. The additional €700,000 was identified by the C&AG in the course of auditing Tusla's 2016 financial statements. The Committee is of the opinion that this represents an unacceptable lapse in financial controls by Tusla.

H.25. The Committee notes that following the C&AG's audit report, Tusla has put a target in place to have service level agreements (SLAs) for all grant funded agencies by Q1 2018.

H.26. The Committee is of the opinion that inconsistencies in Tusla's monitoring of grant funded agencies are not acceptable. However, the Committee has been informed that efforts are being made to improve monitoring of compliance and commissioning.

H.27. The Committee notes the Standards in Public Office (SIPO) Commission's investigation and finding regarding a board member of the former Family Support Agency in 2017. The Committee is of the view that Tusla should ensure that its staff and the staff of all Tusla funded public agencies are aware of their obligations and responsibilities under SIPO legislation.

Recommendations

H.28. The Committee recommends that Tusla ensure all arrangements are in place to meet the target of securing service level agreements for 100% of grant funded agencies by Q1 2018.

H.29. The Committee recommends that Tusla addresses current weaknesses in its systems to ensure that all of its procurement complies with relevant Department of Public Expenditure and Reform (DPER) policies.

H.30. The Committee recommends that, in order to improve interagency cooperation in the area of child protection, Tusla establishes a clear timeline for the implementation of its action plan for the recommendations of Dr Shannon's report on the "Audit of Processes and Procedures adopted by members of An Garda Síochána in initiating the provisions of Section 12 of The Child Care Act 1991".

H.31. Dr Shannon's report highlighted a number of matters to be addressed by An Garda Síochána. The Committee recommends An Garda Síochána, with support from Tusla, ensures that the relevant recommendations are implemented in a timely manner.

7. HEALTH SERVICE EXECUTIVE (HSE)

Meeting Date: 26 October 2017

Principal Purpose of the Meeting:

Session One: Specific matters related to HSE-commissioned Deloitte report on the cost of care incurred by the Service Provider in the “Grace” Case

Session Two: C&AG’s Report on the Accounts of the Public Services 2016; Chapter 19 Management and Oversight of Grants to Health Agencies

INTRODUCTION: SPECIFIC MATTERS RELATED TO THE HSE-COMMISSIONED DELOITTE REPORT

I.1. On 2 February 2016, the Director General of the HSE gave evidence to the previous Public Accounts Committee regarding funding given to the Service Provider involved in caring for the specific individual in the “Grace” case. These figures were disputed by the service provider. Based on this, the Director General of the HSE stated that he commissioned a review of:

- the cost of care of the specific individual between 2009 and 2016
- the funding provided to the Service Provider by the HSE between 2009 and 2015.

I.2. The review was conducted by Deloitte, and the final report was provided to the Committee by the HSE in October 2017.

I.3. The Service Provider contacted the Committee on 4 October 2017 to express its concerns regarding the final Deloitte report. It informed the Committee that a draft report it had seen in May 2017 included a table compiled by Deloitte which “*contrast[ed] its calculation of the effective cuts to the Service Provider against the information the HSE had provided to the PAC.*”

I.4. However, this table was not included in the final report. The Service Provider noted in correspondence with the Committee that it was advised by Deloitte that the table was removed at the request of the HSE.

I.5. Arising out of the publication of the Deloitte report and the concerns expressed to the Committee by the service provider, the Committee requested a meeting with the HSE Director General Tony O'Brien to discuss two specific matters;

- Questions in relation to Mr O'Brien's conclusion, having examined the report, that "the Service Provider was not treated either unfairly or disproportionately"
- An explanation why the HSE argued that certain tables which appeared in an earlier draft should be removed from the final report.

MATTERS ARISING FROM DISCUSSION OF DELOITTE REPORT

CONCLUSIONS TAKEN FROM THE FINDINGS OF THE DELOITTE REPORT

I.6. The Committee discussed the conclusions of the Deloitte report and the opinion expressed by the Director General based on his consideration of the report. The Director General stated to the Committee that he felt that there was no evidence that there had been disproportionate cuts to the Service Provider. He informed the Committee that in his opinion the Service Provider had not been treated unfairly or disproportionately.

I.7. However, the Committee noted that the terms of reference of the Deloitte review did not address the matter of whether the Service Provider was adequately funded, and the report made no finding in this regard. Deloitte was provided with data by the HSE regarding cuts made to other service providers, but it was not commissioned to carry out an independent investigation of other comparable service providers or the cost of care of any other individuals.

I.8. The Director General stated that the issue of whether the funding was adequate would be among those addressed by the statutory Commission of Investigation. Correspondence sent to the Committee by the HSE noted that the HSE had provided a copy of the Deloitte report to the Commission of Investigation.

TABLE 3.3 FROM DRAFT DELOITTE REPORT

I.9. The Committee discussed the claim by the Service Provider that a table of information (referred to by Deloitte in correspondence as "Table 3.3") outlining effective cuts to the Service Provider's funding was included in the draft report, but was subsequently excluded from the final report.

I.10. The Service Provider informed the Committee in correspondence that they were informed by Deloitte that Table 3.3 was removed from the report at the request of the HSE.

I.11. The Director General informed the Committee that, as the commissioner of the review, he was not involved in the review process and was not party to the draft report in May 2017. The role of chief liaison with Deloitte was that of the Chief Officer of Community Health Organisation (CHO) Area 5. However, the Chief Officer of CHO Area 5 stated to the Committee that she did not request that table 3.3 be removed from the final version of the report.

I.12. In correspondence to the Committee, Deloitte included extracted text from the draft report. The text extract outlined that the service provider stated that it was paying additional costs from its own resources which should have been fully funded by the HSE, resulting in a greater reduction to its funding than that which was outlined by the HSE. The Service Provider's estimate of this amount was included in the table under the heading of "deficit in the cost of care".

I.13. Deloitte informed the Committee that the table was excluded from the final report for reasons of clarity, and stated that the deficit in the cost of care was a separate issue to the HSE's overall funding. Deloitte's final finding was reflected in section 6 of the final report. Deloitte stated that the report's findings were accepted by both the HSE and the Service Provider.

INTRODUCTION: C&AG'S REPORT ON THE ACCOUNTS OF THE PUBLIC SERVICES 2016, CHAPTER 19

I.14. Chapter 19 of the C&AG's Report on the Accounts of the Public Services 2016 outlined the results of an examination of the HSE's monitoring and oversight arrangements of grant funded agencies.

I.15. In 2016, funding of approximately €3.78 billion was provided by the HSE to over 2,270 Section 38 and Section 39 health agencies.

I.16. The C&AG's examination found that the HSE's procedures for oversight of grant funded agencies were not consistently implemented, and that there were a number of governance issues in agencies across the sector, such as;

- non compliance with procurement rules and regulations
- non compliance with public sector pay policies
- the absence of internal audit functions

I.17. Following the examination, the C&AG made the following recommendations;

- The HSE should satisfy itself that the service providers in receipt of funding have appropriate governance structures and procedures in place. The HSE's monitoring procedures should include an assessment of the effectiveness of those structures and procedures.
- The HSE should review the format of the annual service arrangement in order to highlight the key performance indicators, the related monitoring arrangements, and clearly specify the agency's and the HSE's responsibilities in this regard.
- The HSE should ensure that monitoring arrangements specified in the annual service arrangements are complied with. There is also a need for clarification of roles and responsibilities where an agency is receiving funding from more than one Community Health Organisation (CHO).

MATTERS ARISING FROM DISCUSSION OF C&AG'S REPORT ON THE ACCOUNTS OF THE PUBLIC SERVICES 2016, CHAPTER 19

I.18. The Committee discussed the findings of the C&AG's examination that there were inconsistencies in the HSE's oversight of its funded agencies and enforcement of compliance with public financial procedures.

I.19. The Director General noted that he accepted the C&AG's recommendations and that the HSE was working to implement the necessary improvements in processes and procedures. The approach favoured by the HSE's Compliance Unit was to assist non-compliant organisations reach the necessary standards by increasing monitoring and auditing, and by providing training on relevant financial procedures to its funded agencies.

I.20. The Committee received follow-up correspondence from the HSE regarding the compliance process and the roles of the Compliance Unit, the Internal Audit Unit and the Divisional managers of CHOs and Hospital groups.

I.21. The Committee discussed the work ongoing within the HSE to uncover and review instances of non-compliance. In 2016, 19 audits were carried out by the HSE Internal Audit division. These audits were mostly targeted, based on information submitted by Directors and included in the Audit Plan. In 2017 an increased number of audits, and specifically random audits, were conducted. The National Director of Internal Audit informed the Committee that 40 audits were to be carried out by the end of 2017.

I.22. The National Director of Human Resources informed the Committee that 320 business cases from 15 organisations were being reviewed regarding non-compliance with public sector pay policies. It was noted that these cases ranged from minor non-compliance issues to serious non-compliance issues, with anything over €5,000 deemed as serious. The Committee received a further breakdown of the cases in follow-up correspondence.

I.23. Previous audit reports of the HSE highlighted issues regarding delays in signing service agreements. To address this matter, the HSE initiated a policy from 2016 onwards whereby agencies who did not sign service agreements in a timely manner had 20% of their funding withheld. The Director General informed the Committee that this policy had resulted in increased compliance, and that the HSE was looking at how a similar policy could be applied to the audit process.

I.24. It was discussed that some large voluntary organisations which worked with more than one CHO were subject to multiple service agreements, and were obliged to send annual financial statements to multiple CHOs. The Director of Compliance informed the Committee that the HSE was working to streamline relationships between CHOs and voluntary organisations, with the aim of appointing a lead CHO for such organisations and facilitating sharing of information between CHOs.

I.25. The Chief Financial Officer informed the Committee that the HSE had approved a single integrated financial management and procurement system and that the contract has been signed. However it would be 12-18 months before the system could be implemented, and a number of years before it could be rolled out across all Section 38 and Section 39 agencies.

I.26. The Chief Financial Officer noted that all agencies which received funding of over €150,000 submitted annual accounts to the HSE in 2015. The Committee commended this as best practice, and requested a note of how this level of compliance was achieved. It was

noted that the HSE reviews accounts from Section 38 agencies which have no statutory obligation to publish their accounts. The HSE in follow-up correspondence provided a list of Section 38 agencies which do not have a statutory obligation to publish their annual accounts. It was noted that these agencies were governed by statute and therefore did not have to file annual accounts with the Companies Registration Office (CRO).

POLICY MATTERS RAISED

SERVICE PROVISION

I.27. The Committee discussed the management and distribution of health service provision by the HSE. The Director General noted that each CHO was mandated to provide a range of services, both directly and through grant-funded agencies. The provision of services across the country was largely based on historical arrangements with the voluntary sector. The Chief Financial Officer informed the Committee that the HSE had established costing programmes to determine unit costs in community health service provision, but that this was a complex process at the early stages of development.

EXTERNAL REVIEW OF SECTION 38 AGENCIES

I.28. The Committee discussed the ongoing external review of Section 38 agencies. The review was carried out by external consultancy firms, and as of the time of the meeting three reviews were completed and 25 were close to completion. The Committee requested information in relation to the costs associated with this series of reviews. As of the time of the publication of this report, this information had not been received.

ROLE OF VOLUNTARY ORGANISATIONS

I.29. The Committee was informed that an independent review group had been established by the Minister for Health to examine the role of voluntary organisations in publicly funded health services. Following the meeting, the Secretary General of the Department of Health provided the Committee with further information on the working group.

I.30. It was noted that the group had started its work and was holding preliminary meetings with a small number of representative organisations and other relevant bodies. The group

planned to hold a public consultation in 2018 and report its findings to the Minister for Health in the Autumn of 2018.

CONCLUSIONS & RECOMMENDATIONS

Conclusions

I.31. The Committee notes that the Director General of the HSE was of the opinion that the conclusions of the Deloitte report showed that the Service Provider in the “Grace” case was treated fairly and that funding provided was adequate. However, the Committee is of the opinion that the terms of reference provided for the Deloitte report did not allow it to make a conclusion regarding whether the service provider was treated fairly. The Committee is of the view that this matter should be examined by the statutory Commission of Investigation.

I.32. The Committee notes that the C&AG drew attention to weaknesses in financial control in the HSE’s monitoring and oversight arrangements of grant funded bodies (Section 38/39 agencies) which deliver a number of services on the HSE’s behalf. However, the Committee also acknowledges that there have been significant improvements in the HSE’s oversight of these agencies and in their compliance with financial procedures since 2016.

I.33. The Committee notes that the HSE have commenced the process of streamlining relationships between Community Health Organisations (CHOs) and large voluntary organisations which are subject to multiple service level agreements, in order to facilitate sharing of information and to avoid duplication.

I.34. The Committee notes that at the time of the meeting 320 business cases from 15 organisations were being reviewed by the HSE regarding non-compliance with public sector pay policies.

Recommendations

I.35. The Committee recommends that the HSE implement without delay the process of appointing a lead Community Health Organisation (CHO) for large voluntary organisations which have different service level agreements with multiple CHOs.

I.36. The Committee recommends that the 320 business cases being reviewed by the HSE regarding non-compliance with public sector pay policies be brought to a conclusion by the HSE and the Department of Public Expenditure and Reform (DPER) by Q2 2018.

8. MATTERS ARISING FROM CORRESPONDENCE REGARDING CONSOLE

J.1. The Committee wrote to the Minister for Health on 25 September 2017 regarding staff previously employed by Console who had not been fully paid for their work with the organisation. The Committee acknowledged that there was no legal responsibility on behalf of the Department of Health or the HSE to pay monies owed.

J.2. The Minister confirmed to the Committee in writing that as Console was an independent company going through the liquidation process, Voted expenditure could not be used to discharge its liabilities.

CONCLUSION AND RECOMMENDATION

Conclusion

J.3. The Committee is of the view that given the weaknesses in the HSE's oversight of the charity Console and the HSE's delays in dealing with matters at the charity, that there is a moral obligation to pay monies owed to staff previously employed by Console who were not fully paid for their work with the organisation

Recommendation

J.4. The Committee accepts that there is no legal responsibility on the Department of Health or the HSE to pay monies owed to staff previously employed by Console who were not fully paid for their work with the organisation. However the Committee remains of the view that an ex-gratia payment should be made in this exceptional case.

APPENDIX 1 COMMITTEE MEMBERSHIP



Bobby Aylward (FF)



Peter Burke (FG)



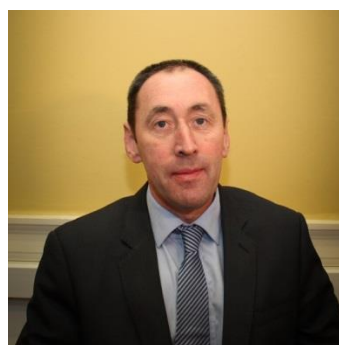
Shane Cassells (FF)



Catherine Connolly (I4C)



David Cullinane (SF)



Pat Deering (FG)



Alan Farrell (FG)



Seán Fleming (FF)
(Chairman)



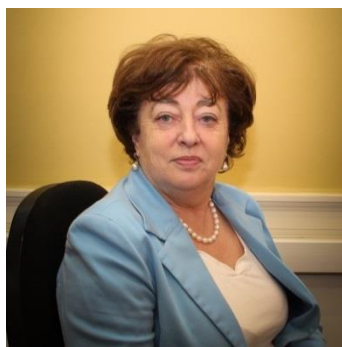
Alan Kelly (Lab)
(Vice-Chairman)



Marc MacSharry (FF)



Mary Lou McDonald (SF)



Catherine Murphy (SD/GPTG)



Noel Rock (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

AN GARDA SÍOCHÁNA

Meeting Date: 28 September 2017

Organisation: An Garda Síochána

Principal Purpose of the Meeting: Statement in relation to Report into re-opening of Garda Stations

Witnesses:

Witness Name	Title
Dónall Ó Cualáin	Acting Commissioner, An Garda Síochána
Joe Nugent	Chief Administrative Officer, An Garda Síochána

[Link to transcript](#)

Meeting Date: 23 November 2017

Principal Purpose of the Meeting: Follow-up from the meeting of the 28 September 2017 regarding the interim report on the re-opening of Garda Stations

Witnesses:

Witness Name	Title
Dónall Ó Cualáin	Acting 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
Pat Leahy	Assistant Commissioner, An Garda Síochána
John O'Driscoll	Assistant Commissioner, An Garda Síochána
Eugene Corcoran	Assistant Commissioner, 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
Seán Murphy	Head of Estate Management, Office of Public Works

[Link to transcript](#)

HEALTH INFORMATION AND QUALITY AUTHORITY (HIQA)

Meeting Date: 28 September 2017

Organisation: Health Information and Quality Authority (HIQA)

Principal Purpose of the Meeting: HIQA's Financial Statements for year ended 31 December 2016

Witnesses:

Witness Name	Title
Phelim Quinn	CEO, HIQA
Mary Dunnion	Director of Regulation and Chief Inspector of Social Services, HIQA
Sean Angland	Acting Chief Operating Officer, HIQA
Dr Kathleen MacLellan	Director of the National Patient Safety Office, Department of Health
David Keating	Head of Patient Safety and Advocacy, National Patient Safety Office, Department of Health

[Link to transcript](#)

Meeting Date: 19 October 2017

Principal Purpose of the Meeting: Follow up meeting on specific issues raised at the meeting of 28 September 2017, regarding governance and management of conflict of interest issues at HIQA

Witnesses:

Witness Name	Title
Brian McEnery	Chairperson of the Board, HIQA
Phelim Quinn	Chief Executive Officer, HIQA

Mary Dunnion	Director of Regulation and Chief Inspector of Social Services, HIQA
David Keating	Principal Officer, Department of Health
Niall Redmond	Principal Officer, Department of Health

[Link to transcript](#)

INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

Meeting Date: 5 October 2017

Organisation: Industrial Development Authority (IDA) Ireland

Principal Purpose of the Meeting: Examination of the 2016 Financial Statement

Witnesses:

Witness Name	Title
Martin Shanahan	CEO, IDA
Mary Buckley	Executive Director, IDA
Eileen Sharpe	Divisional Manager, IDA
Regina Gannon	Chief Financial Officer, IDA

[Link to transcript](#)

TRANSPORT INFRASTRUCTURE IRELAND (TII)

Meeting Date: 12 October 2017

Organisation: Transport Infrastructure Ireland (TII)

Principal Purpose of the Meeting: Examination of 2016 Financial Statement

Witnesses:

Witness Name	Title
Michael Nolan	CEO, TII
Nigel O'Neill	Director of Commercial Operations, TII
Michael Kennedy	PPP Procurement and PPP Finance, TII
Declan Wylde	Head of Finance, TII
Audrey Keogh	Financial Controller, TII

[Link to transcript](#)

TUSLA (CHILD AND FAMILY AGENCY)

Meeting Date: 19 October 2017

Organisation: Tusla (Child and Family Agency)

Principal Purpose of the Meeting: Examination of Tusla's 2016 Financial Statement

Witnesses:

Witness Name	Title
Fred McBride	Chief Executive, Tusla
Helena Hanna	General Manager Financial Operations, Governance & Compliance, Tusla
Peter O'Brien	Accountant, Financial Governance & Compliance, Tusla
Gerard Hughes	Department of Children and Youth Affairs

[Link to transcript](#)

HSE

Meeting Date: 26 October 2017

Organisation: Health Service Executive (HSE)

Principal Purpose of the Meeting:

Session One: Specific matters related to HSE-commissioned Deloitte report on the cost of care incurred by the Service Provider in the "Grace" Case

Session Two: C&AG's Report on the Accounts of the Public Services 2016; Chapter 19 Management and Oversight of Grants to Health Agencies

Witnesses:

Session One:

Witness Name	Title
Tony O'Brien	Director General, HSE
Aileen Colley	Chief Officer, Community Health Organisation (CHO) Area 5

Session Two:

Witness Name	Title
Tony O'Brien	Director General, HSE
Stephen Mulvany	Chief Financial Officer and Deputy Director General, HSE
Rosarii Mannion	National Director, Human Resources, HSE
John Cregan	Head of Compliance, HSE
Michael Flynn	National Director, Internal Audit, HSE

[Link to transcript](#)

APPENDIX 4 REFERENCES

The table below includes a list of sources used by relevant paragraph section number of this report. Page numbers or Section numbers in source documents are indicated where relevant.

Paragraph No.	Reference
1. An Garda Síochána	
C.1	Programme for Partnership Government, 2016, p98
C.3	An Garda Síochána, Proposal to reopen six buildings previously used as Garda Stations: 2nd interim report
C.26	DPER Capital Plan 2016-2021, Justice and Policing Reform, p35-36
2. Health Information and Quality Authority (HIQA)	
D.2	HIQA Acute and Community Healthcare Services
D.7	HIQA 2016 Financial Statement, Note 18(a) Lease Exit Costs p32-33
D.9	C&AG Briefing Note to the Committee
D.16	Letter from CEO of the HIQA 07/11/17
D.17	Letter from HIQA 03/10/17
D.18	HIQA 2016 Financial Statement, 8. Professional Fees, p27
3. Health Information and Quality Authority (HIQA)	
E.2	"Nursing homes in secret talks on Fair Deal boycott", Sunday Independent, 8 October 2017
E.5	Letter from Nursing Homes Ireland 18/10/17
E.7	"CCPC examines potential anti-competitive conduct in the private nursing home sector", Competition and Consumer Protection Commission, 18 October 2017
E.10	Letter from HIQA regarding invitation from Nursing Homes Ireland 07/11/17
E.11	Press Release: "Worrying Drop In Number Of Nursing Homes Could Jeopardise Care For Older People, Report Finds", Nursing Homes Ireland
E.12	Health Act 2007, Part 3, Board of the Authority p16-21

Paragraph No.	Reference
4. Industrial Development Authority (IDA)	
F.2	IDA 2016 Financial Statement, p 21,
F.6	Letter from ConnectIreland to Committee Chairman
F.7	Letter from ConnectIreland to Committee Chairman
F.9	Letter from ConnectIreland to Deputy Cullinane
F.11	Letter from IDA 04/12/17, Attachment 1
F.11	Letter from IDA 04/12/17
F.12	Letter from IDA 04/12/17, Attachment 3
F.12	Letter from IDA 04/12/17, Attachment 4
F.12	Letter from IDA 04/12/17
F.17	IDA Annual Reports and Accounts 2016 p10
F.18	IDA follow up note
5. Transport Infrastructure Ireland	
G.9	C&AG's Report on the Accounts of Public Services 2016, Recommendation 4.1, section 4.46, p65
G.10	C&AG's Report on the Accounts of Public Services 2016, Paragraph 4.12, p56
G.11	TII follow up note, table 1 p1
G.12	TII Financial Statement 2016, p45, note 26, TII Annual Report p98
G.12	TII follow up note, Section 5, p15-16
G.16	TII follow up note, Section 4.0. p12
G.18	TII follow up note, Section 2.0-2.5,
G.22	Road Safety Strategy 2013-2020, Action Plan p54-65.
6. Tusla (Child and Family Agency)	
H.8	Tusla National Procurement Plan 2018-2020
H.10	Tusla note on service level agreements
H.11	Tusla note on service level agreements
H.13	Standards in Public Office Commission, Investigation Report
H.14	Tusla note on the travel & subsistence payments to the Family Support Agency

Paragraph No.	Reference
H.16	Tusla 2016 Financial Statement, Note 5(a) p35
H.18	Tusla services, Children First
H.19	Tusla note on the turnover of social workers:
H.20	Tusla summary of 2017 additional funding allocation within domestic, sexual and gender based violence services programme
H.21	Audit of the exercise by An Garda Síochána of Section 12 the Child Care Act, 1991
H.21	Tusla action plan for the Audit of the exercise of An Garda Síochána of the provision of Section 12
H.22	Audit of the exercise by An Garda Síochána of Section 12 the Child Care Act, 1991, p294
7. Health Service Executive (HSE)	
I.1	Deloitte report to the HSE, Independent review of the cost of care incurred by a Service Provider:
I.3	Letter from the service provider to the Committee Chairman (not published for confidentiality reasons)
I.5	Letter from HSE 26/10/17
I.8	Letter from HSE 26/10/17
I.12	Letter from Deloitte regarding draft report
I.13	Letter from Deloitte regarding draft report
I.13	Deloitte report to the HSE, Independent review of the cost of care incurred by a Service Provider p19
I.20	HSE follow-up note, 22/11/17
I.22	HSE follow-up note 22/11/17 Appendix
I.26	HSE follow-up note 22/11/17, table 2 p4:
I.29	Terms of Reference of the an independent review group examining the role of voluntary organisations in publicly funded health services, Department of Health
I.29	HSE Note on the Independent Review Group established to examine the role of voluntary organisations in publicly funded health services:
8. Matters Arising from correspondence regarding Console	
J.2	Letter from Minister for Health, 04/10/17: