



## **Dáil Éireann**

### **An Coiste um Chuntais Phoiblí**

**An Tuarascáil Deiridh maidir le:  
Cuntais Leithreasa 2008 & 2009; An Tuarascálacha Bliantúla ón  
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Speisialta ón Ard-Reachtair Cuntas agus Ciste**

**(Éisteachtaí an Choiste sa tréimhse  
Iúil 2009 go dtí Eanáir 2011)**

**Iúil 2011**

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## **Dáil Éireann**

### **Committee of Public Accounts**

**Final Report on:  
Appropriation Accounts 2008 & 2009; Annual Reports of the  
Comptroller and Auditor General 2008 & 2009;  
and Special Reports of the C&AG**

**(Hearings of the Committee in the period  
*July 2009 to January 2011*)**

**July 2011**



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## Chairman's Preface

This Report to Dáil Éireann brings conclusion to the work of the Committee of Public Accounts in the 30th Dáil. This report was in preparation at the time the Dáil was dissolved on 01 February 2011. At its final meeting on 27 January 2011, the Committee agreed the draft outline of this Report. It was presented to the new Committee at its meeting of 30 June 2011.

The Report acknowledges the good work done by the Committee of Public Accounts in the 30th Dáil. That said I believe the reporting arrangements of the new Committee will have to change. It is not satisfactory that matters being addressed in this Report relate to evidence taken two years ago. Accountability demands that time between the taking of evidence by the Committee and the subsequent report by the Committee must shorten considerably. That will be the approach taken by the Committee in this Dáil. As Chairman, I am not prepared to permit dust to gather on the work we do or the work we want others to do.

It is the intent of the Committee, in examining issues, to press for evidence that Departments and agencies are changing the way they do business. We will follow up rigorously on the implementation of the recommendations that are made by the Committee, which are accepted by the Government. To this end also, we have asked the Comptroller and Auditor General to carry out a formal follow-up exercise in relation to the findings and recommendations in his reports published in 2009 and 2010. Follow up is an incentive to comply.

I see the role of the Committee of Public Accounts as strongly complementing the work of the Minister for Public Expenditure and Reform. The Committee has written to the Minister regarding a number of areas, primarily to do with local authority expenditure and the effectiveness of some non-commercial state agencies, where there is a need for greater accountability. In that regard, the Committee will recommend a number of changes to the mandate of the Comptroller and



Auditor General so that he can examine and report on the effectiveness and efficiency of State bodies.

My comments today should be taken as a clear signal that the Committee will not tolerate a “business as usual approach” which had become the norm in the way our public services are run. The Members of this Committee are representatives of a public deeply disenchanted with the lack of efficiency and accountability in many of our State and semi-State bodies. The people of this country are demanding that these bodies operate to the high standards that our private and professional sectors must reach to achieve international success. A vibrant, efficient and proactive State is vital to our success as a country. This Committee intends to play a key role in ensuring that the public gets value for money and our State and semi-State organisations are encouraged to become models of best practice internationally.

The Committee recommends this Report to Dáil Éireann.

John McGuinness TD  
Chairman of the Committee  
13<sup>th</sup> July 2011





## **Executive Summary**

This is the final Report of the Committee of Public Accounts of the 30th Dáil and arises from evidence taken by the Committee at meetings between 9 July 2009 up to the dissolution of the Dáil on 1 February 2011.

The structure of this Report reflects the main themes that arose both in the Reports of the Comptroller and Auditor General that were referred to the Committee and in the evidence that arose from the examination of these issues by the Committee. These themes are based on the need to achieve the following outcomes:-

- Better targeted schemes so as to ensure that the desired outcome is achieved;
- Better oversight of public bodies so as to ensure compliance with corporate governance rules and to eliminate waste;
- Outsourced delivery to be accompanied by rigorous oversight;
- Adherence to terms of agreements, especially where the State has paid to have services delivered;
- Better risk analysis so as to enable the identification of systemic risk;
- Greater use of indicators to measure performance;
- Business cases and cost-benefit analysis to underpin new policy initiatives.

These broad themes cut across the delivery of a broad range of public services from drug rehabilitation to oversight of banking and financial services. In each of these areas, certain findings and recommendations that will lead to better public services that provide value for money are made. It is the intention of the newly established Committee in the 31st Dáil to follow up to ensure that recommendations for change which are accepted by the Government are implemented. The Committee intends to work in parallel with the Minister for Public Expenditure and Reform in driving an agenda where the focus is on better value for money in the delivery of services across the entire public sector.

Each of the areas identified above is the subject of an individual chapter in this Report and in Appendix 1 the dates of all examinations are outlined and the debates of these sessions are available on the Oireachtas website.

<http://www.oireachtas.ie/viewdoc.asp?fn=/documents/Committees30thDail/PAC/Homepage.htm>



# Chapter One

## Need to target services

### Introduction

Greatest impact can be obtained where analysis has been undertaken on the demand for the service and where the ground work has been done in terms of being specific on what the State wants to achieve: An optimum return is gained for the State where schemes are targeted arising from such an analysis. The Chapter covers four key areas where the desired outcomes could have been greater and better value for money achieved if greater attention was placed on targeting the service at those where the input of the State would have the greatest impact. The four areas covered are:

- Drug Addiction and Treatment and Rehabilitation
- Delivery of health services to those on waiting lists
- The take-up of farm improvements schemes
- The delivery of broadband infrastructure in the State

### Drug Addiction Treatment and Rehabilitation

Special Report 64 of the Comptroller and Auditor General dealt with drug addiction treatment and rehabilitation and this Report was examined at three meetings of the Committee on 9 July 2009, 17 September 2009 and 17 December 2009. The issue that the Committee wishes to follow-up on in this Report relates to the whole area of targeting those who are in need of treatment but who may not be either availing of treatment or are discontinuing or dropping out of treatment before full rehabilitation is complete. What is being measured by treatment providers is the supply of treatment whereas what is needed is a measure of the real demand so that services can be geared and targeted at meeting this need.

In raising this issue, the Committee does not want to detract from the public services that are dedicated to dealing with this difficult issue. The fact that the number of addicts who are on methadone treatment has grown from 5032 to 9062 between 2000 and 2009 is an indication that the service has expanded to meet demand. The Committee also acknowledge the sometimes chaotic lifestyle of those who present themselves for treatment and the danger that exist in the communities in which they live which can lead to a cessation of treatment and a resumption of illicit drug use. The key to making this service more effective is to be able to manage the care of individuals in their pathway through treatment and to gather key information on addiction which can make earlier intervention possible.

One of the main problems in the area of drug treatment relates to the lack of verifiable data on drug misuse. In that regard, we know for instance that there are more people who misuse drugs than seek treatment. The treatment providers need more accurate information on this level of hidden drug addiction so that services can be targeted as early intervention can lead to more successful treatment and raise the chances of rehabilitation and also it is likely to lead to a reduction in drug related crime.

In that regard, there is a need for integration and a greater sharing of information between treatment services and the Gardai and the probation and welfare service who have information on those who take illicit drugs and who commit crimes to feed their habits and who get non-custodial sentences.

Another impediment to gathering accurate information on those who seek treatment arises from the fact that, a unique identifier cannot be assigned to individuals availing of treatment. Because of this it is difficult to track individuals in their pathway through the treatment system. The problem arises in the main where those in treatment exit the system without completing the full course and when these again seek to enter treatment, they are effectively deemed a new entrant. This makes evaluation of treatment very difficult. A unique identifier is one way that would enable accurate information to be collected on those availing of treatment and thus enable policy makers get a better handle on what happens to them at all stages as they progress through treatment. In that way, the effectiveness of the interventions by the State can be evaluated. The Committee welcomes the commitment by the HSE to develop an internet-based system that will collect data on clients' access to all addiction services, including counselling, support services and methadone as well as on client treatment progression. This system will also be able to align costs to treatment provision.

*[ In reviewing the evidence give at the public hearings, the Committee of the 31<sup>st</sup> Dáil had a concern that any proposal to introduce a unique identifier should take into account the danger of such a tracking mechanism becoming a deterrent which would either delay or stop an individual from entering treatment ]*

### Waiting Lists

The Committee on a number of occasions in the 30<sup>th</sup> Dáil, dealt with waiting lists in our health system. In that regard the Committee notes the work of the National Treatment Purchase Fund (NTPF), which was established in 2002 to prepare reliable lists of those waiting for inpatient elective surgery in our public hospitals and to purchase treatment for those patients waiting the longest. The examination by the Committee found that, due to inaccuracies in the waiting lists maintained in our public hospitals, it is difficult for the NTPF to target for treatment those who are longest on the waiting list. A review of the NTPF waiting list showed that only 14% of what are called the long waiters on the list were available for treatment. While the NTPF represents only 3% of all hospital treatments, the Committee is of the view that the Fund was being used to treat a quota from the waiting list rather than for its intended purpose as a target for those who were longest on the waiting list. A second issue is that some hospitals have no long term waiting lists and there should be potential for those hospitals to take patients from the five to six hospitals that have a problem in treating elective patients in short time.

A second and more troubling issue in relation to targeting relates to those who are on out-patient waiting lists. There are approximately four million out-patients appointments made annually, but it is very difficult to tie down the numbers who are waiting and the length of time these patients are on waiting lists. The Committee also expressed concern that waiting list numbers may not represent the full picture as there were instances where patients could not get an appointment with a hospital consultant.

The Committee is of the view that it is important that a validation exercise be undertaken on these waiting lists so as to ensure they not only adequately reflect the number of people who require treatment but also to ensure that such treatment can be offered in a timely manner. In that regard, one of the issues that should be examined is for GPs to refer their patients to hospitals rather than directly to hospital consultants and in that way it would be the hospital, under the direction of the Clinical Director, that would have initial responsibility for managing the waiting lists rather than individual hospital consultants.

### Farm Grants

The Committee at its meeting on 20 May 2010 examined the operation of two key farm schemes introduced in the past five years.

The Farm Waste Management Scheme was introduced in 2006 as a result of the Nitrates Directive and was estimated to cost €248 million. This was a demand led scheme and had a closing date of 31<sup>st</sup> December 2006, by which time the Department had received 48,600 applications. By the end of 2008, expenditure on the scheme had reached €549 million and the Department had accrued liabilities of €550 million which was paid in three phases. The total cost of this scheme is now likely to be just over €1.1 billion.

The Farm Improvement Scheme was introduced in July 2007 as an initiative to modernise farms. The scheme was cash limited which meant that when the applications received equated with the amount available, all other applicants were not allowed even though they had been submitted to the Department by the closing date on the scheme. In effect the scheme developed into a “first come first served” basis of allocation.

The Accounting Officer in evidence to the Committee accepted that the method of allocation for both schemes led to unsatisfactory outcomes. What is of concern to the Committee is that there is no hierarchy of need built into such schemes and in effect the target in terms of how greatest impact can be got for public funds may not be attained. As a starter, the Committee would wish that the Department had a better system of profiling the type of farmer who should most benefit from such a scheme. In that regard account should be taken of the previous grants paid so as to avoid a situation where the same farmers are benefiting from schemes and where the take-up reflects the attractiveness of grants rather than the societal and environmental benefit of getting certain improvements done on farms that pose higher risk.

A second element that needs to be examined is the extent to which the level of grant can be made available so that it does not become the main inducement leading to an application. In all schemes there is an element of deadweight in that the works would have gone ahead in any event and irrespective of the scheme. While deadweight will apply to a small percentage of cases, the Department needs to be in a position to determine the level of assistance necessary to induce investment through the use of score cards for instance where the profile of the farmer and the previous grant history are profiled and given a weighting. In that regard the Committee welcomes the overhaul of the evaluation process for new schemes which will apply for instance to the new agri-environment options scheme (AEOS).

## Delivery of Broadband Infrastructure

The Committee at its meeting on Thursday 10<sup>th</sup> December 2009 examined the provision of broadband infrastructure by the State in particular in relation to the return that was being secured for this investment. Government policy dating back to 2002 provided for State investment in broadband infrastructure in order to drive development across the State as there was a failure of the private sector to make sufficient investment. The State has invested €176 million in two phases in this project, with €88 million of this coming from the EU. As a result of the project, 93 towns across all regions now have high-capacity fibre networks available on an open-access basis to all service providers. An accountability issue arises from this investment as there is little usage in respect of a number of these towns and, while the investment is future proofed in that it will not become obsolete in the short to medium, the decision to invest in smaller towns appears not to have been a cost-effective investment. The Committee accepts that the Department of Communications, Marine and Natural Resources placed the infrastructure ahead of potential demand, however outside of ensuring that all towns above a 1,500 in size and which did not already have DSL connectivity would benefit, it did not have defined selection criteria based on detailed business cases. What the Committee would view as criteria would be the projections for growth, whether the towns were designated as critical hubs in the National Spatial Strategy and whether the development authorities had indicated that the provision of the infrastructure was necessary for a pipeline of investments earmarked for the particular town. The essential problem is that while there is potential for future usage, it could have been rolled out in such a way as to have greater certainty about usage and the phase two of the project should have been delayed until a full evaluation of phase one had taken place.

## Findings

- (i) Verifiable information on the extent of illicit drug abuse is key to targeting treatment of addicts
- (ii) Analysis of the effectiveness of drug treatment would be more enhanced if the HSE could track the pathway of individuals through treatment so that those who exit treatment and subsequently resume are not treated as new entrants
- (iii) Inaccuracies in the in-patient waiting lists for elective treatment that are compiled and maintained by our hospitals is impinging on the impact of the National Treatment Purchase Fund
- (iv) The number on out-patient waiting lists has not been the subject of a detailed verification process which would enable those on the list to be time banded
- (v) The Farm Waste Management Scheme, which was estimated to cost €248 million had a cost overrun of €1.1billion
- (vi) Many applicants for the Farm Improvement Scheme, whose applications were received before the scheme deadline were not considered for a grant
- (vii) The Department of Communications, Marine and Natural Resources has invested in the Metropolitan Area Networks (MANs) broadband infrastructure in a number of towns where the likelihood of a long-term return on the investment is low.

## Recommendations

- (i) There is a need for greater sharing of information on drug abuse especially information collected by the Gardaí and the Probation and Welfare Service with the HSE and the Department of the Environment, Community and Local Government in order to enhance targeting of treatment
- (ii) The HSE needs to review the systems in place to collect and maintain critical data on those availing of drug treatment while taking account of the need to ensure that the maintenance of such personal data does not deter individuals from availing of treatment.
- (iii) The HSE should carry out verification exercises on in-patient waiting lists of those hospitals with the longest lists and should review the capacity in hospitals with no waiting lists to establish the extent to which patients could be transferred for treatment to those hospitals
- (iv) The HSE needs to tie down and time band out-patient waiting lists in the same way as is done for elective waiting lists
- (v) Referrals by GPs of patients for outpatient appointments should be made to the Clinical Director of the hospital and not to individual consultants
- (vi) All demand led schemes should allocate grants based on a score card where agreed criteria are determined based on profiling of recipients which will give the best return for the State.
- (vii) Departments who award grants should conduct cost benefit analysis of schemes to determine the level of grant that is necessary to induce investment
- (viii) Future State investment in broadband infrastructure should be on the basis of a detailed business case in respect of the town in which the investment is proposed.





## Chapter Two

### Enhancing Governance and internal controls

#### Introduction

This issue has become a recurring theme of the Committee of Public Accounts and was highlighted in particular in relation to the shortcomings identified in FÁS. The issues identified in respect of FÁS are also relevant across the public service and Departments must improve their oversight of subsidiary bodies as well as their own line divisions in order to ensure compliance with corporate governance practices and to avoid budget waste. The same issue applies to boards of State companies which should have clear lines of sight on activities of the company. This Chapter examines a number of key areas where lapses in corporate governance guidelines and internal controls led to poor performance and in some cases waste. These areas highlighted are:-

- Oversight of head office expenditure and business expenses at FÁS
- The oversight by the HSE of the Skills Programme
- The operation of the Health Services National Partnership Forum
- The unauthorised payments made to academic staff in our Universities.

#### Head Office expenditure at FÁS

Head office expenditure at FÁS is one of many areas where stronger controls and adherence to public sector policy would have ensured that the image of this important public body would not have been tarnished by the way it conducted its business between 2002 and 2008. The Committee noted on many occasions that, whereas staff on the ground delivering services in FÁS had their expenses rigorously checked, the same principles did not appear to apply to head office staff including the corporate services division. The Report of the Comptroller and Auditor General into this area found that, as regard head office, there appeared to be a lack of regard for economy in some cases and the business case for some expenses was not apparent. The Committee can find no business case as to why some of this expenditure, such as tickets for concerts and matches, which cost the tax payer €35,000 was incurred having regard to the fact that FÁS did not have a commercial mandate. The Committee was also disappointed to learn that many of the recipients of this hospitality were themselves senior public servants.

It is clear also that head office expenditure was not subject to normal controls: The Report of the Comptroller and Auditor General outlines a litany of expenses that should have been challenged because of failure to adhere to internal procedures. In addition, and while there may not have been specific guidelines in terms of covering the cost of the travel of spouses of officials, the Committee understands that standard practice is that such payments are not covered. In that regard, there must be a question mark over whether the cumulative payments of €21,000 for the spouse of the former

DG (Mr Molloy), €1,200 in respect of the spouse of the former ADG (Mr Pyke) and €50 in respect of the spouse of a former board member (Mr Attley) are an appropriate charge on the public purse. On the whole issue of business expenses of senior management, the Committee is of the view that such expenses can only be paid if appropriately sanctioned in advance and where the receipts are certified by the line manager. In the case of the CEO of a Public Authority, self certification of expenditure is not appropriate and the Chairperson of the relevant authority should be required to certify claims before expenses can be reimbursed.

### The HSE Skill Programme

The Committee examined the operation of the skill programme of the HSE at meetings held on 7 October 2010 and 16 December 2010. At the time of the dissolution of the Dáil on 01 February 2011, the Committee had not concluded its examination of one element of the skill programme, namely the payments made by government agencies to the Services Industrial Professional & Technical Union (SIPTU) National Health and Local Authority Levy Fund Account, as the outcome of an examination by SIPTU into the genesis and operation of this “unofficial account” was not complete. It is the view of the Committee that the operation of this account should be the subject of continued investigation by the Committee of Public Accounts of the 31<sup>st</sup> Dáil.

A number of accountability issues arise in respect of the running of the skill programme. Based on the evidence given to the Committee, the Skill Programme, which was established following a Labour Court Recommendation on the training of lower level workers in the health service, operated outside public sector norms in respect of travel, procurement and employment practices. This was allowed to happen as the executive control and oversight of Skill did not operate within the HSE as it should have, but rather at a remove where the public officials reported to a steering group that was established to oversee the development of training programmes for non-nursing or lower grade staff in the health services. The Committee is satisfied, based on its examination of the minutes of the Steering Group, that this body was responsible for establishing a programme for training of non-nursing staff in our hospitals but had no executive responsibility, which rested with the Department and the HSE. The extensive travel that was undertaken by certain members of the Steering Group, primarily the executive staff of the Steering Group, officials from the Departments of Health and Children and the Department of Finance and trade union officials connected to the Skill Programme was not taken at the behest of the Steering Group and no feedback of the learning from such visits, many of which were to the US and coincided with St Patricks day, was given to the Steering Group by those who participated in such visits.

The internal audit by the HSE of the Skill Programme found that there were inadequate controls over its expenditure. Part of the problem appears to be that the Skill Programme existed in a “silo” and that it had its own cheque issuing system. This allowed payments to be made where the proper supporting documentation was not available: Because the HSE central control functions of finance, HR and procurement did not have a clear line of sight over activities of the Skill Programme, breaches of travel, procurement and recruitment went undetected.

A final point which the Committee will make relates to the delivery of the training which, although satisfactory in the context of the skills that were acquired by the front line staff, should have been better aligned with the training programmes of the HSE for its other staff: at a minimum the training could have been delivered in HSE training centres which would have saved a huge sum on the running of such events.

#### The Health Service National Partnership Forum

The Health Services National Partnership Forum (HSNPF) was created under a partnership agreement in 2000: it was an amalgamation of employers, trade unions and other bodies and, not unlike the Skill Programme, it operated in a silo away from the direct control by the HSE which had ultimate accountability for it from 2005 onwards. The HSNPF established its own offices, its own constitution, its audit procedures, its own bank accounts and while there were concerns raised by members of the Forum as to their executive and legal authority, these concerns were not addressed in particular by the senior staff of the HSE who were linked with the HSNPF whether at an executive level or as members of the Forum. The HSNPF was jointly chaired by a senior official of the HSE and a trade union official and the internal audit by the HSE found that these two office holders breached corporate governance rules by taking on an executive role in respect of the activities of the HSNPF. The Committee notes the findings of the Internal Audit in relation to weaknesses in controls where, for instance, credit card expenditure was approved by the individual who incurred the expenditure and where there appeared to be excessive foreign travel. The Committee can only conclude that the involvement of key partnership stakeholders appears to have impinged on the ability of senior public servants to undertake their roles with the diligence expected by the State.

The Committee cannot finalise its examination of practices at the HSNPF until the review of the operation of the SIPTU National Health and Local levy fund account is complete and in particular in relation to changes that were made by the HSNPF in respect of way funds under the control of the HSNPF [under a programme called the Action Plan for People Management] was administered. It appears that changes were made in the way that funds allocated to that programme were administered without approval of the Trustees of the HSNPF or of the Forum itself. The Committee welcomes the fact that the activities of the HSNPF have now been mainlined within the HR division of the HSE and will recommend that a full value for money review be undertaken by the HSE, in respect of the €41 million that was expended by the HSNPF in the ten years up to 2009.

#### Unauthorised Payments to Third Level Academics

Special Report 75 of the Comptroller and Auditor General, which dealt with resource management and performance at the States seven universities, was examined by the Committee at its meeting on 23 September 2010. The focus of the Committees Report arising from its examination is on the payment of unauthorised allowances by universities. The higher education system in Ireland is characterised by high levels of autonomy in the management of their affairs and this autonomy which is underpinned by the Universities Act 1997 allows each university to manage its own affairs, subject to certain public sector rules, primarily relating to pay and conditions.

The fact that some universities and in particular UCD made unauthorised payments to staff especially from 2004 to 2007 was not disputed and given the autonomy enjoyed by universities, the making of unauthorised payments represents an abuse of this autonomy which was exacerbated by the delay on the part of the universities in taking corrective action by withdrawing such payments. Evidence given to the Committee indicated that unauthorised payments at UCD alone were in the region of €1 million in the year 2006-2007, and the view of the Committee is that such payments which included the creation of certain personal based posts, represents a failure of management and governance in the universities and of the universities by both the Department of Education and Science and the Higher Education Authority (HEA).

It is clear that the appropriate authorities, in this case the Department and the HEA, were aware that there was an issue in relation to unauthorised payments dating back to 2001 and it is the contention of the Committee that had stronger action been taken at that stage when the issue was not significant, that universities would not have contracted themselves to make further payments in 2004 to 2007 which placed them in a difficult position as they felt contractually obliged to continue paying such unauthorised allowances. In fact some of these allowances were not phased out until 2009, although no new allowances were created after 2007. The Committee accepts that the governance code agreed in 2007 which provides that the chair of the governing body and the president of each university must make an annual compliance statement in respect of public sector governance norms and procedures, including remuneration, will prevent a reoccurrence of such issues and must therefore be welcomed.

Primary responsibility however must rest with the universities which, in taking advantage of its autonomous status, made payments which were not sanctioned and ultimately not lawful. In essence the universities concerned played hard ball with the Department and the HEA secure in the knowledge that the only weapon open to these was to cut the funding grant to the university and there appears to be a general awareness that this would not happen. The justification for the initial payments arose from extra work being allocated to the recipients of such allowances does not take from the fact that the universities were fully aware that such payments would only become lawful with the sanction of the Minister for Education and Science and as this had not been given, the allowances should not have been paid. The Committee also accepts that in 2005 and 2006, the concerns of the HEA to cease the payments were ignored until the matter came to a head in November 2006 when an instruction had to issue to universities to withdraw such allowances. The Committee therefore does not accept that universities such as UCD were only put on notice in 2007 that payments were unlawful.

### Findings

- (i) Expenses incurred on corporate entertainment by senior staff at FÁS in the period between 2002 and 2008 were lavish and not always based on the business needs of the organisation.
- (ii) The travel costs of the spouses of two senior officials and a board member in FÁS were met by the organisation whereas the normal public sector practice is that such expenses are met by the official concerned.

- (iii) Extensive foreign travel by the executive staff and members of the HSE Skill Steering Group was not undertaken at the behest of the Steering Group nor were there any reports to the Steering Group of the key learning points that should have been the outcome of such travel.
- (iv) The HSE Skill Programme and the Health Services National Partnership Forum both existed in a “silo” outside the line of sight of the key control functions of the HSE. This led to practices at these two bodies which resulted in public sector policies on procurement, travel, employment, financial control and corporate governance being breached.
- (v) Changes were made in the way funding was allocated to unions by the Health Services National Partnership Forum, under a programme called the Action Plan for People Management, without the express approval of the Department of Health and Children or the Accounting Officer of the HSE.
- (vi) Unauthorised payments were made to staff in Irish Universities in the years between 1999 and 2009.

### Recommendations

- (i) Expenditure on entertainment should only be incurred for the clear business purposes of the organisation and should be fully vouched.
- (ii) The guidelines on travel for the public sector should be revised to deal with the issue of the travel costs of the spouses of officials
- (iii) The Accounting Officer of the Department of Education and Skills should arrange a review of the travel expenses paid by FÁS in respect of the spouses of senior officials and board members in the period 2002 to 2008 to determine whether these payments are an appropriate charge on the State.
- (iv) Public Authorities should examine ways of minimising the need for foreign travel on fact finding missions and, where such travel is deemed necessary, a report on the outcome of the travel should be available to the Authority.
- (v) All Accounting Officers should review controls of subsidiary bodies that do not have executive authority and who have their own separate facility to spend public funds.
- (vi) The HSE should investigate the manner in which changes were made to procedures in respect of payments made to Trade Unions under the Action Plan for People Management.
- (vii) A value for money review should be undertaken by the HSE in respect of the €1 million expended by the Health Services National Partnership Forum.



## Chapter Three

### Outsourcing of service delivery

#### Introduction

With cut-backs in public services numbers, there may well be a push to outsource the delivery of certain public services. While outsourcing can be an effective way of getting services delivered, it must be accompanied by rigorous oversight arrangements and all outsourced services should be subject to a service level agreement. The Committee did examine the outsourcing of driver testing which worked well in removing the back-log and in cutting down on the waiting time for tests. While the Road Safety Authority provides an example of how outsourcing can bring benefits to the State, lessons can also be learnt where accountability issues or concerns arise and in that regard, the Committee reports on its examination of outsourcing in two areas, both of whom are associated with training, namely:-

- The FÁS competency development programme (CDP)
- The skillnets programme.

#### The Competency Development Programme

The Competency Development Programme (CDP) was a programme run by FÁS which was designed to up-skill people who were already in employment. Expenditure on this programme amounted to €126 million between 2003 and 2008. The Committee examined this programme at its meeting on 8 July 2010 when it dealt with Chapter 5 of Special Report 73 of the Comptroller and Auditor General. The C&AG had identified concerns relating to procurement, monitoring of course delivery and evaluation of the overall programme.

While the policy basis for the CDP was identified in the National Skills Strategy, it is clear, based on the evidence given to the Committee, that insufficient thought was put into how to deliver such a programme by the then Department of Enterprise Trade and Employment which found that it had a problem in that European Social Funds were in danger of being lost to the State if funds earmarked for up-skilling employed people was not used. The Committee is satisfied that the need to spend this money impinged on the formation of the programme which was to be delivered by FÁS. While the Department did conduct a value for money report in respect of the 2006 expenditure, this was not published until 2010 and by then the programme was being wound down. Because of deficiencies in record keeping in respect of participants and in the way the programme was run, the Committee had serious doubts as to whether the State got value for money for this spend. The CDP was in effect a supplement to some employers to meet a portion of the training costs of their staff: however no work was done on the extent to which this was an unnecessary transfer of costs to the State. Clearly the State in meeting some of the training costs over 100,000 people should be in a position to know how many, for instance, moved to higher skilled jobs or who, while remaining in their current lower skilled jobs, achieved a higher NQAI qualification. This information is simply not available.

There are clear lessons to be learned, arising from CDP, in respect of future outsourced delivery programmes. From the evidence available to the Committee, it is clear that greater monitoring of delivery must be undertaken and there must also be provision for data collection so that the outcome of the State intervention can be evaluated. Clear targets and performance indicators should be inbuilt in programmes. Based on the evidence in respect of the CDP, the VFM process which was developed by the Department of Finance should be revised so that programmes are evaluated on the basis of critical analysis. Finally the extent to which the State provides a subsidy, whether that be a farm grant or a training programme, to generate a predetermined outcome should be the subject of some form of market test so as to ensure that the burden on the State is kept to a minimum.

### Skillnets

The Committee, at its meeting on 11 November 2010, examined the operations of Skillnets Limited following on from a report of the Comptroller and Auditor General which found control weaknesses and evidence of irregularities in the operation of the skillnets process. Skillnets Limited is a company entirely funded from the National Training Fund. The funding allocated to Skillnets is applied in supporting industry-specific training under a training networks programme. The network concept involves funding enterprises which come together and collaborate to address their common training needs jointly. The enterprises participating in the networks provide contributions towards the cost of training provision. In 2009, these contributions were of the order of €8 million and in addition Skillnets was allocated €16.6 million from the National Training Fund which was a reduction from the €26 million budget in 2008.

Under the 2008-09 programme, 123 networks were initially approved for funding, but this had been reduced to 103 networks by the end of 2009. More than 40,000 participants were trained in 2009. Skillnets supported 62 networks in the 2010-11 programme. The Department of Enterprise, Trade and Innovation had overall responsibility for the oversight of Skillnets until responsibility was transferred to the Department of Education and Science in 2010.

As with the CDP in FÁS, the training provided under Skillnets was delivered by private sector training companies. Arising from an anonymous allegation, Skillnets Limited conducted an investigation of the training provided by one company and found irregularities in the training provided to twelve networks. In essence this training company claimed and was paid for courses that appear not to have been delivered. That company subsequently went out of business and certain matters were referred to the Garda Síochána. The investigation by Skillnets Limited and the subsequent examination by the C&AG found that there were weaknesses in procedures and in control oversight which, taken together, proved an insufficient deterrent to prevent the irregularities arising.



As with CDP, not all the training was demand-led and it appears that some of it was as a result of approaches by training companies seeking to generating business. This clearly is a weakness and raises the risk that best value may not be obtained for the expenditure given that it is likely to be generic rather than targeted training. In addition in some networks the procurement of the training was not undertaken as a reserved function of the Network which gave private training companies an input into an area where they were likely to be the ultimate beneficiary.

What is clear from the evidence given to the Committee was that Skillnets Limited was not conducting adequate oversight of the expenditure which it was allocating to the networks. A tighter monitoring regime by Skillnets of the operation of the networks and of the training delivery should have mitigated against the risk that ultimately materialised. Skillnets Limited had set a target of inspections of each Network once in the two year cycle, which should have resulted in approximately fifty inspections per annum and yet the actual number conducted was sixteen in 2008 and only two in 2009. It is also clear to the Committee that the Department of Enterprise Trade and Employment did not have a clear service level agreement with Networks Limited in respect of the monitoring and control functions that needed to be undertaken to protect public funds.

#### Findings

- (i) Key management information on which to judge the impact of the FÁS Competency Development Programme, on which €126 million was expended, is not available to the State
- (ii) The monitoring of both expenditure and the delivery of training by Networks was inadequate on the part of Skillnets Limited

#### Recommendations

- (i) The Department of Finance should review the effectiveness of the process involved in its value for money reviews
- (ii) Departments should have service level agreements with its agencies where such agencies are running a programme and/or are responsible for the appropriation of public funds.



## Chapter Four

The need to ensure delivery of services paid for by Public Authorities

### Introduction

Many public bodies pay in advance for services that are generally part of commitments made in return for salary increases or allowances. Where the State has negotiated an agreement it must ensure that the terms of that agreement are adhered to and where that is not the case payment should be withheld. In addition where there is provision for additional services under a pay agreement, the State must ensure that those services are called up to the maximum extent. Finally there must be inbuilt reviews of allowances that may no longer be relevant. This Chapter draws attention to a number of these issues, namely:-

- The need to ensure that hospital consultants abide by the terms of the consultants contract
- The need to ensure that substitution cover by teachers is called upon
- The need to ensure that third level lecturers fulfil their contracts in terms of contact hours and research
- The need to review allowances that were introduced in a different era and are now no longer relevant.

### Hospital Consultants

At its meeting on 5 November 2009 the Committee dealt with the implementation of the new medical consultants contracts which came into force in 2008. This examination came against the backdrop of the 2008 Report of the Committee which found that some of the terms of previous (1997) contract had been ignored and that, in effect, the State paid through higher salaries for services that were not delivered. The Committee was anxious to ensure that the monitoring arrangements for the new contracts would not allow scope to medical consultants to avoid meeting commitment for which they had received substantial pay increases arising from the terms of the newly agreed contract.

The Committee had available certain information on the level of private practice by medical consultants which showed that some were doing more private work than was allowed by the contract. This tended to be higher in areas where there was no alternative private inpatient hospital in the vicinity of the public hospital, where 20% of beds are designated for private use. The Committee was informed that the HSE had tracking mechanisms to establish the level of private work and had written to Consultants who had exceeded the limits and that the contract provided for a claw back where the practice continued. As the new contracts were just bedding down at the time of the examination, it will be a matter for a future hearing to determine the extent to which Consultants are either abiding by the terms of the contract or are making payments to the hospitals where they have exceeded the limits provided in their contracts.

The key point for the Committee of adherence to the contract was to ensure that hospitals dealt with a greater throughput of public patients and thus minimise the impact of the two-tier health system. It noted that where a patient is treated privately in a non-designated private bed that, while the consultant can be paid by the private insurer for the treatment, the hospital cannot claim for maintenance. The C&AG estimated that hospitals got paid maintenance costs for only 50% of private patients treated. Clearly this indicates that there is a proportion of public beds which are blocked by patients being treated privately by their consultant. It is the view of the Committee that the excess provisions of the contracts need to be strictly enforced. The Committee recommends that the Department of Health and Children and the HSE should also check the extent of the correlation between the number of private patients treated in public beds and the extent to which the consultants involved have been required to reimburse the State for excessive private practice.

### Teacher Supervision and Substitution

At its meeting on 19 November 2009, the Committee examined the issue of payments made to teachers and schools in respect of supervision and substitution. A number of accountability issues had been raised by the Comptroller and Auditor General highlighting that not all teachers who were getting paid to provide cover were being called on to undertake the full extent of such duties. In addition, following restrictions placed on the scheme, there was a dramatic decrease in the number of uncertified sick leave days taken by teachers which indicates that greater thought should have been put into the original design of these substitution schemes.

Under the supervision and substitution scheme, teachers who signed up to the scheme were paid an annual allowance in return for a 37 hour commitment to supervise and substitute for absent colleagues. The commitment was voluntary and in respect of the teachers who opted out of the scheme, the school got a grant which it could use to bring in outside teaching resources, including retired teachers. The school also got a separate substitution grant from the Department. The Department was not in a position to analyse the uptake by schools of the commitment as, until 2006, returns were paper based. When the scheme was reviewed it found that the practice had developed that many schools were not using the scheme as a first recourse when it had to seek cover for absent teachers and was rather bringing in outside substitutes. The net effect of this was that in some cases, the commitment given by teachers was not being called upon, although the average, based on a sample reviewed by the C&AG, was 30 hours. It is the view of the Committee that schools were, prior to budgetary changes made in October 2008, being overcompensated for supervision and substitution and this resulted in a service that had been paid for being not availed of. The cost of these schemes had reached €12.8 million in respect of the 2008/2009 school year. It is clear that a value for money issue arises in respect of this spend. It is also clear that the school principals were not sufficiently incentivised to avail of the paid commitment by teachers before using other grants available to the school to deal with absent teachers. The Committee notes that the system has tightened up so that those teachers who have contracted to undertake the 37 hours supervision and substitution are now more likely to have that commitment called upon.

A second and related issue that arose in respect of substitution related to the usage of the grant paid to each school to employ substitute teachers. Arising from budgetary constraints in 2008, the Department restricted the usage of the substitution grant in respect of (amongst other issues) teachers who were absent on uncertified sick leave. In the year following the imposition of this restriction there was a dramatic drop in the incidence of teachers being absent on uncertified sick leave. Evidence given to the Committee shows that this drop was 28.6% in primary schools and 38.8% in post primary level. While a direct link was not made between the drop in the sick leave and the restrictions to the scheme, the issues are related and indicate that the lax arrangements that existed prior to October 2008 facilitated some teachers in being able to take advantage of the system. It is the view of the Committee that the underlying reason for this is that schemes, such as the substitution scheme, are not the subject of a detailed business analysis but are rather the outcome of negotiations in an industrial relations forum. Not unlike issues such as the medical consultants contract, all schemes should be business proofed in order to ensure that they do not end up having unintended consequences and that the State does not end up paying for a service which is not subsequently used.

### Fulfilment of Contracts

Two Reports of the Comptroller and Auditor General covered Universities and Third level Institutions and raised the issue of performance measurement of academic staff. One issue raised by the Comptroller and Auditor General related to the position of a lecturer who, over a period of nine years, held down a full time position in both NUIG and in Athlone IT. The Committee accepts that the authorities in both institutions acted swiftly on becoming aware of the issue, however the matter raises a wider concern as to how performance of third level lecturers are measured, in particular how the time commitments of lecturers are adhered to.

The Committee was informed that in the case of our thirteen Institutes of technology the contract provided for sixteen hours contact time with students per week and that, outside of this commitment, lecturers were expected to do a range of other duties such as tutorial support, sitting on committees, meeting industrial panels and being available for students outside core lecture times. The problem that arises is that in some cases this extra output was not being measured and some lecturers were of the view that they had fulfilled the terms of their contracts once they had undertaken the sixteen hour contact time.

In the case of Universities, specific timescales are not set down in the contracts of lecturers: in general, the requirement for academic positions is that staff engage in three levels of activity, namely:- teaching, research and contribution and that the breakdown in hours in respect of these three activities is roughly 40:40:20 in percentage terms. The expected outcome from teaching is approximately 150 hours contact per year, which equates to roughly six hours per week. In the case of the incident highlighted in the C&AG Report, the lecturer in NUIG was in effect only fulfilling one element of his contact and the accountability issue arising is that the systems of checks and balances did not detect this over a nine year period. While the Committee took some assurances that the incident highlighted by the C&AG was an isolated one, it has a concern about the transparency of the work of academic staff and

the fact that management information which would enable effective management of resources is not fully in place. Given the nature of academic work, there is a huge element of trust placed on the individual staff members and the issue from a public accountability perspective is that a verification process must be built into the system in order to have the appropriate oversight in place. Finally the Committee noted the progress that was made in NUIG through the development of workload management procedures and recommends that these be developed in all third level institutions.

### Review of Allowances

The Committee has an ongoing concern in relation to the payment of allowances that are no longer relevant or in respect of which the work that necessitated the allowance is no longer relevant. In its Report on the 2007 Appropriation Accounts, the Committee called for a public service wide review of allowances after it found that 1060 members of the Defence Forces continued to be paid an allowance for border duties even though the basis for paying the allowance had not applied since 2002. The issue was raised again by the Committee at its meeting on 17 June, 2010, when the vote of An Garda Síochána was examined. The Committee raised the issue of the continued payment of a rent allowance to all Gardaí in the context of the recommendation contained in the Report of the Special Group on Public Service Numbers and Expenditure Programmes (the Colm McCarthy Report) of July 2009 that savings of €50 million be made in respect of allowances paid to an Garda Síochána. The Committee was disappointed that the Department of Justice Equality and Law Reform had not taken any steps to conduct a value for money review of these allowances in the 15 months that had elapsed since the publication of the Colm McCarthy Review. The rationale for payment of allowances such as rent allowances no longer appear to apply and, while these allowances have tended to become an integral part of pay and conditions in the public service, steps should be taken to stop payments to new members and have payments to existing job holders bought-out.

### Findings

- (i) Hospitals whose public beds are used to treat private patients private are not reimbursed by private health insurers for the patient maintenance costs
- (ii) Following on from a limit placed on the way substitution cover could be used for teachers who were absent on sick leave, the extent to which teachers were absent on sick leave fell dramatically
- (iii) A third level lecturer held down full time jobs in two third level colleges for nine years before the matter was detected
- (iv) A rent allowance continues to be paid to all Gardaí even though the rationale for the payment of such an allowance is no longer valid.

## Recommendations

- (i) The HSE and the Department of Health and Children should conduct a review of the extent to which public beds are blocked by private patients and the extent to which this leads to a payment by the relevant consultant for private practice which is in excess of the contract
- (ii) All schemes, such as the teacher substitution scheme, should be reviewed to ensure that there are no negative incentives in place which would increase the cost of such schemes to the State
- (iii) Work load management processes should be put in place to cover the work of lecturers in the third level education sector
- (iv) Department should review all allowances to determine their on-going validity and where it is found that the basis for the payment of an allowance no longer applies the payment should cease and if necessary the allowance should be bought out.





## Chapter Five

### The development of capacity to manage risk

#### Introduction

The banking and financial market crisis that hit Ireland in 2008 is the issue that caused the Committee most concern in the 30th Dáil. The issues that arise have been the subject of a number of reports on the Central Bank, Financial Regulation and the Department of Finance. This Chapter draws on the analysis of the Committee of Public Accounts and will not seek to replicate the findings of those examinations which in most cases had greater powers to investigate these bodies and which also had access to key documentary evidence that was not available to the PAC. This Chapter is based on the evidence given primarily by the Accounting Officer of the Department of Finance at meetings held on 6 May 2010, 22 July 2010 and 21 October 2010 and also by the NTMA on 22 April 2010 and the Financial Regulator on 13 May 2010. The Chapter covers two key areas, namely:-

- The state of knowledge of the State authorities on the solvency of the banking sector in the lead up to the bank guarantee scheme
- The need to establish the extent of the capability gap in public bodies so as to avoid systemic risks in the future.

#### The Introduction of the Bank Stabilisation Measures

Chapter 7 of the 2008 Annual Report of the Comptroller and Auditor General dealt with the introduction of the bank stabilisation measures and in particular the bank guarantee that was agreed by the Government on 29 September 2008. The merits or otherwise of that decision is outside the remit of the PAC, and therefore the Committee was confined to examining the Department's state of knowledge of the financial sector in the build up to the decision to introduce the blanket guarantee on 29 September. In addition to the evidence given in public session by the Accounting Officer at the three hearings outlined above, the Committee sought the papers relating to the introduction of the guarantee and those papers that were released to the Committee on 8 July, 2010 were published on the Committee's website [<http://www.oireachtas.ie/viewdoc.asp?fn=/documents/Committees30thDail/PAC/Homepage.htm>]

The necessity for State intervention in the financial markets arising primarily from the concentration of lending into the property and development market and the reliance of our main financial institutions on the international money market to source the funds for this lending have been well documented and do not need to be repeated in this Report. The key issue for the Committee was to establish whether the systems and procedures that were in place in the public sector were capable of feeding reliable information into the system thus underpinning key decision-making.

It is clear from the evidence of the Department of Finance that even up to late September 2008, the Department of Finance did not know the scale of the disaster being faced by the banks especially in terms of the losses that would arise in their respective loan books. It is also clear that the focus by the Department in the period running up to the guarantee on 28 September on liquidity rather than solvency issues was based on assurances given by the Central Bank and the Financial Regulator. These assurances were given as late as 25 September 2008 when the Financial Regulator stated that there was no evidence to suggest that Anglo Irish Bank was insolvent on a going concern basis. In addition to these sources of information, the Department had reports from PwC and Goldman Sachs on Anglo Irish Bank and Irish Nationwide Building Society respectively, which, while pointing to concerns, did not raise the alarm in relation to solvency issues at these two financial institutions. All the information available was pulled together and analysed by Merrill Lynch who were engaged in the days running up to the decision to give the bank guarantee.

The Department of Finance accepted that, as regards banking, it was almost totally reliant on outside expertise and information. Staff in the Department who were assigned to deal with banking issues, whilst hardworking and faced with difficult circumstances, were generalist civil servants who had no training in banking. Their workload included a large element of contingency planning so as to be in a position to nationalise any of the key financial institutions that could fall into difficulty, akin to the situation in Great Britain with Northern Rock. In addition and arising from the sub-prime lending crisis in the USA in 2006 and the tightening on the availability of credit on the money markets, the Department had established a domestic standing group consisting of representatives of the Department, the Central Bank and the Financial Regulator. As will be outlined in the risk analysis section of this Chapter, it is clear that neither the Central Bank nor the Financial Regulator had a handle on what was going-on in the banks in terms of the risks that they were managing, not least with the state of their loan books. The Central Bank was monitoring the inflow and outflow of capital in the State and was aware of the extent to which banks had moved away from using its deposit base to becoming reliant on raising funds in the international money markets to fund its lending. The Central Bank was also aware of the state of the banks balance sheets which were not showing up the true extent of loan impairment given the fall in the housing market. The Regulator was accepting what the banks were telling his office in terms of their loan impairments, however as was made clear to the Committee, the way banks record impairments does not reflect the true picture, rather it confirms what has gone bad but not those that are at high risk of default. The shortcomings in the regulator framework have been well identified, however from the PAC perspective, the main significance of these shortcomings is that the reports coming back to the Department of Finance were grossly insufficient and placed the State in an almost untenable position as regards high risk decision making which was ultimately the case when it came to the issuing of the guarantee.

### Enhancing Risk Analysis

The findings of the various reports into the financial crisis in Ireland point to control and oversight failure in the banks themselves (primarily risk and audit) and in public authorities including the Government. The evidence taken by the PAC is probably the only public testimony of officials whose organisations were found to have been deficient by Regling and Watson and by the Nyberg Commission.

What the Committee takes from its own assessment of the evidence given to it is that the inadequacy of financial regulation placed the Department of Finance in a very weak position, given that it (the Department) was over-reliant on the Regulator and the Central Bank as the source of its information on the operation of the banks and the financial markets. Clearly that issue needs to be addressed. As outlined above, the Department is primarily staffed by generalist civil servants, many of whom will have third level qualifications, but who lack experience in areas like banking. Efforts to open senior positions in the civil service, while part of public service modernisation programmes, have not delivered and the Department of Finance has been complicit in its failure to drive this programme of reform not only as it pertains to its own Department but across the civil and public sector. That needs to change.

In addition, the Committee mentioned the development of greater risk analysis capacity including the appointment of either a risk officer or a systemic risk committee within the Department: In that regard the Department was aware of the unsustainable housing development programme with 90,000 house completions in 2007. The Department did not ring alarm bells at the imbalance in the economy that such levels of activity were creating and the risk that could arise if there was a crash in the market for houses. The Department, from the evidence given to the Committee, were aware of the danger signals but took too much comfort from the analysts that predicted a softer landing on the housing market.

On the issue of the failure of financial regulation, the evidence given by Mr Elderfield to the Committee on 13 May, 2010 does give confidence to the Committee that the major weaknesses of regulation are being addressed.

### Findings

- (i) The Department of Finance did not have a full picture of the state of the loan books of the Irish financial institutions when the Government introduced the bank guarantee on 29 September 2008
- (ii) The Department of Finance was almost totally reliant on outside sources for information and analysis on banking in the lead up to the introduction of the bank guarantee in September 2008
- (iii) Initiatives aimed at opening up senior posts in the civil service have been unsuccessful as almost all senior posts are still filled by internal candidates
- (iv) While the Department of Finance had concerns at developments in the property markets in the period up to 2008, at no stage did it undertake a detailed study of the risks associated with the concentration of activity in house building and the likelihood of this leading to the creation of a property bubble.

### Recommendations

- (i) The Department of Finance needs to address capacity issues so as to have expertise in areas such as banking and the operation of financial markets
- (ii) The Department of Finance should examine the feasibility of appointing a risk officer and having a risk committee which would have oversight of the different sectoral areas of the economy.



## Chapter Six

### The need for better performance measurement

#### Introduction

The public service, dating back in particular to the Strategic Management Initiative of the early 1990's, put much emphasis and effort into measuring performance: The Committee in examining the votes of Departments is given the output statements of such bodies and this can lead to performance issues being raised with Accounting Officers. One of the constant themes of the Committee in the 30th Dáil was the need to refine performance indicators so as to measure performance improvement and impact. The Committee saw as a danger the complacency that can exist where assessing performance can become a box ticking exercise where the sole purpose of such exercises is to satisfy external evaluators such as Performance Verification Group (PVG) Committees. If performance measurement is not an integral part of service delivery, it is difficult to get improvements in such areas. In this Chapter, the Committee highlights a number of areas where greater work needs to be done on developing or refining performance measurement, namely:-

- Counteracting welfare fraud and overpayments
- Tax compliance
- Advertising expenditure at FÁS
- Outputs of third level academic staff
- Health Stat.

#### Welfare Fraud

The Department of Social and Family Affairs paid out €21 billion in welfare payments in 2009. The Committee acknowledges the efforts made by the Department in coping with a surge in demand for its services arising from the economic downturn since 2008. A key element in determining the performance of the Department is the extent to which it can prevent the overpayment of benefits and detect fraud. Fraud and Error surveys are conducted on various schemes which enable the Department to rate payments on the basis of risk and give a clear indication of the level of fraud and error in the system. The results of those surveys show that, in the case of disability allowance and the one parent family payment, the level of fraud and error can be as high as 7% whereas in other schemes the percentage can be as low as 1%. The Department's assessment was that overall the level of fraud and error was about 3% across all schemes which would equate to €60 million per annum.

The extent of claims processed by the Department (2.5 million claims processed in 2009) and the nature of welfare where some claimants will seek payments to which they have either no or not a full entitlement means that there is always an element of risk associated with welfare payments. The control functions of the Department seek to mitigate this risk exposure through assessment of claims, follow up on risky cases, using information available to the Department to cross check against claims and other

control measures. The extent to which the Department is performing its function can be determined from time to time by examination of surveys such as the Fraud and Error surveys. The Committee recommends that the Department move to this area to evaluate its performance, which should be enhanced by the coming on line of its new computer system (the new system is a business object model or BOM). The Committee sees little value in assessing performance based on savings which are currently assessed by using an extrapolated figure based on the amount that would have been paid to the claimant had the payment not being stopped.

### Tax Compliance

Our tax system is based on self-assessment with inbuilt systems, practices and procedures in place to deter under declaration on the part of the taxpayer. The key to determining how well our revenue collection systems performs is to try and estimate the gap between what is paid and what would be paid if all taxpayers were subject to a detailed tax audit. The compliance checks used by Revenue are the audit process and compliance checks which are tilted towards those deemed to have the highest risk of under-declaring. The Committee acknowledges the work that has been done by Revenue in building up its central profiling capacity which allied with local knowledge enables Revenue to concentrate its collection efforts on those where the risk of non-payment or under declaration is deemed highest while leaving complainant taxpayers alone.

While feedback from previous audits and local knowledge will ensure that the profiling system is constantly refined so that the scarce resources of Revenue can be directed at high risk targets, it is important to also have a good knowledge about broad tax payer behaviour and this information can best be gleaned from the random audit process. About four hundred random audits are programmed in every year and the results from those give a good indication as to the level of compliance by taxpayers. The Committee took a level of assurance from the fact that in over 90% of the random cases audited, the extra return was negligible which indicates that in general taxpayers pay the right amount of tax. However, as outlined in evidence, while the results of random audits help to validate the risk evaluation analysis programme (REAP), it is not used to extrapolate taxpayer behaviour in specific sectors. While Revenue does some sectoral based audits, for example in the building industry, it would, in the opinion of the Committee, be worthwhile if the results of the random audit could be analysed on a sector by sector basis as this can only benefit the knowledge and profile that Revenue has in respect of each sector of the economy.

### Advertising Expenditure at FÁS

The Committee meeting of 24 September focused specifically on advertising expenditure in FÁS, arising from Special Report 66 of the Comptroller and Auditor General which was published on 10 September 2009. That Report found that €48 million was spent on advertising in the seven years between 2002 and 2008 and that evaluations carried out cast doubt on the effectiveness of some of this spend. The primary difficulty that the Committee has in respect of this issue is the fact that there was no communication or marketing strategy in place under which advertising expenditure could be targeted and evaluated. FÁS itself now accepts that when it

came to advertising campaigns there was a significant level of informality in the way these campaigns were planned and agreed. That level of informality was driven from within FÁS, which placed advertisements directly, mainly with the print media, thus bypassing its own advertising agency. The Committee also found that the control over the advertising budget was not allocated to the various Departments within FÁS and this led on one occasion to a television advertisement being commissioned at the cost of €612,000 which could not be run as the department had no budget to transmit the advertisement. In terms of performance measurement, which is the subject matter of this Chapter, the performance by FÁS represents poor use of tax payers' money. The only lesson that can be taken and it is something that should be pursued with all Accounting Officers, is that advertising must be the subject of a strategy that sets objectives and goals in order to focus activities and there should be regular reviews of the outcome of that strategy especially in respect of major campaigns.

### Outputs of University Academic Staff

Special Report 75 of the Comptroller and Auditor General on Irish Universities was examined by the Committee at its meeting on 23 September 2010. A concern of the Committee related to the way third-level academic staff were assessed in terms of their performance having regard in particular to the fact that the contracts of these staff do not stipulate a minimum number of teaching hours. The Committee was aware, following on from the Athlone IT case (see Chapter Four), that third-level staff enjoyed academic freedom that restricted to an extent the degree to which third-level institutions could exert oversight over their performance. The Committee was informed that the way third level education was delivered had moved away to a large degree from standard lecturing toward modes of delivery that exploited the internet amongst other modes of delivery. The University heads, who gave evidence to the Committee, outlined the verification processes that were being put in place in order to ensure that the ultimate outcome of highly valued graduates and the continued high world ranking of Irish Universities was maintained. The Committee acknowledges that progress is being made on issues such as role profiling and workload management, however the whole process calls for greater transparency and for the University heads to have the management information which enables them to evaluate the performance of all third-level staff. The Committee at its meeting of 3 June, 2010 received a detailed outline of the development of new workload management procedures at NUI Galway and recommends that similar procedures be developed across the sector.

### Health Stat

Health Stat is designed to give performance information about key activities in all the larger public hospitals such as waiting times, integration of services and use of resources. The Committee welcomes the commitment of the HSE to use the information from Health Stat to drive performance improvement across the organisation. The Committee discussed the operation of Health Stat with the Accounting Officer of the HSE at its meeting on 4 March 2010. The Committee sees the potential of initiatives such as Health Stat to increase accountability for

performance as it allows for comparison of performance across hospitals. In that regard, Waterford Regional Hospital was deemed to have performed well in the three areas- Access, Integration and Resources and what the Committee will look for is that hospitals such as Waterford Regional become a benchmark for the purposes of measuring other hospitals. The next challenge for the HSE is to be in a position to use the information from Health Stat in their dealings especially with poor performing hospitals, whether that relates to issue such as waiting lists, the loss of beds due to delayed discharges or poor use of resources. The Committee notes that the HSE has dropped the indicator which measured staff per inpatient bed: while that indicator may have been too crude given the need to take account of care complexity and intensity of care required of certain patients, the Committee saw value in having such a measurement indicator and was of the view that it could have been retained if used in conjunction with the casemix process which takes account of the complexity of care of patients.

### Findings

- (i) Fraud and Error surveys provide key data on the extent to which social welfare payments are accurate and are invaluable in risk rating various schemes
- (ii) The Random audits of the Revenue Commissioners are a key way of identifying tax payer behaviour
- (iii) The use of public funds by FÁS on advertising between 2004 and 2008 was characterised by informality and represented poor value for money
- (iv) The contracts of employment of lecturers in Irish Universities do not stipulate a minimum number of teaching hours
- (v) Key performance indicators under HealthStat will allow the HSE set benchmarks based on high performing hospitals.

### Recommendations

- (i) The Department of Social and Family Affairs should measure its performance based on the analysis of fraud and error surveys
- (ii) Revenue needs to be in a position, based on the results of its Random Audit programme, to profile the tax compliance behaviour of different sectors of the economy
- (iii) Advertising should only be undertaken where there is a clear and justified business need and be underpinned by a marketing and communication strategy that is itself subject to a detailed review to determine its impact in the case of major campaigns
- (iv) The Higher Education Authority should review the workload management procedures now in place in NUI Galway and ensure that similar type procedures are put in place in all universities in the State
- (v) A performance indicator which equates hospital staff which through-put of patients should be developed as part of Health Stat.



## Chapter Seven

### Developing business cases to underpin policy initiatives

#### Introduction

This Chapter looks at the capacity of the public service to develop business models and undertake cost benefit analyses to evaluate policy initiatives prior to their introduction. The Committee of Public Accounts does not have a role in questioning government policy but it does have a role in evaluating the capacity of Departments to have systems and structures to evaluate not only performance of existing policies but also to be in a position to highlight weaknesses in new policy initiatives. Initiative is key to the development of better public services, however such initiatives must be underpinned by good business cases and are dependant on an ability to undertake analysis of the costs and benefits of schemes which can lead to services being re-evaluated and where necessary stopped. This Chapter also highlights the need for joined-up thinking in relation to schemes which cover more than one public body as evidenced by the issues raised by the FÁS Science Challenge programme. The following are examined in this Chapter:-

- The development and roll-out of e-voting technology
- The development of the public service broker under the REACH programme.
- The move to long term leasing in the case of local authority housing policy
- The Strategic Innovation Fund
- The FÁS Science Challenge Programme.

#### E-voting technology

The Government made a decision in 2009 to abandon the e-voting project. At the time the cost of the project had run to €4.41 million and there is an ongoing cost of approximately €82,000 per annum associated with storage, in respect of some of the 7321 voting machines that remain in private storage. The Committee cannot question Government policy on e-voting, however the write-off of public funds of over €4 million must lead to a detailed analysis so that lessons can be learnt for future projects. The Committee accepts that technology projects are risky in terms of being able to deliver solutions, especially in innovative situations such as the e-voting project. While e-voting was piloted in three constituencies in the 2002 General Election, it is hard not to conclude that the contractual commitments to purchase over 7300 voting machines should have been the subject of a greater level of analysis which took account of the findings of the pilot and also the issues subsequently raised at the Commission for Electronic Voting which found that the machines could only be used subject to modification of the software.

## The Public Service Broker

REACH was established in 1999 to develop an integrated social services system. Subsequently, in 2001, it was given the task of developing an on-line public services broker (the Broker) to co-ordinate and deliver on-line services to the public. In 2009, following the transfer of its development to the Department of Finance, it was wound down resulting in a write off of €27.3 million. The problems with the development of an on-line broker are well documented and were the subject of Special Report 58 of the Comptroller and Auditor General and the Committee did make a recommendation in its Annual Report on the 2007 Appropriation Accounts on the need for a detailed action plan with specific costings and a budget in respect of all such projects. The key learning point from the Committees examination of this issue at its meeting on 29 April, 2010 is that where a project is innovative and requires proof of concept that it would be better to do small projects which can, once proved, fit into a larger project. In the case of the Broker, while it was innovative and exciting (an on-line broker had not been developed anywhere in the world), the project was too big and its development too slow so that by the time it was ready to be rolled out, the Departments that were expected to use it had gone ahead with their own e-Government projects. It is clear also, based on the evidence given to the Committee, that while the Department of Social Community and Family Affairs was one of the lead Departments in the use of technology in 1999, it did not have the expertise to develop the Broker and as this project was to be used by other Departments, it would have been better if the project had been developed by the Department of Finance which had the computer development expertise in CMOD.

## Leasing of housing by local authorities

The traditional approach to social housing provision involves local authorities and approved housing bodies in the community and voluntary sector building or buying housing units and renting them to households on the local authority waiting lists. Around 140,000 households are currently accommodated in this way. Since 2004, this approach to procurement of social housing units has been augmented by the rental accommodation scheme, which currently supports around 12,000 further households. In 2009, the Department of Environment Heritage and Local Government introduced a scheme under which housing stock would be procured through long term leasing arrangements. In 2009, a budget of €20 million was provided and this increased to €25 million in 2010.

The key benefit to this scheme is that it front-loads the provision of housings and could provide for up to 3,700 units in year one whereas the same budget would purchase 112 houses. The Committee had concerns about the value for money provided by this scheme given that:-

- At the end of the lease, the State will not own an asset
- A deferred cost will arise when the lease has ended as the State will have to refurbish the dwelling before handing it back to its owner
- Tenants who reach the end of the lease may still require public housing needs.

The Committee also noted that while the budget could provide 3,700 units, the uptake on the scheme was slow, notwithstanding the surplus housing stock in the State, and at October 2010, the total number of units that were sourced under lease from landlords under the scheme was 730. An additional 1881 housing units were sourced from unsold affordable housing held by local authorities. In addition, while the scheme proposed long term leases of 20 years and more, not all the leases signed were of a twenty year duration and some were less than ten years. It was clear also from the evidence given to the Committee that a detailed cost benefit analysis had not been undertaken on this specific scheme but rather that knowledge had been garnered from a separate evaluation which compared the cost of leasing with traditional build in the voluntary co-operative housing sector.

While the Committee cannot comment on Government policy, it does have a concern in relation to value for money in respect of this leasing scheme. The Committee would prefer if a scheme such as this was progressed on the basis of a detailed analysis which compared the relative cost of the scheme, as proposed, with other available options, using up to-date information. As it is, the scheme should now be reviewed to determine if long term value can be delivered to the State in respect of the provision of social housing by way of lease arrangement.

#### The Strategic Innovation Fund

The Strategic Innovation Fund which was introduced in 2006, provided money for projects designed to stimulate innovative thinking and change in the third level sector. It was part of a response to the findings of an OECD review of higher education in Ireland that had been completed in 2004. The review of the fund by the Comptroller and Auditor General was examined by the Committee at its meeting 20 January, 2011 when the CEO of the Higher Education Authority and officials from the Department of Education and Science gave evidence to the Committee. The Committee while accepting the positive contribution made by the projects that received funding under this SIF programme, are of the view that better value could have been obtained if projects were subject to greater analysis before being approved for funding. In that regard, this would have avoided duplication as innovative projects should be unique and main-streamed once the concept or best practice had been proved. In addition project plans that were more clearly defined would have focussed activity and ensure that achievements could be tracked and measured against expectations. The Committee notes that, because of budgetary constraints, SIF funding was cut back and recommends that future funding aimed at encouraging innovation should be strategically targeted based on pre-determined scoring criteria where the ability to make an impact across the sector is given a high priority. The Committee notes also that the HEA refined its oversight of the operation of the fund based on the learning from the operation of strand one of the Fund and recommends that these learning points be documented and fed back to both the Department of Education and Science and to the Department of Finance.

## The FÁS Science Challenge Programme

The FÁS Science Challenge Programme was launched in June 2003 and by the time it was closed down in 2009, it had cost €8.2 million. The programme came under the public spotlight arising from the extent to which FÁS engaged in extensive travel to Florida for officials, public servants, Ministers and other guests and this matter was dealt with in the Chapter six of the Committees Report on FÁS of February 2009. The issue being raised in this Chapter relates to the rationale for such a programme and the way it fitted into the Government's science programme. At its meeting on 11 June 2009, the Committee was informed that the programme, which appeared to be innovative, did not come under the remit of the office of science and technology of the then Department of Enterprise, Trade and Employment and that the Department did not seek to link the programme with the Discover Science and Engineering Programme of the Department of Education and Science which was launched shortly after FÁS commenced its Science Challenge Programme. While the Department of Enterprise Trade and Employment was responsible for developing Government policy on investment in science, its key personnel had no involvement in decisions relating to the FÁS programme. The Committee finds this disturbing. In addition, the Department, arising from its oversight of Science Foundation Ireland, was aware of the very strict criteria in terms of investment in people that was operated by SFI and yet the same criteria did not apply to decisions made by FÁS. When the Science Challenge Programme was reviewed the findings were that while the objectives were laudable, there was a lack of data about what the programme was intended to achieve or the deliverables it was intended to deliver. The Department of Enterprise, Trade and Employment should have ensured a greater level of joined up thinking in respect of investment in science which could have curtailed the wasted expenditure that was incurred in this programme. It appears that the Department failed both in its oversight of this programme and also in not placing it within the context of the wider State investment in science projects. Had they done this, the FÁS programme would have been evaluated as a project by staff in (i) the Department whose day to day job revolves around Government science policy and investment, (ii) Science Foundation Ireland who could have analysed the potential of such a programme to complement what it was doing and (iii) by the Department of Education and Science which was formulating a policy on getting more school children to pursue science subjects. Key lessons from the Science Challenge Projects are that Departments should not allow its agencies on solo runs and a whole of government approach would have ensured a greater level of joined-up thinking in respect of such projects.

### Findings

- (i) The State investment in e-voting technology led to a write-off of almost €5 million
- (ii) A write-off of State investment to the tune of just over €27 million has occurred in respect of the development of the public sector on-line broker project
- (iii) The provision of public housing by way of lease arrangement was not the subject of a specific cost benefit analysis by the Department of the Environment, Heritage and Local Government
- (iv) The Strategic Innovation Fund has shown positive returns in terms of the projects funded in our third level institutions

- (v) The FÁS Science Challenge Programme existed in a silo and was not linked into other science development programmes of the Government
- (vi) Expenditure of €8.2 million by FÁS on the Science Challenge Programme has given a poor return to the State.

### Recommendations

- (i) Where the State proposed to invest in an area where there is no proven technological track record, it would be preferable if contractual commitments were not entered into until there was certainty in relation to the delivery of a solution arising from the use of the technology concerned
- (ii) All innovative technology programmes by Public Authorities should be characterised by a strong input from the CMOD division of the Department of Finance so as to ensure greater control over projects and so as to build up public sector expertise in the area of technology
- (iii) The CMOD division of the Department of Finance should review the handling of the public sector on-line broker project and document the lessons which can guide future innovative projects in the public sector
- (iv) The scheme whereby local authorities provide house procured through long term leases should be the subject of a detailed value for money review
- (v) Given the need to make best use of scarce public resources, schemes such as the Strategic Innovative Fund could achieve maximum return for minimum input where there is greater competition between third level institutions and where all proposals are ranked based on specific criteria
- (vi) Departments must ensure that projects, such as science projects, which impact on areas outside the remit of the Department, are the subject of a whole of government approach.



# Appendix 1

## Meetings of the Committee of Public Accounts, 2009 – 2011

<b>Date</b>	<b>Agenda Items</b>
02/07/2009	<b>Special Report 63 of the Comptroller and Auditor General:</b> Tribunals of Inquiry
09/07/2009	<b>Special Report 64 of the Comptroller and Auditor General:</b> Drug Addiction Treatment & Rehabilitation
17/09/2009	<b>Special Report 64 of the Comptroller and Auditor General:</b> Drug Addiction Treatment & Rehabilitation [Resumed]
24/09/2009	<b>Special Report 66 of the Comptroller and Auditor General:</b> Advertising & Promotions in FÁS
08/10/2009	<b>2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:</b> Vote 19: Office of the Minister for Justice, Equality and Law Reform Vote 21: Prisons Chapter 16: Procurement in the Irish Prison Service
15/10/2009	<b>Special Report 65 of the Comptroller and Auditor General:</b> Water Services  <b>2008 Annual Report of the Comptroller and Auditor General:</b> Chapter 19: Investments in Carbon Credits
22/10/2009	<b>Abuse of the Concept of Limited Liability</b>
05/11/2009	<b>2008 Annual Report of the Comptroller and Auditor General:</b> Chapter 37: Management of Private Patient Income Chapter 39: Implementation of the Medical Consultants' Contract
12/11/2009	<b>2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:</b> Vote 36: Department of Defence Vote 37: Army Pensions Chapter 28: Mission to Chad
19/11/2009	<b>Special Report 67 Comptroller and Auditor General:</b> The Supervision and Substitution Scheme, Fulfilment of Employment Contracts, The Commission to Inquire into Child Abuse
26/11/2009	<b>Special Report 66 of the Comptroller and Auditor General:</b> Advertising & Promotions in FÁS [Resumed]
03/12/2009	<b>2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:</b> Vote 32: Department of Transport Chapter 27: West link Buy-Out <b>National Roads Authority 2008 accounts</b>

- 10/12/2009 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 15: Valuation Office  
 Chapter 14: Valuation Output and Performance  
  
 Vote 30: Department of Communications, Energy and Natural Resources  
 Chapter 23: Metropolitan Area Networks
- 17/12/2009 **Special Report 64 of the Comptroller and Auditor General:**  
 Drug Addiction Treatment & Rehabilitation [Resumed]
- 21/01/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 28: Foreign Affairs  
 Vote 29: International Co-Operation  
 Chapter 22: International Cooperation, Official Development Assistants
- 28/01/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 39: Health and Children  
 Vote 41: Office of the Minister for Children  
 Chapter 36: National Treatment Purchase Fund  
  
**National Treatment Purchase Fund Accounts 2008**
- 04/02/2010 **Special Report 69 of the Comptroller and Auditor General: Managing Sickness Absence in the Civil Service**  
  
**2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 23: Property Registration Authority  
 Chapter 18: Digital Mapping  
  
 Vote 10: Office of Public Works  
 Chapter 8: Central Government – Public Procurement
- 11/02/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 7: Superannuation & Retired Allowances  
 Chapter 5 - Public Service Pensions  
 Chapter 42 – National Treasury Management Agency, National Pensions Reserve Fund  
  
**National Pensions Reserve Fund Commission 2008 Accounts**  
  
**Special Report 68 of the Comptroller and Auditor General:**  
 Public Service Pensions
- 18/02/2010 **Special Report 66 of the Comptroller and Auditor General: Advertising & Promotions in FÁS [Resumed]**  
  
**Special Report 73 of the Comptroller and Auditor General: Internal Control & Governance in FÁS**



- 25/02/2010 **2008 Annual Report of the Comptroller and Auditor General:**  
 Chapter 31: Review of Welfare overpayment Cases  
 Chapter 32: Recording and Recovery of Welfare Overpayments  
 Chapter 33: Review of Jobseekers payments
- 04/03/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 40: Health Service Executive  
 Chapter 38: Performance Measurement and Improvement in the HSE  
 Chapter 40: The Dublin Ambulance Service
- HSE Financial Statements 2008**
- 11/03/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 9: Office of the Revenue Commissioners  
 Chapter 10: Revenue Collection  
 Chapter 11: Revenue Checks and Investigations  
 Chapter 12: Random Audit Programme  
 Chapter 13: Risk Evaluation, Analysis and Profiling
- 25/03/2010 **2008 Appropriation Accounts of the Comptroller and Auditor General:**  
 Vote 3: Office of the Attorney General  
 Vote 13: Office of the Chief State Solicitor  
 Vote 14: Office of the Director of Public Prosecutions
- Special Report 63 of the Comptroller and Auditor General: Tribunals of Inquiry [Resumed]**
- 01/04/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 25: Environment Heritage & Local Government  
 Chapter 4: Financial Commitments under Public Private Partnerships  
 Chapter 9: Termination of Major ICT Projects  
 Chapter 20: Central Government Funding of Local Authorities
- Affordable Homes Partnership Annual Report 2008**
- Special Report 65 of the Comptroller and Auditor General: Affordable Housing Delivery**
- 22/04/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Chapter 3: National Debt  
 Chapter 41: NTMA Functions and Performance
- National Treasury Management Agency Report and Accounts 2008**
- 29/04/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 38: Social and Family Affairs  
 Chapter 9: Termination of Major ICT Projects  
 Chapter 29: Expenditure on Social Welfare  
 Chapter 33: Review of Jobseekers payments  
 Chapter 34: Transfer of Welfare Functions

Chapter 35: Money Advice and Budgeting Service

**Social Insurance Fund**

- 06/05/2010 **Finance Accounts 2008**
- 2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
Vote 1: Presidents Establishment  
Vote 6: Office of the Minister for Finance  
Vote 12: Secret Service  
Chapter 1: Financial Outturn  
Chapter 2: Vote Management  
Chapter 4: Financial Commitments under Public Private Partnerships  
Chapter 6: European Union – Financial Transactions 2008  
Chapter 7: Banking Stabilisation Measures
- 13/05/2010 **Special Report 72 of the Comptroller and Auditor General:** Financial Regulator, Responding to the Financial Market Crisis
- 20/05/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
Vote 31: Agriculture, Fisheries and Food  
Chapter 24: Organisational Performance in the Department of Agriculture, Fisheries and Food  
Chapter 25: Farm Improvement Scheme  
Chapter 26: Farm Waste Management Scheme Liabilities
- 03/06/2010 **Special Report 67 of the Comptroller and Auditor General [Resumed]:** Chapter 2 – Fulfilment of Employment Contracts
- 2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
Vote 26: Office of the Minister for Education and Science  
Chapter 4: Central Government, Financial Commitments under Public Private Partnerships  
Chapter 21: Primary School Planning
- 10/06/2010 **HSE – Correction of evidence given to the Committee at the meeting of 4 March 2010 in relation to the death of children in the care of the HSE**
- 17/06/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
Vote 20: An Garda Síochána  
Chapter 15: Garda Civilianisation
- 08/07/2010 **Special Report 73 of the Comptroller and Auditor General:** Internal Control & Governance in FÁS [Resumed]  
Chapter 5 – Competency Development Programme
- 15/07/2010 **2008 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
Vote 22: The Court Services  
Chapter 17: Criminal Court Justice Building

- 22/07/2010 **2008 Annual Report of the Comptroller and Auditor General:**  
Chapter 7: Banking Stabilisation Measures [Resumed]
- Examination of Department of Finance papers supplied on 8 July 2010**
- 23/09/2010 **Special Report 75 of the Comptroller and Auditor General:**  
Irish Universities Resource Management and Performance
- 30/09/2010 **Special Report 71 of the Comptroller and Auditor General:** Driver Testing in the  
Road Safety Authority
- 2009 Annual Report of the Comptroller and Auditor General and Appropriation  
Accounts:**  
Vote 32: Department of Transport  
Chapter 28: Barrier Free Tolling on the M50
- 07/10/2010 **Special Report 70 of the Comptroller and Auditor General:**  
Emergency Departments
- 2008 and 2009 Annual Reports of the Comptroller and Auditor General:**  
Chapter 40 of the 2008 Report: The Dublin Ambulance Service [Resumed]  
Chapter 37 of the 2009 Report: SKILL Programme.
- HSE Internal Audit – €2.35m SIPTU training fund.**
- 14/10/2010 **2009 Annual Report of the Comptroller and Auditor General:**  
Chapter 8 – Public Procurement
- 21/10/2010 **2008 & 2009 Annual Reports of the Comptroller and Auditor General:**  
Chapter 7 of the 2008 Report: Banking Stabilisation Measures [Resumed]  
Chapter 6 of the 2009 Report: Banking Stabilisation Measures
- 28/10/2010 **2009 Annual Report of the Comptroller and Auditor General and Appropriation  
Accounts:**  
Vote 25: Environment, Heritage and Local Government  
Chapter 22: Central Government Funding of Local Authorities  
Chapter 23: Leasing of Social Housing
- 04/11/2010 **2009 Annual Report of the Comptroller and Auditor General and Appropriation  
Accounts:**  
Vote 27: Department of Community, Rural & Gaeltacht Affairs  
Chapter 24: Managing Cohesion and Integration
- Pobal Annual Report and Latest Accounts**
- 11/11/2010 **2009 Annual Report of the Comptroller and Auditor General and Appropriation  
Accounts:**  
Vote 34: Enterprise, Trade and Employment  
Chapter 29: National Training Fund – Skillnets  
Chapter 30: Redundancy and Insolvency Payments
- 18/11/2010 **Special Report 76 of the Comptroller and Auditor General:** National Asset  
Management Agency – Acquisition of Bank Assets

- 25/11/2010 **2009 FÁS annual accounts**
- 02/12/2010 **2009 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 10: Office of Public Works  
 Chapter 20: National Convention Centre  
 Chapter 21: Decentralisation
- 09/12/2010 **2009 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 30: Communications, Energy and Natural Resources  
 Chapter 26: Energy Programmes.
- Sustainable Energy Authority of Ireland (Latest Accounts)**
- 16/12/2010 **2009 Annual Report of the Comptroller and Auditor General:**  
 Chapter 37: SKILL Programme [Resumed]
- 13/01/2011 **Special Report 76 of the Comptroller and Auditor General:** National Asset Management Agency – Acquisition of Bank Assets [Resumed]
- 20/01/2011 **Special Report 74 of the Comptroller and Auditor General:**  
 Education Sector  
 [Chapter 1: Strategic Innovation Fund  
 Chapter 4: Early retirement Scheme in FETAC  
 Chapter 5: Royal Irish Academy of Music – Remuneration and Expense]
- Special Report 75 of the Comptroller and Auditor General:**  
 Irish Universities Resource Management and Performance  
 [Resumed – Update on Unauthorised Payments at universities]
- FETAC 2008 Accounts**
- Royal Irish Academy of Music 2009 Accounts**
- 27/01/2011 **2009 Annual Report of the Comptroller and Auditor General and Appropriation Accounts:**  
 Vote 39: Health and Children  
 Vote 41: Office of the Minister for Children  
 Chapter 36: National Treatment Purchase Fund.
- National Treatment Purchase Fund – Latest Accounts**

## Appendix 2

### Orders of Reference of the Committee of Public Accounts

(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 83(2A) and Standing Order 85;

(b) power to take oral and written evidence as defined in Standing Order 83(1);

(c) power to appoint sub-Committees as defined in Standing Order 83(3);

(d) power to engage consultants as defined in Standing Order 83(8); and

- (e) power to travel as defined in Standing Order 83(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 thirteen members, none of whom shall be a member of the Government or a Minister of State, and five 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

### Membership of the Committee of Public Accounts – 31<sup>st</sup> Dáil



Connaughton, Paul J.  
(FG)



Deasy, John  
(FG)



Donohoe, Paschal  
(FG)



Ferris, Anne  
(Lab)



Fleming, Seán  
(FF)



Harris, Simon  
(FG)



McCarthy, Michael  
(Lab)



McDonald, Mary Lou  
(SF)



McGuinness, John  
(FF) – *Chairman*



Murphy, Eoghan  
(FG)



Nolan, Derek  
(Lab)



O'Donnell, Kieran  
(FG) – *Vice Chairman*



Ross, Shane  
(Ind)