

Minute of the Minister for Finance
on the Committee of Public Accounts - Final Report on Appropriation Accounts
2006; Annual Report of the Comptroller and Auditor General 2006; and Special
Reports of the C&AG

The Minister for Finance has examined the Committee's Final Report on Appropriation Accounts 2006; Annual Report of the Comptroller and Auditor General 2006; and Special Reports of the C&AG and has taken account of its conclusions. In relation to the Committee's recommendations, his response is as follows:

1. Chapter One - Tax Collection

Recommendation No. 1

A comprehensive review of the effectiveness of oversight checks on the emergence and operation of phoenix type companies should be undertaken by Revenue.

The Minister for Finance is informed by the Office of the Revenue Commissioners that it accepts this recommendation.

The Minister is further informed by that Office that:

- phoenix type companies are those that existed in previous manifestations and were liquidated or abandoned leaving significant tax debts behind. Revenue has in place a comprehensive process to identify such cases:
 - at registration stage;
 - while trading [local knowledge, case working experience, including where Revenue is dealing with a significant tax debt]; and
 - at the stage of write-off of a tax debt;
- cases representing significant risk, once identified, are subject to ongoing intensive monitoring and review by Revenue; and
- an evaluation of the effectiveness of these checks and monitoring to prevent accumulation of debt in the new entity will be undertaken by Revenue in line with this recommendation.

Recommendation No. 2

The random audit policy of Revenue should continue given its usefulness in analysing the extent to which self-assessed taxpayers under-declare their levels of income.

The Minister for Finance is informed by the Office of the Revenue Commissioners that it accepts this recommendation and that statistically valid random audits have been an integral part of their Audit Programme since 2005.

The Minister is further informed by the Office of the Revenue Commissioners that, as well as providing, over time, useful analytic information for evaluating compliance, these random audits also provide data to enable Revenue to validate its risk-based approach to audit selection using its Risk, Evaluation, Analysis and Profiling System (REAP). This system also ensures that no taxpayer is exempt from the possibility of having their tax affairs audited.

2. Chapter Two - Sick Leave of Prison Officers

Recommendation No. 1

Further analysis of the causes of sick leave is required given the ongoing high level of absences in the Prison Service.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that it and the Irish Prison Service accept this recommendation.

The Minister is further informed by that Department that improved procedures in relation to the management of sick leave were introduced during 2008 to address the high level of absences. The approaches adopted include:

- rigorous sanction where there is evidence of malingering; and
- focussing on cases of long term sick leave with a view to:
 - (i) facilitating return to work;
 - (ii) ill health retirement; and
 - (iii) dismissal, as appropriate.

The Minister has also been assured by that Department that the causes of any ongoing high level of sick absence will be analysed and addressed.

Recommendation No. 2

The Prison Service needs to continuously monitor the pattern of sick leave within the service.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that it and the Irish Prison Service accept this recommendation and that the introduction of an absence management reporting tool will facilitate timely and effective management and monitoring of sick leave.

The Minister notes that:

- following submission of a business case by the Irish Prison Service, the Department of Finance gave approval in July 2009 to implement an absence management reporting tool which will extract relevant information from the Time and Attendance Systems in place in all 18 prison locations; and
- the Irish Prison Service has now completed the necessary configuration work and is testing the solution with the intention of implementing it live in January 2010.

Recommendation No. 3

Modern IT systems need to be deployed to facilitate timely and effective management and monitoring of sick leave in the Prison Service.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that it and the Irish Prison Service accept this recommendation and that the introduction of the new absence management reporting tool (as described in recommendation 2 above) will facilitate timely and effective management and monitoring of sick leave.

3. Chapter Three - Termination of a Contract in the Limerick Drainage Scheme

Recommendation No. 1

In deciding the best course of action in the case of contract disputes, a risk analysis weighing up the financial implications and the chances of success should be conducted.

The Minister for Finance is informed by the Department of Environment, Heritage and Local Government that it accepts this recommendation.

The Minister is further informed by that Department that the Water Services and Housing Sections of that Department issued circulars providing guidance to local authorities in November 2008 on risk assessments in relation to contract disputes/terminations. This guidance included a risk assessment template (with a worked example) for use on all contractual disputes.

Recommendation No. 2

The senior engineers of all local authorities should receive a detailed oral briefing from the Department of the Environment, Heritage and Local Government on the risk assessment methodology, including worked examples (as recommended in the Considine Report), which have been developed by the Department in respect of all capital projects.

The Minister for Finance is informed by the Department of Environment, Heritage and Local Government that it accepts this recommendation.

The Minister is further informed by that Department that Directors of Services and Senior Engineers for Water Services have been given an oral briefing on the risk assessment methodology and would point out that the Department of Finance has accepted a proposal from the Department of the Environment, Heritage and Local Government that the training on the Capital Works Management Framework would include a module on dispute resolution and risk assessment.

Recommendation No. 3

In order to combat the tendency for agencies to justify their previous decisions, any recommendation to pursue legal action or arbitration should be escalated so that an independent view of the proposed course of action can be obtained.

The Minister for Finance has been informed by the Department of Environment, Heritage and Local Government that it accepts this recommendation and that guidance circulars which issued to local authorities on risk assessment in November 2008 require local authorities, in consultation with that Department, to have risk assessments independently reviewed.

Recommendation No. 4

An assessment of the performance of consultants and legal advisors should be undertaken before final settlement of accounts and such assessments should be given weight in future appointments.

The Minister for Finance agrees with this recommendation and would point out that it is already the case that the assessment process recommended above is in place.

The Minister notes that:

- as part of any procurement procedure, the principles under the EU treaties of transparency, non-discrimination and equal treatment must be adhered to - this applies to suitability assessment as much as to tender evaluation and contract award;
- a key element in a suitability assessment is evidence of the consultant's performance on previous contracts which is done by way of providing *certificates of satisfactory execution* regarding services provided under earlier contracts;
- certificates of satisfactory execution contain key information, particularly performance material, which can be verified if necessary by contacting the relevant contracting authority;
- at suitability inquiry stage, certain minimum standards can be set and failure by applicants to meet any of them can result in elimination; e.g. one requirement might be that certificates relating to at least three different commissions of similar size, nature and complexity are to be submitted;
- while it may not be appropriate to exclude consultants who meet the minimum standard, there can be (in a restricted procedure) other thresholds which have to be overcome that relate to marking of the certificates for quality. Low marks in a particular case can result in a consultant not getting on a tender list; and
- it is the responsibility of contracting authorities to indicate the criteria for the award of the contract and the relative weighting given to each of those criteria. All tenderers who pass the qualifying criteria must be allowed to compete for public sector contracts. In order to guarantee equal treatment, the criteria for the award of the contract should enable tenders to be compared and assessed objectively.

Recommendation No. 5

The Department of Finance should require a worst case scenario to be set in monetary terms in cases of proposed settlements and take a more proactive role in decisions relating to the settlement of disputes having regard to the implications for the Exchequer as evidenced by the outcome of the termination of the Limerick drainage contract.

The Minister for Finance accepts this recommendation.

The Minister is informed by the Department of Environment, Heritage and Local Government that:

- the circulars which issued to local authorities on risk assessment in November 2008 on housing and water services projects include a risk assessment template which requires a minimum risk scenario and a maximum risk scenario be set out and any proposed settlement must be considered against these risk scenarios; and
- the circulars also require the Department of the Environment, Heritage and Local Government to be notified as soon as a dispute on a contract is referred to conciliation or arbitration and that Department will now have a more active involvement in decision making on such disputes.

4. Chapter Four - Review of Pilot Schools PPP's

Recommendation No. 1

The Department of Education and Science and the National Development Finance Agency need to address the concerns raised by the Comptroller and Auditor General, including those relating to adequate reporting arrangements, the use of facilities by the community and other groups and the need for absolute clarity on the responsibilities of the PPP Company.

The Minister for Finance is informed by the Department of Education and Science that it accepts this recommendation.

The Minister is further informed by that Department that:

- it has, in consultation with the National Development Finance Agency, made improvements to the Project Agreement being used for all schools in the current Public Private Partnership (PPP) programme to ensure that there is clarity in relation to the responsibilities of each party to the contract;
- the Project Agreement for the current PPP programme also includes a requirement that the PPP operator must provide a guide to schools on all matters agreed under the contract including the use of schools outside normal teaching hours. Local liaison groups with a representative of the PPP operator and the school authority have been established in each of the Pilot Schools. Meetings are held quarterly to discuss opportunities for third party usage; and
- reporting arrangements have been agreed between the Department and the Pilot Schools and are working well. Liaison meetings with the schools, the PPP operator and the Department are held quarterly.

The Minister is informed by the National Development Finance Agency (NDFA) that:

- the pilot bundle of PPP schools pre-dates the NDFA and consequently, NDFA was not involved in the project; and
- the NDFA has no remit to engage in the day to day operations of PPP contracts.

5. Chapter Five - School Accommodation

Recommendation No. 1

An inventory of all prefab and other school accommodation in the State should be developed by the Department of Education and Science.

The Minister for Finance is informed by the Department of Education and Science that it accepts this recommendation.

The Minister is further informed by that Department that:

- it has a standalone databank in place which contains details of all rented prefabricated accommodation, including the date of installation, the annual rental cost and the name of the supplier. This databank is updated on a continuous basis as new information is received;
- it has also put in place a further standalone databank of purchased prefabricated accommodation which it sanctioned from 1 January 2008 onwards. This databank is updated on a continuous basis as purchases of prefabs are sanctioned and grant-aid is paid; and
- work is underway on the development of a new inventory of school accommodation, expected to go live towards the end of 2009 which:
 - will be available for completion on-line by schools as part of the Esinet school portal;
 - should provide a detailed quantitative inventory of the entire school building stock with a facility for annual update by schools at minimum development costs;
 - will, subject to availability of resources, be integrated into the Geographical Information System (GIS) in the Planning and Building Unit;
 - will capture quantitative data in respect of all accommodation at a school, both temporary and permanent; and
 - once complete, will supplement the standalone databanks of prefabricated accommodation that have been put in place.

Recommendation No. 2

The ICT capacity of the Department of Education and Science should be enhanced in order that the inventory of school accommodation is integrated with the school building programme and the financial management system of the Department.

The Minister for Finance is informed by the Department of Education and Science that it accepts this recommendation which will be implemented in the light of competing demands for limited IT resources and other IT priorities.

Recommendation No. 3

The Department should explore with local authorities measures that would enable sites required for schools building projects being purchased and retained.

The Minister for Finance is informed by the Department of Education and Science that it accepts this recommendation.

The Minister is further informed by that Department that:

- it is in negotiations with the City and County Managers Association to agree on the terms of a Memorandum of Understanding in relation to the acquisition of sites by local authorities for school accommodation purposes - the objective being to build on local authority expertise in site purchase and to have recourse, if necessary, to their statutory Compulsory Purchase Order powers; and
- the Planning and Development Bill, 2009, Section 24 of which provides for the extension of the definition of public infrastructure for development contribution purposes to include school sites, should, upon enactment and implementation, have a positive contribution in reducing site costs.

6. Chapter Six - Integrated Ticketing for Public Transport in Dublin

Recommendation No. 1

The Department of Transport should continue to play a proactive central role in the development of an integrated ticketing system for Dublin until such time as the system comes on stream.

The Minister for Finance is informed by the Department of Transport that it accepts this recommendation.

The Minister is further informed by that Department that:

- it intends to continue its very close oversight of the project until it is completed or until statutory responsibility is transferred to the Dublin Transport Authority;
- following the original inconclusive procurement procedure for the selection of an integrated ticketing provider and operator in 2005, the Department initiated two reviews of the project. Arising out of these reviews, which recommended that the project should continue, the Minister for Transport established the Integrated Ticketing Project Board;
- the Department of Transport recognised that ultimate responsibility for the delivery of the overall project rested with the Department itself and that this responsibility has been exercised primarily through the Project Board on which the Department is represented;
- the Department is also represented on the Project Implementation Team (PIT), a group representing the technical expertise of all the operators. The PIT is responsible for the day-to-day development and implementation of the project; and
- in addition, a Monitoring Committee chaired by the Department meets on a monthly basis to review the project. It comprises the Department, the Chairman of the Project Board and the Project Director.

Recommendation No. 2

The newly created Dublin Transport Authority should be given a clear objective in relation to the finalisation of the rollout of the integrated ticketing scheme for Dublin.

The Minister for Finance is informed by the Department of Transport that it accepts this recommendation.

The Minister is further informed by that Department that, under the provisions of the Dublin Transport Authority Act, 2008, the Dublin Transport Authority (DTA) will have responsibility for the ongoing provision of an integrated ticketing system, integrated passenger information and integrated fares and that it is intended that integrated ticketing will become the responsibility of the DTA on its establishment.

Recommendation No. 3

Where a major project initiative depends on the co-ordination and active participation of State agencies, the central department should co-ordinate and lead the project to ensure its delivery on time and within budget.

The Minister for Finance is informed by the Department of Transport that it accepts this recommendation.

The Minister is further informed by that Department that, with regard to its role in integrated ticketing, following the initial difficulties arising from the first attempt at procuring a system and operator, it has maintained very close oversight of the project and has put in place rigorous project management and corporate governance arrangements.

The Minister for Finance advises that his Department will circulate all departments with the findings of this PAC report, drawing particular attention to this recommendation and indicating that departments should take account of it in similar projects.

The Minister would point out that:

- the Capital Appraisal Guidelines of February 2005, as amended by the VFM letter of January 2006, set out, at Section 2.2, the arrangements for the management of capital projects;
- while not project-specific, the guidelines do state that the scale and complexity of individual projects should be reflected in a suitable management structure and information system;
- the guidelines also set out the format for the structure of project management, stating that a steering group will usually be required for a complex large scale project, particularly where a number of bodies or agencies are involved; and
- the guidelines also state that the steering group should be chaired by a representative of the sponsoring agency, should include appropriate professional staff and may include a representative from the sanctioning authority and/or the Department of Finance.

Recommendation No. 4

A post project review should be carried out to identify the lessons to be learned in managing an integration project involving agencies who are to an extent competing with each other.

The Minister for Finance is informed by the Department of Transport that it accepts this recommendation and that that Department intends to carry out such a review, agreeing that it would be invaluable in identifying lessons to be learned for future projects of a similar type.

The Minister would point out that the Capital Appraisal Guidelines of February 2005, as amended by the VFM letter of January 2006, provide, at Section 4, for a post-project review of all projects costing in excess of €30m.

7. Chapter Seven - Driver Testing

Recommendation No. 1

The Road Safety Authority should conduct an assessment of capacity requirement for driver testers based on population projections and on growth in car ownership so as to prevent backlogs from developing in the future.

The Minister for Finance is informed by the Department of Transport that it accepts this recommendation and that the Road Safety Authority (RSA) now has appropriate systems in place to actively manage and respond to the demand for driving tests.

The Minister is further informed by that Department that:

- in the period covered by this report, the RSA was in the process of addressing a backlog of tests which had accumulated over many years but had dramatically increased in the wake of legislation introduced governing the accompanying of drivers on learner permits;
- a commitment was given to test all candidates waiting for a test by March 2008 and to bring the average wait time to 10 weeks by June 2008, both of which were met on time and within budget;
- the RSA's short-term demand management system operates on a weekly basis and takes account of applications received and the number of tests conducted in order to inform resource planning and waiting time management;
- for longer-term planning, the RSA consults the Central Statistics Office in relation to demographic projections and the National Vehicle Driver File in relation to the numbers of drivers on learner permits; and
- the driver theory testing system is also monitored as it is a precursor to the driving test and therefore a good indicator of emerging demand for the practical test. Where peaks in demand occur, the RSA has additional capacity in the form of temporary employment of retired testers and overtime for existing testers.

Recommendation No. 2

The Road Safety Authority should introduce quality controls for driver testers so that an equal standard is applied to all who sit the test.

The Minister for Finance is informed by the Department of Transport that it accepts this recommendation.

The Minister is further informed by that Department that:

- the Road Safety Authority (RSA) has put in place a quality control framework to ensure more consistent testing standards around the country which involves the identification of variations in driving test standards from statistical analysis and the regular monitoring of driver testers by supervisory staff;
- where standards vary, the matter is investigated by supervisors and addressed in the appropriate way, drawing on published guidelines and standard procedures and providing regular refresher training;

- the RSA has set targets for the number of supervised tests per tester, as is the practice in other European countries; and
- the RSA provided two weeks of refresher training for testers in the period October 2008 to March 2009 focusing on all aspects of driving, customer service and fault assessment which is now being followed up by supervised tests on a centre by centre basis.

8. Chapter Eight - Social Welfare Payments

Recommendation No. 1

The Department of Social and Family Affairs should undertake another fraud and error survey given the value of the data uncovered in the 2004 survey.

The Minister for Finance is informed by the Department of Social and Family Affairs that it accepts this recommendation.

The Minister is further informed by that Department that:

- significantly increased control measures have been put in place to target high risk customers identified in the 2004 survey as non-Irish national/ EU customers;
- certificates issue on a 3-monthly basis to confirm (i) employment in the case of EU workers working in Ireland who have qualified children living in another EU state and (ii) residency in the case of all other non-Irish nationals;
- other non-certificate reviews are also undertaken, triggered by information available to social welfare inspectors, other sections in the Department, anonymous reports from the public and post returned undelivered;
- the volume of control reviews undertaken has increased very substantially i.e. in 2007 35,000 claimants were targeted. In 2009 a review target of 150,000 claimants was set for this scheme; and
- a date for the next fraud and error survey on Child Benefit has not yet been confirmed but provisionally expected to commence in late 2010.

Recommendation No. 2

The Department of Social and Family Affairs should undertake a further matching review to determine the level of risk of fraud and overpayments associated with the One Parent Family Allowance.

The Minister for Finance is informed by the Department of Social and Family Affairs that it accepts this recommendation.

The Minister is further informed by that Department that:

- a further fraud and error survey was carried out on One-Parent Family Payments in 2007, on foot of which further controls were put in place to address identified risks. A control review policy was implemented in 2008; and
- some time is required for the effects of the policy to become manifest and, while it is intended to conduct another fraud and error survey on One-Parent Family Payments, it is considered that Jobseekers payments and Child Benefit should take priority as more time has elapsed since surveys on these high expenditure schemes were last completed.

Recommendation No. 3

The Department of Social and Family Affairs should conduct a review of the decisions of appeals officers as a feedback mechanism so as to enhance decision making by social welfare officers.

The Minister for Finance is informed by the Department of Social and Family Affairs that this recommendation is noted.

The Minister is further informed by that Department that:

- the Department undertook a review of almost 1,700 decisions made on appeals received over the period 28th January to 11th April 2008 in order to identify areas where decision making was a concern, so that more targeted training could be delivered to any such areas;
- the results of the survey have shown that of the 1,686 files included in the survey, 138 or 8% were regarded by appeals officers as being flawed - however, these files were not from any one area within the Department and almost half of these cases came from various local offices;
- while one scheme area accounted for 15% of the cases listed as flawed by appeals officers, in more than half of these cases, the flaw identified was a deficiency in a particular decision form used (since amended), and once these are removed the figure reduces to 7%;
- as no specific area gave concern for the quality of decision making, no area could be targeted;
- training is provided on an ongoing basis to deciding officers in the Department's various offices by the Decisions Advisory Office, with the assistance of the Social Welfare Appeals Office and the Regional Director's Office (for local offices);
- during 2008, training was provided to 376 Deciding Officers across the Department; and
- in addition, the Appeals Office issued revised guidelines in August 2008 in relation to appeal submissions.

9. Chapter Nine - National Education Welfare Board

Recommendation No. 1

Public bodies should ensure that internal controls are put in place and that they are operated in practice.

The Minister for Finance is informed by the Department of Education and Science that it accepts this recommendation.

The Minister is further informed by that Department that:

- it has issued correspondence to the Bodies under the aegis of the Department, highlighting the need for State Sponsored Bodies and Agencies to assure themselves through internal audit and by any other means, that:
 - all necessary controls are in place; and
 - procedures are documented and being implemented in keeping with guidelines on governance for the body.
- it also highlighted to the agencies in this correspondence:
 - the requirement for each agency to be compliant with the Code of Practice for the Governance of State Bodies;
 - the necessity for the relevant authority to be fully aware of its responsibility with regard to its oversight role in the disbursement of moneys; and
 - that the Chief Executive/Director was the person accountable to the Board.

The Minister for Finance would point out that the revised and updated Code of Practice for the Governance of State Bodies, which his Department issued in June 2009, sets out the agreed governance framework for the internal management, and the internal and external reporting relationships, of commercial and non-commercial State Bodies.

The Minister would also point out that, under Section 13.1 of the Code of Practice, the Chairperson of each State body must furnish to the relevant Minister, in conjunction with the annual report and accounts of the body, a comprehensive report covering, *inter alia*, a statement of the system of financial controls in the format set out in Appendix V to the Code and including, in cases where a breach of this system has been identified, an outline of the steps that will be taken to guard against such a breach occurring in the future.

Finally, the Minister would point out that, following correspondence from the Committee of Public Accounts, the Department of Finance wrote to all Accounting Officers in May 2009 asking them to ensure that all bodies under the aegis of their Departments and Offices were reminded of their responsibility in relation to proper financial and other procedures and that, in the case of recently established bodies, advice and assistance is provided to them on the processes and procedures which need to be put in place on their establishment.

Recommendation No. 2

The Department of Finance should clarify the scope available to Departments and to bodies under the control of Departments on the award of incremental credit.

The Minister for Finance notes that, in keeping with current guidelines, there is an established practice which continues to operate between the Department of Education and Science and the National Education Welfare Board whereby applications for pay alterations may be made by the Board to the Department of Education and Science in respect of individuals where such consideration is warranted. Sanctions for any alterations to pay are issued to the Board in written format by the Department of Education and Science in response to any such application and on foot of sanction received from the Department of Finance.

The Department of Finance will be writing to all Government Departments re-stating the position with regard to the awarding of incremental credit and requesting that the letter be brought to the attention of all bodies under their aegis.

Recommendation No. 3

The CEO of State agencies should initiate an appropriate process for assuring himself that controls are operating in each unit of the organisation, whether by direct sign-off from each unit head or based on internal audit review.

The Minister for Finance accepts this recommendation.

The Minister would point out that:

- the Code of Practice for the Governance of State Bodies clearly sets out an agreed governance framework for the management and reporting required for State Bodies;
- compliance with the code requires that the Board puts in place the necessary structures to assure themselves through internal audit, and by any other means, that all necessary controls are in place and procedures are documented and are being implemented in keeping with guidelines on governance for the body;
- bearing in mind the reporting relationship between the CEO and the Board, it would be a matter for the Board, where appropriate, to delegate responsibility to the CEO for setting up such systems to the satisfaction of the Board and Chairman for their sign-off; and
- the Board and Chairperson should ensure that, through a properly established and operating Internal Audit Function, the organisation is in compliance with the Code of Practice for the Governance of State Bodies.

Recommendation No. 4

There is a need for enhanced transition monitoring of newly created bodies by the parent Department so that such bodies adhere to best practice and in order to build up capacity of those bodies in managing and regulating their affairs.

The Minister for Finance accepts this recommendation and will set in train procedures to put it into practice.

The Department of Finance is of the view that a more formal and enhanced transition process can also be established for the future establishment of new bodies, having regard for the responsibilities, including statutory responsibilities of the Board and the CEO, supported as appropriate by parent Departments.

The Minister for Finance is informed by the Department of Education and Science that it accepts that it has a role to play in advising and providing guidance, as necessary, to new state bodies within its remit on the nature of the governance and financial procedures including compliance and reporting obligations imposed on them while noting that it is the responsibility of the Board of a new State Agency to ensure that it is in compliance with such procedures. The Department of Education and Science also pointed out that it is the responsibility of the CEO and Board to ensure that appropriate procedures are implemented and that the Department must allow agencies to operate at a remove in implementing such procedures.

Recommendation No. 5

The NEWB should make continued efforts to recover the amount of the bonus paid in error to a former member of staff at the Board.

The Minister for Finance is informed by the Department of Education and Science that recovery of the amount of the bonus may not be achievable.

The Minister is further informed by the Department of Education and Science that the NEWB has advised that:

- the Board has taken legal advice on the matter, having first requested full restitution of the merit payment made to the former employee;
- this advice is to the effect that legal proceedings to recover the merit payment would be fraught with difficulty;
- the prospect of obtaining a judgement for the amount of the merit payment is very low, while the cost involved in bringing proceedings would be significant by comparison with the level of possible recovery; and
- while it has decided not to pursue recovery of the bonus payment at the present time, in light of the more substantial case for recovery of monies obtained fraudulently involving the former employee and a supplier of IT equipment to the Board, the Board will keep the matter under ongoing review.

10. Chapter Ten - Bord na gCon

Recommendation No. 1

The Minister for Arts, Sport and Tourism should appoint a member of staff at the Department to the Board of Bord na gCon as soon as possible

This is a policy matter for the Minister for Arts, Sport and Tourism in the first instance. The Minister for Finance is informed, however, by the Department of Arts, Sport and Tourism that this recommendation is noted.

The Minister is further informed by that Department that:

- appointments to the Board are made by the Minister for Arts, Sport and Tourism;
- since the PAC hearing, the term of office of one member of the Board expired on 22 May 2009. That member had only been appointed in April 2008 to fill a vacancy on the Board and was reappointed on 22 May 2009 to allow him the opportunity to complete a full three-year term on the Board;
- the Minister for Arts, Sports and Tourism is currently considering legislation to give effect to a number of the recommendations of the Dalton Report including the statutory provision for the expansion of the Board from the existing number of six ordinary members plus chairperson to eight ordinary members plus chairperson;
- as vacancies arise on the Board, the Minister for Arts, Sports and Tourism will have regard for the recommendation of the Committee along with gender balance issues.

Recommendation No. 2

Voluntary retirement/redundancy packages in the wider commercial state bodies should be sanctioned by the Department of Finance before implementation

The Minister for Finance notes this recommendation and would point out that:

- Voluntary Early Retirement (VER) schemes generally involve improvements to the normal terms and conditions of pension schemes (or the creation of supplementary schemes);
- the legislation governing most commercial State companies requires the approval of the Minister for Finance for the creation of superannuation schemes or for changes in terms and conditions of the pension schemes and, accordingly, Department of Finance approval is required for VER schemes in most commercial State companies;
- when considering whether or not to give such approval, the parent Department and the Department of Finance examine:
 - the business case for such a scheme, as proposed by the Board and management of the company; and

- the terms and conditions attached to the VER to ensure that they conform to existing policy and norms; and
- even in cases where the formal sanction of the Department of Finance is not required, it would be expected that State-Sponsored Bodies would consult parent Departments and the Department of Finance regarding any proposed VER.

Recommendation No. 3

Bord na gCon should compensate for the lack of segregation of duties at its tracks by enhancing internal audit and issuing detailed procedures.

The Minister for Finance is informed by the Department of Arts, Sport and Tourism that it accepts this recommendation.

The Minister is further informed by that Department that Bord na gCon has confirmed that a full-time Internal Auditor is now employed in the organisation and that detailed procedures have been drafted and issued to all staff which are updated and circulated as appropriate.

Recommendation No. 4

An active audit committee should operate at all time in State Agencies.

The Minister for Finance is informed by the Department of Arts, Sport and Tourism that it accepts this recommendation.

The Minister is further informed by that Department that Bord na gCon has confirmed that, since the beginning of 2006, the Audit Committee has met at least four times a year.

The Minister for Finance would point out that:

- all Departments have Audit Committees whose function is to review and examine all operations within the ambit of a Vote (including offices under its aegis) and prepare an annual report to the Accounting Officer;
- Departments also monitor the activities of State bodies under their aegis through the implementation of the Code of Practice for the Governance of State Bodies; and
- the Code of Practice states that “the Board of any body with more than 20 employees should establish an Audit Committee of at least three (in the case of smaller State bodies two) independent non-executive Directors with written terms of reference which deal clearly with its authority and duties”.

11. Chapter Eleven - The Financial Regulator

Recommendation No. 1

Financial regulation effort should be based on a thorough assessment of the risks associated with individual financial institutions, taking account of sector-level risks.

The Minister for Finance is informed by the Financial Regulator that this recommendation is accepted.

The Minister is further informed by the Financial Regulator that:

- it is developing and enhancing its risk-rating model to measure the inherent risks of the business undertaken by the most significant providers of financial services and the potential impact of the failure of a provider of financial services;
- inherent risks include: Structure, Supervisory complexity, Corporate governance, Capital, Contagion, Business risk, Reputation risk, Regulatory risk, Operational risk, Foreign exchange risk, Credit risk, Funding risk, Liquidity risk, Market risk, and Insurance trading risk;
- an assessment of the impact of the failure of a financial service provider on the financial services industry as a whole is made. Issues, such as its significance in the market, (e.g. deposit taking), whether the firm is part of a group, and if the group has its headquarters in Ireland, are also taken into account; and
- the Financial Regulator plans to develop and extend the current risk model as a matter of priority. It recognises that it is important that the enhanced risk model is aligned with the changing circumstances in the international regulatory framework. A key dependency in implementing this is the finalisation of the senior management team and the recruitment of additional skilled supervisory staff.

Recommendation No. 2

Supervision regimes for each sector should be benchmarked against international good practice, and subject to periodic independent evaluation.

The Minister for Finance is informed by the Financial Regulator that this recommendation is accepted.

In response to the recommendation made by the Comptroller and Auditor General in its special report on the Financial Regulator that the Regulator ‘could commission an independent review of the adequacy of its current prudential inspection process’, the Financial Regulator commissioned an independent review of its business processes which was undertaken by Mazars. Their report and their recommendations were submitted to the Irish Financial Services Regulatory Authority in February 2009.

This independent review incorporated a benchmarking survey, one of the conclusions of which was that the level of resources devoted to banking and insurance supervision

is lower than that of other international financial regulators reviewed. The Financial Regulator further advises that the key recommendations of the review were:

- A new prudential directorate in the area of markets and securities with a separate prudential directorate for banking and insurance only;
- The provision of more specialist support services particularly in the areas of regulatory development, enforcement, risk management and information systems; and
- The organisation's position in relation to enforcement should be clarified, communicated and applied consistently.

When the Financial Regulator initially considered the Mazars' report it noted that the challenges of implementation were significant. However, the implementation of the report, which predated the Government decision to restructure the system of financial regulation and the implications of the financial crisis for the intensity of supervision, will now also have to have regard to these aspects. Nevertheless, the Financial Regulator recognises that the report continues to be very relevant in the new regulatory environment.

Pending the enactment of legislation to fully provide for the Government's regulatory restructuring reforms, administrative steps are being taken to commence the process of implementing the Government decision and, where appropriate at this point, to implement the report's recommendations. For example, the Financial Regulator is currently increasing the resources allocated to prudential activities with a view to bring them up to a level comparable to other regulators. In particular, enhanced staffing resources, both new and reallocated from other functions within the organisation, have now been assigned to fulfil the more intensive supervisory responsibilities allocated to the Financial Regulator under the Credit Institutions (Financial Support) Scheme. Furthermore, an internal Working Group has been established to consider the efficient merger of the common functions of the Central Bank and the Financial Regulator. The Financial Regulator advises that staff freed up as a result of such synergies will be reassigned to frontline activities.

In addition, the process of putting in place a new and integrated senior management team is well underway and a number of senior appointments have now been made. This senior team will, subject to the proposed new legislation and corporate governance framework, be in a position to make the necessary organisational and management decisions to secure optimum effectiveness and efficiency in fulfilling the mandate of the organisation. While the Mazars' report does not take account of the significant recent developments, it can be expected that will inform this process in order to achieve such value for money objectives.

Overall, the Minister for Finance is informed by the Financial Regulator that it values independent evaluations and will cooperate with future benchmarking surveys.

Recommendation No. 3

The Financial Regulator should report publicly each year on the extent to which it achieves its supervision targets, especially in the areas of timeliness of receipt and analysis of prudential returns and other data provision, and on the carrying out of targeted on-site inspections.

The Minister for Finance is informed by the Financial Regulator that this recommendation is accepted.

The Minister is further informed by the Financial Regulator that:

- under the Central Bank Act 1942 (as amended), it is required to publish an Annual Report on the performance of its functions and the exercise of its powers; and
- this Annual Report provides detailed information on the performance of the Financial Regulator in accordance with its legislative remit and also provides a detailed statement of the progress made on the identified strategic actions during the year in question.

The Financial Regulator advises that:

- regarding the number of on-site inspections, it publishes information in its Annual Report on its performance outturn against targets in the areas of Banking, Insurance, Investment Service Providers, Credit Unions, consumer themes and information on the number of review meetings held in each of these areas;
- in relation to the timeliness of receipt of prudential returns, it is accepted that further progress is required;
- a project is ongoing to move all prudential reporting to an electronic based reporting system; and
- when implemented, this project will enhance reporting of such information in future Annual Reports.

Overall, the Minister for Finance is informed by the Financial Regulator that it is committed to achieving the highest standards of public accountability.

Recommendation No. 4

In the light of the altered financial market environment the C&AG should carry out a follow-up review in the coming year.

The Minister for Finance notes that this recommendation is a matter for the Comptroller and Auditor General.

Recommendation No. 5

The Financial Regulator needs to change the culture in the provision of financial services in order to give greater customer protection by imposing fines where his office finds that vulnerable customers were sold an inappropriate product/service.

The Minister for Finance is informed by the Financial Regulator that this recommendation is accepted.

The Minister is further informed by the Financial Regulator that:

- it introduced a Consumer Protection Code which became fully operational in July 2007;
- the code sets out a number of general principles which a regulated entity must adhere to in its dealings with their customers;
- specific rules are also set out under a number of headings including:
 - provision of information,
 - consumer's rights;
 - knowing the consumer;
 - suitability of service or product offered;
 - cold calling;
 - disclosure requirements;
 - charges;
 - errors;
 - handling complaints; and
 - a ban on unsolicited credit; and
- each year the Financial Regulator undertakes a number of themed inspections to monitor and enforce compliance with the Consumer Protection Code.

The Financial Regulator also advises that:

- It investigates possible breaches of the Consumer Protection Code;
- if it considers there is a case to answer, it has a number of options available to it including supervisory action, agreeing a voluntary settlement or conducting a formal inquiry for determination and sanction;
- if considered appropriate, it also has the power to initiate a summary criminal prosecution and/or refer the case to another authority or enforcement body for action;
- among the range of administrative sanctions available to the Financial Regulator are:
 - caution or reprimand;
 - direction to refund or withhold all or part of an amount of money charged or paid for the provision of a financial service;
 - monetary penalty;
 - disqualification of a person from being concerned in the management of a regulated financial service provider; and
 - direction to cease the contravention; and
- the Financial Regulator's policy relating to the use of administrative sanctions is based on an assessment of the following factors:
 - the nature and seriousness of the contravention;
 - the conduct of the financial service provider after it came to light;
 - the previous compliance record of the financial service provider; and

- the availability of other appropriate regulatory actions.

The Financial Regulator further advises that:

- overall, in deciding the action to be taken, its guiding principle is to ensure that it resolves the issue to the benefit of consumers in an effective and fair manner, and that it promotes compliance with the Code and regulatory requirements more generally;
- since 2007, there have been 13 cases where the Financial Regulator has imposed sanctions relating to breaches of the Consumer Protection Code (or its predecessor where appropriate) or provisions relating to consumer protection arising under the Consumer Credit Act 1995 and/or the Investment Intermediaries Act 1995;
- in six of these cases, fines have been imposed ranging from €5,000 to €50,000;
- some of the sanctions were related to breaches of the suitability requirements of the Consumer Protection Code. (Details of all the sanctions imposed by the Financial Regulator are available on the Regulator's website: www.financialregulator.ie);
- the outcome of the themed inspections is communicated generally to the relevant industry sector and in 2008, eight themed inspections (involving 227 firms) were undertaken;
- by way of example, themed inspections on the types of product offered by moneylenders, complaints handling by credit institutions and arrears and repossessions procedures were carried out and a summary of the results of these inspections was published in the 2008 Annual Report and on www.financialregulator.ie;
- in 2009, the Financial Regulator is conducting a range of themed inspections, including suitability of products sold to older customers, arrears and repossessions, review of terms and conditions of loans made by moneylenders and compliance with the minimum competency requirements of sales staff in credit institutions; and
- the results of these inspections will inform the Regulator and will be communicated to the industry and its members and if any breaches are found these will be dealt with by the Regulator.

12. **Chapter Twelve - e-Government**

Recommendation No. 1

All future eGovernment projects should be based on a detailed action plan with specific costings and budgets.

Recommendation No. 2

Projected business transformation efficiencies should be tracked and evaluated for each eGovernment project.

Recommendation No. 3

The Department of Finance, as the central steering Department, should monitor and report annually on the progress of the eGovernment drive.

The Minister for Finance accepts all three of these recommendations.

The Minister would point out that, following on from the Comptroller and Auditor General's Special Report on eGovernment in January 2008 and the OECD's Review of the Irish Public Service in April 2008, the Government mandated a renewed focus on achieving progress with eGovernment initiatives.

The Minister notes that:

- responsibility for eGovernment policy was consolidated in the Department of Finance in May 2008 though responsibility for the delivery of individual eGovernment projects remains with individual Departments/Offices/Agencies;
- this new arrangement is designed to ensure that there is strong, coordinated leadership from the Centre, with regular communication between the Department of Finance and the various departments, offices and agencies with responsibility for various projects;
- in July 2008, the Government directed that the initial focus for progress should be on those services included in the EU eGovernment Benchmarking exercise and those services included in the agreed Dáil Motion on 30 April 2008 - this approach was endorsed by the Task Force on the Public Service in its report "Transforming Public Services" in November 2008;
- additionally, the Task Force recommended a rolling programme of eGovernment activities;
- Following approval from the Government, the Department of Finance issued Circular 6/09 on arrangements for eGovernment to all civil and public service bodies in March 2009, (the Circular requires all bodies to develop comprehensive eGovernment plans);

- these plans must include a range of detail for each project including ownership, timelines, costs, facilities/benefits/impacts, capacity to deliver, and monitoring arrangements, and will also provide the basis of the rolling eGovernment programme;
- the Department of Finance has also put in place a website for public bodies with a range of resources to aid and guide them in developing and progressing eGovernment projects;
- the Government also directed that the Department of Finance should submit reports on progress every six months - the first such report was submitted in March 2009 and the next report will be submitted in December 2009;
- following on from the production of plans, the Department of Finance intends to develop brochures to explain to people what services are available online, how they can use them, and how they will benefit from them. It is intended to publish these on a phased basis from early 2010;
- there have already been considerable achievements with eGovernment initiatives. Currently approximately 70 services are fully available online at a central level, many more are available through local authorities and, in addition, forms for hundreds more can be downloaded electronically;
- remaining opportunities are going to be more complex in nature because they will require either significant changes to business processes (including the possibility of amendments to legislation, regulation, procedures and staffing deployments), substantial technical development, or both; and
- existing budget and staffing constraints will make it necessary to judiciously prioritise projects.

13. **Chapter Thirteen - The Valuation Office**

Recommendation No. 1

The Committee endorses the recommendations contained in the conclusions of Special Report 60 of the Comptroller and Auditor General.

The Minister for Finance is informed by the Commissioner of Valuation that he accepts the recommendations contained in the conclusions of Special Report 60 of the Comptroller and Auditor General.

The Minister is further informed by the Commissioner that:

- the Office has undertaken a full review, with independent input, of the revaluation programme and has been implementing the recommendations of the review group; and
- these recommendations include internal structural changes and the elimination of inflexibilities to yield greater efficiency in the deployment of staff resources, with the aim of facilitating delivery of the national programme within an acceptable timeframe and at an acceptable cost.

Recommendation No. 2

The Valuation Office should, arising from the review of the South Dublin County Council revaluation, bring forward a detailed business plan containing cost projections and timeframes for the completion of the nationwide revaluation programme.

The Minister for Finance is informed by the Commissioner of Valuation that he accepts this recommendation.

The Minister is further informed by the Commissioner that:

- in May 2008 his Office commissioned a review of the approach to undertaking the revaluation programme to be led by David Rainey, the recently-retired Commissioner of Valuation in Northern Ireland, who has substantial experience of managing revaluations in that jurisdiction;
- the Report (“the Rainey Report”) of the review group was completed in September 2008 and was endorsed by the Valuation Office management; and
- the conclusions and recommendations contained in the Report relate primarily to governance, data management and work practices which, if fully implemented, will open the way for delivery of the initial revaluation programme in a 10-year timescale.

The Commissioner of Valuation also advises that:

- having endorsed the Report, management embarked on the follow-up stage, involving immediate implementation of certain recommendations and, as appropriate and necessary, engagement with trade unions and external stakeholders;

- in November 2008 he wrote to South Dublin County Council and the Department of Environment Heritage & Local Government asking them for their views on the South Dublin revaluation with a view to identifying and effecting such adjustments as may be necessary to ensure that the National Revaluation Programme can be delivered within a realistic and generally acceptable timeframe; and
- work has commenced on the drafting of a detailed business plan and a draft roll out of the revaluation programme over a 10-year period has been drawn up.

Recommendation No. 3

The current inflexibilities in regard to resources, recruitment and deployment need to be addressed at the Valuation Office.

The Minister for Finance is informed by the Commissioner of Valuation that he accepts this recommendation.

The Minister is further informed by the Commissioner of Valuation that:

- progress has been made to the extent that a pre-existing agreement has been set aside and, as a result, the Commissioner now has the necessary flexibility to deploy valuer staff on all projects across the Office as required;
- the inflexibilities arising from the conditions of employment of fixed-term contract valuers working on the revaluation project are being addressed; and
- this approach recognises that the Revaluation Programme is of indefinite duration due to the revaluation interval of no greater than 10 years in the Valuation Act 2001.

Recommendation No. 4

The Valuation Office needs to develop a way of fairly and consistently measuring its output so that performance management can operate more effectively at the level of the organisation, its teams and individuals.

The Minister for Finance is informed by the Commissioner of Valuation that he accepts this recommendation.

The Minister is further informed by the Commissioner that, with a view to developing a fair and consistent approach to measuring output, a group established to examine issues relating to performance measurement will report to management by end-2009.

14. Chapter Fourteen - Ballymun Regeneration

Recommendation No. 1

The Committee endorses the recommendations contained in the 19 conclusions of Special Report 61 of the Comptroller and Auditor General.

The Minister for Finance is informed by the Department of Environment, Heritage and Local Government that it notes the Committee's recommendations.

The Minister is informed by the that Department that it is working with Ballymun Regeneration Ltd and the local authorities involved to ensure that the recommendations of the Comptroller and Auditor General are fully responded to in the context of the continuing regeneration of the Ballymun area with particular focus on achieving best value for money.

The Minister is further informed by that Department that:

- the recommendations arising from the Comptroller and Auditor General's Special Report 61 - "Ballymun Regeneration" cover a broad range of issues, including a number of relatively minor changes in administrative practices already implemented, with several more currently in the process of being implemented; and
- major recommendations that relate to the social and economic fundamentals of the regeneration programme over the medium to long term are also being addressed.

Recommendation No. 2

The Department of the Environment, Heritage & Local Government should undertake a formal review of the regeneration project in Ballymun in order to develop a comprehensive manual for future projects. Such a review should not delay in any way the finishing of the regeneration project in Ballymun.

The Minister for Finance is informed by the Department of Environment, Heritage and Local Government that it accepts this recommendation.

The Minister is further informed by that Department that:

- Ballymun Regeneration Ltd. has already been requested by the Department to undertake a full strategic review of the project; and
- with regard to the national regeneration programme, the Department indicates that it has already taken action to ensure that all future regeneration proposals are developed against the backdrop of the lessons learned from the Ballymun regeneration experience.

Recommendation No. 3

The Department of the Environment, Heritage and Local Government should continuously monitor the impact of the Regeneration project in the context of renewing the community, generating employment, addressing educational disadvantage, reducing crime and anti social behaviour and achieving a balanced tenure mix.

The Minister for Finance is informed by the Department of Environment, Heritage and Local Government that it accepts this recommendation.

The Minister is further informed by that Department that:

- the development of sustainable communities, involving a mix of development types and housing tenures, is at the heart of the Government's housing policy;
- regeneration projects have a particular focus on addressing issues of social, educational and economic disadvantage; and
- the Ballymun Regeneration project, including the social and economic dimensions, is regularly reviewed and is the subject of regular dialogue between the Department, Ballymun Regeneration Ltd. and the local authorities concerned.

15. **Chapter Fifteen - Department of Arts, Sport and Tourism and the National Museum of Ireland**

Recommendation No. 1

The Committee endorses the recommendations contained in the conclusions of Special Report 62 of the Comptroller and Auditor General.

The Minister for Finance is informed by the Department of Arts, Sport and Tourism that the recommendations in Special Report 62 are noted.

Recommendation No. 2

The criteria used to allocate sports capital grants is restrictive and should be reviewed to (i) increase the cumulative threshold that applies to projects without a long term lease from the current threshold of €150,000 and (ii) reduce the long term lease requirement from the current 22 year stipulation

These are policy matters for the Minister for Arts, Sport and Tourism in the first instance. The Minister for Finance is informed, however, by the Department of Arts, Sport & Tourism that part (i) of this recommendation is accepted while part (ii) is noted.

The Minister is further informed by that Department that it was decided in December 2008 that the threshold above which the Department requires Deeds of Covenant and Charge be increased to €300,000 for grantees reaching the higher threshold as a result of the 2008 or subsequent allocations.

The Minister is also informed by that Department in relation to the recommendation to reduce the long term lease requirement from the current 22 year stipulation that:

- in order to register a Deed of Covenant and Charge, the grantee's title must be registered with the Property Registration Authority (PRA);
- in order for a lease to be accepted by the PRA for registration, there must be at least 21 years remaining and accordingly, the Guidelines, Terms and Conditions of the Sports Capital Programme (SCP) specify that, where title to the facility that is the subject of the grant application is by way of a lease, the lease must be of at least 22 years duration;
- the duration of the lease ensures that there is sufficient time, where this is necessary, for successful applicants under the SCP to register a lease with the PRA;
- reducing the minimum period of the lease needed in order to apply for support under the SCP would require that the Department be prepared to issue funding where protection for the taxpayers' investment could not be guaranteed through the registration of a charge on the title; and

- while all such requirements are kept under continuous review, there are no proposals at present to reduce the length of lease required but that this is an issue which will be kept under review in consultation with the Office of the Chief State Solicitor.

Recommendation No. 3

The acquisition of storage accommodation for the National Museum should be prioritised in accordance with the provision of the National Development Plan

The prioritisation of expenditure is a policy matter for the Minister for Arts, Sport and Tourism in the first instance. The Minister for Finance is informed, however, by the Department of Arts, Sport & Tourism that this recommendation is accepted.

The Minister is further informed by that Department that:

- heads of a lease have been signed for the former Motorola Facility in Swords to provide storage accommodation for the National Museum;
- this facility will meet the National Museum's storage requirements, both in respect of any short-term decantation required of any Natural History exhibits and long-term deep storage for the Museum generally; and
- the Department is funding the storage from the National Museum of Ireland's subhead at the outset of the lease and the matter will be kept under review.

Recommendation No. 4

The National Museum should work towards bringing its opening hours into line with comparable museums

The Minister for Finance is informed by the Department of Arts, Sport & Tourism that it accepts this recommendation.

The Minister is further informed by that Department that:

- the National Museum of Ireland (NMI) recognises the need to extend its opening hours and has had a review of its front of house services, including opening hours, carried out by a consultancy firm;
- a number of the recommendations contained in that review need to be implemented to facilitate the extension of opening hours, primarily the recommendations in relation to the introduction of Sunday rostering and the outsourcing of night-time security at Kildare Street;
- staff represented by the Civil and Public Service Union (CPSU) have opposed these recommendations and this opposition resulted in the closure of the Museum's Kildare Street and Collins Barracks branches on Easter Sunday;
- the matter was referred to the Labour Relations Commission (LRC) and an interim arrangement was put in place between Museum Management and the CPSU to keep the Museum open to the public pending the outcome of discussions at the LRC; and

- following a conciliation conference at the Labour Relations Commission at the end of May 2009, the matter was referred to the Labour Court for hearing in July 2009 as a result of which discussions are ongoing between the CPSU and the National Museum of Ireland. The interim arrangement to keep the Museum open to the public remains in place.

Recommendation No. 5

The National Museum needs to formulate a plan to improve its storage and recording and to make its collections more accessible to the public

The Minister for Finance is informed by the Department of Arts, Sport & Tourism that it accepts this recommendation.

The Minister is further informed by that Department that:

- work is ongoing on an inventory control project documenting the various collections held by the National Museum of Ireland (NMI);
- funding was provided to the NMI in 2008 to allow this project to commence and additional staffing resources were secured for the NMI on foot of discussions between the Department of Arts, Sport & Tourism and the Department of Finance;
- the following additional staffing resources have been secured:
 - the NMI's permanent staffing level has been increased by 2 new posts, one of which is the post of Head of Education which has responsibility for co-ordinating and managing the Education and Outreach services across all of the Museum sites;
 - a further 5 posts have been upgraded, the upgraded posts including the post of Registrar which has responsibility for addressing issues in relation to the introduction of a comprehensive collections management process;
 - the NMI has suppressed 6 posts to facilitate one of the two new posts and the 5 upgrades;
 - the equivalent of a further 19 posts have been secured on a contract or outsource basis for various periods up to 5 years - the NMI has suppressed 3 posts to facilitate 3 of these contract posts;
 - the breakdown of the additional staffing resources is as follows:-

	Perm. NMI Staff	Contract		Upgraded post	Suppress post
		to 2 yrs.	2 - 5 yrs		
Documentation Assistant (NHM)		3			
Researcher (NHM)		3			
Documentation Officer			2		2
Documentation Assistant			1		1
Clerical Officer (CO)	1				
Registrar				1	1
Assistant Keeper (Conservation)				3	3
Head of Education	1				1
Facilities Manager				1	1
Inventory Outsource (equivalent)			10		
Totals	2	6	13	5	9

The Minister for Finance is also informed by the Department of Arts, Sport & Tourism that:

- the creation of an inventory of the Natural History Collection is being addressed while the Museum is closed;
- the anticipated timescale for completion of the project is 5 years in total;
- indications based on the work carried out to date are that the project will be completed within this timescale provided that there is no major reduction in the available resources for the project, either human or financial; and
- the Department is in regular contact with the NMI to ensure ongoing progress on the matter.

16. Chapter Sixteen - Other Departments and Agencies

Recommendation No. 1

The OPW should review the procedures in place to charge tour operators, with a view to ensuring that large arrears are not allowed to build up.

The Minister for Finance is informed by the Office of Public Works that it accepts this recommendation.

The Minister is further informed that:

- a comprehensive review of procedures in place to charge tour operators was carried out in 2007;
- following the review, an updated monitoring system was developed specifically to manage tour operator receipts;
- the provision of monthly invoices and statements to tour operators and an on-line e-banking service allows for the closer monitoring of tour operators by Visitor Services section; and
- in 2008, bills of €975,000 issued to tour operators and €11,000 (1.1 per cent) of these arrears from 2008 is outstanding at 11 December 2009.

Recommendation No. 2

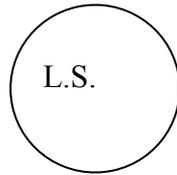
The level of usage by tour operators of heritage sites should be established by way of an audit survey so as to ensure an accurate return is received from that sector

The Minister for Finance is informed by the Office of Public Works that it accepts this recommendation.

The Minister is further informed that:

- a review of the usage of tour operators to attract visitors to heritage sites has resulted in the number of tour operators facilitated under the scheme being reduced from 420 to a more manageable number of 220;
- tighter controls and procedures now ensure an enhanced relationship with increased co-operation amongst the participating operators; and
- following efforts to recoup arrears due from tour operators up to end-2007, €1.3m was credited to Appropriations-in-Aid on Vote 10 in 2008.

Given under the Official Seal
of the Minister for Finance on
this
day of December 2009



David Doyle
Secretary General
Department of Finance