



29 November 2011

Mr John McGuinness TD  
Chairman  
Committee of Public Accounts  
Leinster House  
Dublin 2

Dear Chairman

Thank you for your letter of 4 October in response to my letter of 15 August and your further letter of 16 November 2011 concerning the work of the Committee of Public Accounts. At the outset let me say that I welcome the Committee's objectives in promoting excellence, transparency and accountability and your comments on simplicity and speedy decision making.

I understand, in the context of the Committee's work, that you met with the Secretary General of the Department, Mr Robert Watt, on 25 October and that a further meeting took place between Government Accounting Section and the Committee Secretariat on 27 October, following the earlier meeting of 27 June. I also understand that on 13 October, officials of this Department met with the Committee, in private session, to brief them on the proposed 30<sup>th</sup> amendment to the Constitution and on the related draft Houses of the Oireachtas (Powers of Inquiry) Bill 2011.

#### **Liaison**

On the question of liaison and witness and in the event of any confusion, Government Accounting Section will continue the role it undertook when located in the Department of Finance, of liaising with the Secretariat and will be the contact point for both this Department and the Department of Finance. As indicated previously, the submission to Government Accounting of a concurrent soft copy of all correspondence to either Department will assist timely reply.

#### **Witness**

(a) In relation to witnesses, the situation has not changed in that, in the main, witnesses will be from the Department of Public Expenditure and Reform (these officials previously attended from

the Sectoral Policy Division, Department of Finance, now part of this Department). Public expenditure under the control of this Department covers all current and capital spending by Government Departments and agencies, including spending from the Social Insurance Fund. Expenditure directly from the Central Fund such as debt-servicing cost etc, remains with the Department of Finance and in cases where relevant reports are being examined, officials from that Department will attend.

(b) Officials appearing before or providing information to Oireachtas Committees are required to assist the Committees, taking account of statutory requirements and other relevant guidelines.

#### **Minute of the Minister**

Your reference to recommendations made to the Minister for Finance refers to the issue of delays to replies to PAC reports. As advised, the response to the Committee's reports is now in the form of the 'Minute of the Minister for Public Expenditure and Reform' (Minute/s). At this stage, Minutes have issued in respect of all Committee reports received prior to July 2011 and a response in respect of the remaining report, as outlined below, will issue shortly.

| <i>Report</i>   | <i>PAC Meetings</i> | <i>PAC Report Referred to Department for response</i> |
|---|---------------------|---|
| <b>Final Report on Appropriation Accounts 2008 &amp; 2009; Annual Reports of the Comptroller and Auditor General 2008 &amp; 2009 and Special Reports of the C&amp;AG.</b> | 2009 to 2011        | July 2011   |

*Appendix A lists Minutes which recently issued*

As advised previously, I accept that the time taken to reply to the Committee's reports should be shorter. On the part of my Department, every effort will be made to improve the timeliness of the response. In that context, if the Committee consider it useful, I would propose to issue interim Minutes, in situations where completion of a response to all recommendations is causing undue delay. A further Minute would issue dealing with any outstanding recommendations.

#### **Cycle of Accountability**

In relation to the timeframe for the cycle of accountability which culminates with the Minute, as you are probably aware, the statutory deadline for Departmental Appropriation Accounts is 31 March of the year following the year of account. The Comptroller and Auditor General is



required to publish the Accounts and his report by 30 September of that year. Typically the Committee hearings began in October of that year, (now September), and ran until the following July. The Committee's reports on these proceedings were then published, up to a year later.

In this situation, Departments were responding to recommendations on issues which had arisen up to three years earlier. In some cases the recommendations had been overtaken by events or dealt with in subsequent meetings with the Committee. By way of example, prior to the Committee's publication of their report on the 2007 Appropriation Accounts in June 2010, Accounting Officers had appeared before the Committee in relation to their 2008 Appropriation Accounts and had submitted their 2009 Appropriation Accounts to the Comptroller and Auditor General. A similar pattern applied in the case of the 2008 Appropriation Accounts where the Committee's report was published in July 2011, along with the report on the 2009 Appropriation Accounts.

The focus in my Department is to move forward from this position and in this regard, any developments which create a more relevant timeframe for response are very worthwhile and will facilitate a focus on key issues.

### **Committee Reports**

The Reports in the table above were the last undertaken by the previous Committee. In relation to future reports, I understand that the Committee is considering the production of interim reports rather than waiting, for example, in the case of the Appropriation Accounts, until all proceedings have concluded. This would be a welcome and positive development and in relation to the accountability cycle referred to above, would increase the relevance of both the Reports and the Minutes. I also understand that the Committee may be considering enhancing the follow up process with Accounting Officers following their appearances before the Committee, which again will facilitate a more timely response to issues of information or concern for the Committee.

### **Mandate of Comptroller and Auditor General**

As advised previously and as outlined in the Programme for Government, my Department, in consultation with the Office of the Comptroller and Auditor General, will be examining the role of the Comptroller and Auditor General. Your comments on the extension of the mandate of the Comptroller and Auditor General have been noted in this context.

### **Semi-State Organisations**

You referred in your letter to obstacles placed in front of the Committee by semi-state bodies, with specific reference to FÁS. I understand, however, that there was no refusal on the part of FÁS to appear before the Committee, as your letter appears to suggest. I have been advised that FÁS had difficulty in the provision of certain information to the Committee in the context of a confidential report it had commissioned regarding grievances raised by a member of staff and subsequent, related on-going litigation. I understand that this issue has been resolved and the record of the Public Accounts Committee has been corrected.

### **Banking Inquiry**

With regard to your query regarding scope to hold a full banking inquiry, I am consulting at present with the Office of the Attorney General as to possible options in light of the defeat of the proposed 30<sup>th</sup> Amendment, including the scope that exists to provide by statute for an inquiry role for committees of the Houses of the Oireachtas, consistent with the existing constitutional position. I will revert to you following these consultations.

With regard to the proposal to conduct a full examination of public bodies involved in the financial crisis, I would suggest that it would be useful for the PAC to seek further legal advice from its own advisers as to whether such an examination can be concluded within the current terms of reference of the Committee. It may be that such an inquiry would also require to be underpinned by new statutory provisions.

I would like to thank you again for your expression of support for the Government's reform programme and as advised previously, I am happy to make my officials available to brief the Committee on issues of interest to them. I will, of course, be attending your meeting of 8 December with regard to Public Service Reform.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brendan Howlin', written over a horizontal line.

Brendan Howlin TD

Minister for Public Expenditure and Reform

## Appendix A

### Minutes of the Minister – Issued in 2011

- Minute of the Minister for Finance for the Committee of Public Accounts on the - Committee of Public Accounts First Interim Report on the Loss of Fiduciary Taxes arising from abuse of Limited Liability (Issued: July 2011)
- Minute of the Minister for Public Expenditure and Reform in response to the Committee of Public Accounts Final Report on the Appropriation Accounts 2007; Annual Report of the Comptroller and Auditor General 2007 and Special Reports of the Comptroller General (Issued: November 2011)
- Minute of the Minister for Public Expenditure and Reform in response to the Committee of Public Accounts Second Interim Report on Procurement in the Prison Service and Public Procurement matters generally. (Issued: November 2011)
- Minute of the Minister for Public Expenditure and Reform in response to the Committee of Public Accounts Third Interim Report on the procurement of legal services by Public Bodies

*Circular 04/2011 on Timely Production and Submission of Accounts of Bodies and Funds audited by the Comptroller and Auditor General issued in October 2011 in response to concerns raised by the Committee and the C&AG.*

