



Ms Eimear Lavelle
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

10th January 2012

Dear Eimear

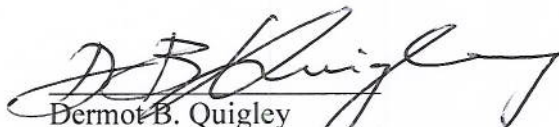
I refer to my appearance before the Committee on Thursday 20th October 2011, in my capacity as Commissioner of Valuation (Acting) and Accounting Officer for the Valuation Office, when I undertook to supply the Committee with the following information in January 2012:

- A progress report providing an update on how the defects in the accounting control system are being dealt with and the improvements that have been made since the publication of the Comptroller and Auditor General's report.

I now enclose the information as requested.

If you have any queries you can direct them in the first instance to Mary Smyth, Manager HR and Finance, ph. 01-8171004.

Yours sincerely


Dermot B. Quigley
Commissioner of Valuation (Acting)

Valuation Office

Progress Report for the Committee of Public Accounts (PAC), January 2012

Introduction

1. At its meeting on 20 October 2011 the PAC discussed the 2010 Annual Report of the Comptroller and Auditor General concerning the 2010 Appropriation Accounts of the Valuation Office and Chapter 20 of Volume 2 of that report relating to Financial Control and Governance in the Office.
2. This report provides an update for the PAC on the progress made in dealing with the matters reported in Chapter 20.

Governance

3. In order to improve the level of oversight in the Office financial matters are now discussed by the Office's Management Committee on a regular basis.
4. The new Audit Committee with two external members (one as Chair) held three meetings in the course of 2011. The most recent meeting in December 2011 was attended by representatives of the Office of the Comptroller and Auditor General. They discussed with the Audit Committee the matters relating to the 2010 audit, including the key accounting matters that had been raised in Chapter 20.
5. The Audit Committee considered at its September and December meetings two Internal Audit reports prepared by the accountancy firm engaged during 2011 by the Office to provide Internal Audit services. These reports dealt with
 - A review of Internal Financial Controls
 - A review of Risk Management Processes.

The audit on **Internal Financial Controls** examined all the important areas such as Travel and Subsistence, Procurement, Fixed Assets, Income and Receipts, and Budgeting and Reconciliation/ Financial Reporting. The audit found a number of deficiencies in Office procedures, some of which were only partially effective in ensuring control. The report made a number of recommendations all of which were accepted and incorporated into our work programme for the improvement of our accounting systems and procedures. The programme also includes the matters raised earlier by the Comptroller and Auditor General.

The audit on **Risk Management** concluded that the Valuation office was in the early stages of implementing a risk management framework and that an urgent response is needed to significantly enhance current processes. The Management Committee has had an initial discussion on the report and has designated an official to put in place a new risk management approach, in consultation with the Committee, on the basis of the detailed steps outlined in the report.

Copies of the detailed Internal Audit reports can be made available to the PAC if required.

6. Following the issues raised by the Comptroller and Auditor General in Chapter 20 and in his Management Letter, and taking account also of the Internal Audit reports mentioned at 5 above, the Office has reviewed existing arrangements and issued new Office Notices in the following areas:
 - Procurement Arrangements, including designation of a Procurement Officer and the setting of delegated levels of authority throughout the Office

- Establishment of a central register of all contracts and of a central register of contracts undertaken without a competitive process. Any such procurement is now subject to review by the Head of Internal Audit
- A new Travel and Subsistence Notice with renewed emphasis on claim verification arrangements and achieving value for money
- A policy document on procedures for dealing with cases of suspected Fraud
- Revised and more stringent arrangements for the use of the Office Credit Card

The Head of Internal Audit is reviewing authorisation levels and ensuring an appropriate accounting trail in respect of all payments.

Financial Controls

7. Work is ongoing on reconciliation of all bookkeeping entries in preparation for the interim audit of the 2011 accounts by the Comptroller and Auditor General which we understand will get underway in late January/Early February 2012. Accounting errors have been reduced and entries are being reviewed regularly.
8. Considerable progress has been made in undertaking the work of reconciliation of accounting records and banking entries in the course of 2011 but the work is not yet complete and continued improvement is required. The objective is to be in a position to ensure more systematic reconciliation on a monthly basis from April 2012 after the 2011 accounts have been finalised.
9. Additional training has been provided for Accounts Branch staff and further accounting expertise has been acquired from external sources to assist in putting improved procedures in place.
10. A complete and up-to-date Register of Fixed Assets is now in place. All disposals/deletions from the Asset Register are to be notified to the Finance Officer when they occur.