



PAC-R-870

**Correspondence 3B.10
Meeting 75 – 28/02/2013**

Oifig an Ard-Rúnaí

An Roinn Oideachais agus Scileanna

Mr John McGuinness TD
Chairman
Committee of Public Accounts
Houses of the Oireachtas
Leinster House
Kildare Street
Dublin 2

Ref No: S1109368

PLEASE QUOTE REFERENCE NUMBER ON ALL CORRESPONDENCE

27 February 2013

Dear Deputy,

I refer to my letter to you of 19th June 2012, concerning oversight of VEC expenditure, in which I stated that the Department was developing revised terms of reference (ToRs) for the Vocational Support Services Unit (VSSU), the internal audit unit for the VEC sector. I informed you that the revised terms of reference would set out clear reporting arrangements between the VSSU and the VECs, the VSSU and the VSSU Steering Committee and the VSSU and the Department.

I now wish to inform you of developments in this regard.

The position is that that revised terms of reference (ToRs) were finalised and agreed by the VSSU Steering Committee in September 2012. With regard to reporting procedures, the ToRs require that the Department will receive an "Opinion Report" which outlines the:

- Area or programme audited;
- Audit method;
- Respective responsibilities of the auditor and executive management;
- Opinion as to the adequacy and appropriateness of internal control.

The Opinion Report, once finalised, will be provided by the VSSU to the CEO and the Chair of the Audit Committee simultaneously. The CEO will then provide the report to the Department.

Where in the Opinion Report the internal auditor expresses an opinion that internal controls are either inadequate or not operating or both, the Department will be provided by the CEO with full details of the item or items giving rise to this opinion.



AN ROINN OIDEACHAIS AGUS SCILEANNA
DEPARTMENT OF EDUCATION AND SKILLS

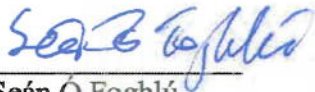
**Office of the Secretary General
Department of Education and Skills**



In the event that losses have occurred, all such losses will be communicated to the Department by the CEO together with a full explanation and confirmation that internal control has been improved, or will be improved, from a stated date to prevent a reoccurrence.

I am enclosing a copy of the full reporting procedures for your information.

Yours sincerely



Seán Ó Foghlú
Secretary General

VSSU Reporting Procedures (from VSSU Terms of Reference, agreed September 2012)

(1) Reports specific to VECs/ ETBs

The VSSU will issue two reports specific to a VEC/ETB at the conclusion of each audit; an Opinion Report and a Findings and Recommendations Report.

The Opinion Report will outline the:

- Area or programme audited;
- Audit method;
- Respective responsibilities of the auditor and executive management;
- Opinion as to the adequacy and appropriateness of internal control.

The Findings and Recommendations Report will detail the work done and the recommendations made.

Following discussions and communications with the CEO, both reports will be sent directly and simultaneously, under separate cover, to the Chairperson of the Audit Committee and the CEO.

The CEO will promptly provide the DES with a copy of the Opinion Report.

(2) General Report to Executive Management

The VSSU will produce “general” reports on audit findings in the sector. Such reports will be sent only to the CEO of each VEC/ ETB in order to assist executive management to identify potential deficiencies and implement necessary improvements to the system of internal control.

Such general reports will not be provided to the Department.

(3) Inadequate or no controls

Where in the Opinion Report the internal auditor expresses an opinion that internal controls are either inadequate or not operating or both, the Department will be provided by the CEO with full details of the item or items giving rise to this opinion.

In the event that losses have occurred, all such losses will be communicated to the Department by the CEO together with a full explanation and confirmation that internal control has been improved, or will be improved, from a stated date to prevent a reoccurrence.

(4) Findings and recommendations

Internal audit findings and related recommendations not significant enough to warrant a negative audit opinion as in (3) above will not be communicated to the Department.

(5) Ancillary reporting activities of the VSSU

The VSSU will prepare additional reports only when requested to do so by:

- the Department solely, or
- the Steering Committee and approved by the Department.

Such reports will only be prepared in very exceptional circumstances.

VEC Financial Section
February 2013