

Opening Statement by
Seán Ó Foghlú, Secretary General, Department of Education and Skills
to the Public Accounts Committee
on the
C&AG Special Report on Internal Control in County Cork Vocational Education Committee
(no.89)
Meeting 9th July 2015

I thank the Chairman for allowing me to make this opening statement concerning the Comptroller and Auditor General's special report on Internal Control in County Cork VEC.

I am joined by colleagues Martin Hanevy, Assistant Secretary General with responsibility for Schools Division, Marian Carr, Assistant Principal Officer in Further Education and Training Section and Jill Fannin, Assistant Principal Officer in ETB Financial and Administrative Staff Section.

The Education and Training Board sector has undergone unprecedented change in recent years. In 2013, the Education and Training Boards Act established 16 ETBs, and the 33 Vocational Education Committees were dissolved.

As well as the establishment of the ETBs, major changes have also taken place in the co-ordination and funding of further education and training with the establishment of SOLAS in October 2013.

Change is ongoing and will take a number of years to embed; the new ETBs continue to develop as single entities, adapting organisational structures and practices accordingly and developing their response to their new responsibility for training.

While Co. Cork VEC has been dissolved, its functions were transferred to Cork ETB from 1 July 2013.

The Department welcomes the Comptroller and Auditor General's special report on Internal Control in County Cork Vocational Education Committee. The report sets out what happened in relation to a number of failures of internal control and failures to follow proper procedures. The report also indicates that various concerns are either not apparent on examination of more recent accounts, that the position has been regularised or actions have been taken to address the relevant issues.

The issues in County Cork began to be brought the attention of the Department by the then Acting Chief Executive of the VEC in early 2011. The Department immediately began engaging with the VEC on the issues. The VEC kept the Department informed of developments at all stages and this engagement continued throughout the period of transition to the new ETB structure and the succession of the current Chief Executive in 2013.

The Department had concerns in relation to both the overall range of issues coming to light as well as the individual issues. In carrying out their duties, all public servants, those involved in front line delivery and those with management and oversight roles, must place a high priority on adherence to regulated procedures and to financial and governance accountability, as appropriate.

While the Department was aware that the VEC was taking steps to identify the problems and, most importantly, to address them, it would have been preferred at times if this happened more quickly, even acknowledging that procedures must be followed carefully and can take some time to work through.

The details of the ETB's response to the issues are more appropriate for Mr Owens to outline, however, the Department's view is that the VEC/ETB's management response to the issues has, ultimately, been comprehensive. The Department's understanding is that resolution of matters has been achieved to the extent possible at this time, and the Department will continue to work with Cork ETB as necessary.

While there is only one specific recommendation in the C&AG report for the Department, which has been acted on, the scope of the report points to a need to ensure that robust governance and internal control mechanisms are in place, in the ETB sector and beyond.

The Committee is already aware that the Department has been actively strengthening its role in relation to governance and accountability oversight of institutions and bodies across the education sector. This process is ongoing. It is an area to which we are strongly committed. The briefing document provided to the Committee outlines some of the measures taken to emphasise and to improve governance and reporting requirements in the ETB area in particular.

These encompass:

- legislative change relating to the establishment of ETBs and SOLAS
- the issuing of a range of Departmental regulations which cover areas such as procurement, tax compliance, borrowing and reporting of losses
- a revised code of practice for the sector, which sets out clearly a framework for codes of conduct for board and staff members, financial controls in terms of risk management, the internal audit function, audit and finance committees, and oversight and reporting requirements
- revised terms of reference and steering structures relating to the internal audit service for ETBs, and
- a more cohesive approach to governance across the education sector which includes enhanced networking with key players involved in governance, audit and oversight.

I will be happy to address these in more detail as well as other queries the Committee might have.

