



**Re: 2017 Financial Statements**

**Jim McGlynn** to: margaret.falsey, PAC

17/10/2018 14:38

Cc: "Anne Mc Hugh", "Christy Haughton", "Mary Henry", "Fannin,  
Jill", "OBrien, Martin", "Donovan, Andrina", "Cunningham,  
Ciaran", "Mc Daid, Sharon", "Catherine Doherty"

1 attachment



Information Note re Donegal ETB 2017 AFS.pdf

**Reference: PAC 32-I-1097**

Dear Margaret,

I refer to your email and letter dated 10th inst. addressed to Ms. Anne McHugh, Chief Executive and please find attached a scanned signed copy of an Information Note containing full particulars of the circumstances of this case, the actions undertaken together with details of the payment involved and associated information.

This Information Note is similar to that forwarded last month to the ETB Financial & Administrative Personnel Section of the Department of Education & Skills at the request of the Secretary-General however, same has been updated to include replies to subsequent queries received from the Department.

I have cc'd this email to relevant staff in the Department and also to the Deputy Director and Senior Auditor in the Office of the C & AG as indicated.

Please revert should you require any additional information.

Thanks and regards,

Jim

Jim McGlynn

Director of Organisation Support and Development

Séamus MacFhloinn

Stiúrthóir Thacaíocht agus Fhorbairt na hEagraíochta

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On Wed, Oct 10, 2018 at 3:19 PM Dennison, Eileen <[eileendennison@donegaletb.ie](mailto:eileendennison@donegaletb.ie)> wrote:

Ciaran, Sharon

For your attention.

Regards Eileen

**Eileen Dennison**

**PA to Anne McHugh, Chief Executive**

Donegal ETB (Education and Training Board)

Administrative Offices

Ard O'Donnell

Letterkenny

Co Donegal F92 DP98

Bord Oideachais agus Oiliúna Dhún na nGall

Oifigí Riaracháin

Ard Uí Dhomhnaill

Leitir Ceanainn

Co Dhún na nGall F92 DP98



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Oireachtais**  
**Houses of the  
Oireachtas**

**Donegal ETB 2017 AFS**

***Information Note re: Payment to the Revenue Commissioners***

***Please provide a brief explanation in respect of each issue:***

**Background Information: Payment to the Revenue Commissioners**

I set out hereunder as requested complete information in relation to and full particulars of all matters occasioning to the PRSI Liability as follows:

1. In late 2010, our Pensions Officer was reviewing an employee's service in the context of the provisions of Section 3 - Effect on PRSI of the Vocational Teachers Superannuation Scheme, 2001 and noticed a break/interruption in Service for the employee involved.
2. Arising from this detection, all staff records were checked including start dates, breaks in service and dates of Permanent Wholetime appointment and a total of 15 Second Level Teachers were identified as having breaks in service.
3. The relevant members of staff had been treated as "Transitional A" Class PRSI and had been changed to Class D on Permanent Wholetime appointment. This was done in error having regard to the new PRSI provisions, with particular reference to Section 3.1.2 which states that:  
*"The Class D rate is payable in the case of any Teacher who was appointed to a Permanent Wholetime post prior to 6<sup>th</sup> April 1995 and who has continued to serve in such a post without interruption since that date".*  
I would emphasise that staff had acted in good faith when the original Transitional A rules were applied.
4. The PRSI rates were amended immediately following completion of the review in June 2011 and the matter was brought to the attention of the Scope Section of the then Department of Social Protection.
5. Superannuation Scheme amendments were made in tandem with PRSI amendments in June 2011. Payroll and Superannuation refunds were made to the relevant staff, nett of outstanding contributions based on the new Superannuation Scheme.
6. Work on the calculation of the underpayment of PRSI for the staff concerned in respect of the period 1997 - 2011 by the then Department of Social Protection in consultation with our Payroll Staff resulted in the determination of an underpayment of €853,376.94, primarily in respect of the employer's portion of PRSI which increased from Class D1 – 2.35% to A1 – 10.75%.

7. As per the then Guide to Pay-Related Social Insurance, Section 7 stipulated that if a formal decision results in the PRSI Class changing to a higher rate of PRSI, the employer must pay all arrears.
8. The matter was also brought to the attention of the ETB Financial and Administrative Personnel Section of the Department of Education & Skills by way of initial telephone communications in early 2017 followed by email correspondence and payment of the above amount was processed through the Revenue Online System (ROS) on 16<sup>th</sup> March 2017.
9. The individual entitlements of the staff involved remained unaffected while this matter was being addressed in consultation with the Scope Section of the then Department of Social Protection, the Department of Education & Skills and the Revenue Commissioners respectively.
10. The matter was treated as an "Unprompted Qualifying Disclosure" by the Revenue Commissioners. No Penalties or Interest Charges were incurred and Publication did not take place.
11. The relevant files and records were brought to the attention of and were reviewed by the Office of the C & AG during the course of the 2016 and 2017 C & AG Audits and the amount involved was included under the Pay Liabilities in the 2016 Annual Financial Statements and subsequently, in actual payments in the 2017 Annual Financial Statements.
12. The matter was also referred to in the Letter of Representation (LoR) and also in the Statement of Internal Control (SIC) contained in the 2017 Annual Financial Statements.

**Actions taken to address the Issues:**

As set out above.

Signature:   
Jim McGlynn

Position within Organisation: Director of Organisation Support and Development

Date: 17<sup>th</sup> October 2018