



**Oifig an Ard-Rúnaí**  
An Roinn Oideachais agus Scileanna

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

Éilis Fallon  
Committee Secretariat  
Committee of Public Accounts  
Leinster House  
Dublin 2

Ref: PAC32-I-1375

16<sup>th</sup> April 2019

Dear Ms Fallon,

I refer to your letter of 3<sup>rd</sup> April 2019 in which your Committee noted the serious concerns expressed in correspondence from City of Dublin Education and Training Board (CDETb) in relation to the internal audit systems of ETBs. The Committee has requested a detailed timetable from the Department of the steps being taken to resolve these issues.

This request presents an opportunity for me to update the Committee on matters relating to the internal audit function in the ETB sector since I last wrote to you on this matter in December 2018. My letter at that time provided a detailed outline of the work of the Internal Audit Function in the ETB sector (ETB-IAU), the resourcing of that Unit including the challenges it has experienced in recruiting staff, details of the internal audit reports carried out in 2017 and 2018 as well as the Unit plan for 2019. In addition I also detailed the consulting activities carried out by ETB-IAU in 2017 and 2018.

The issue of internal audit functionality in CDETb is linked to the resourcing challenges faced by ETB-IAU but for the sake of completeness I am addressing these as separate matters so that the Committee can see both the background and progress since my correspondence in December 2018. The Committee is aware of the difficulties in securing suitably qualified internal audit staff in a competitive market and this issue has been a factor in some of the challenges faced in the ETB sector in recent times.

### **CDETb Internal Audit**

CDETb had an internal audit resource (equivalent of Assistant Principal Officer Grade) who was a dedicated service for CDETb and not part of the ETB-IAU. This individual signaled to CDETb of their intention to retire with effect from the end of 2016 which was brought to the attention of the Department.

From September 2016 the Department engaged with CDETБ regarding the filling of the vacancy and the opportunity it presented to bring closer alignment and cohesion between CDETБ internal audit function and arrangements across for the wider sector, including in relation to an audit of SOLAS funded activities by ETБ-IAU which had been recently been agreed with the other 15 ETБs. CDETБ was consulted as part of that process.

Formal sanction was given by the Department to CDETБ in December 2016 to appoint a full-time auditor on a temporary basis for period to the end of August 2018 at which point it was envisaged that the internal audit service for CDETБ would be provided under the auspices of ETБ-IAU. This included an undertaking that the level of resource to CDETБ would not be diminished below 1 full-time internal auditor. The post was to be advertised in line with the Comptroller and Auditor General (C&AG) Higher Scale Auditor post which is the grade of internal auditors in the ETБ-IAU.

The Department understands that the post was initially advertised internally by CDETБ who informed the Department in March 2017 that the post was not filled. The Department agreed in March 2017 that the post would be advertised as a permanent post and part of the ETБ-IAU which was conducting a recruitment campaign for a number of auditors for the sector. ETБ-IAU advertised the post in April 2017 with a second round of recruitment in late 2017 – the CDETБ Auditor post was not filled. The role was reviewed by ETБ-IAU and Department approval was given to upgrade the CDETБ post to a Deputy Director of Audit.

Further efforts to fill this post were unsuccessful in 2018 and a fourth round of interviews took place in January 2019. A suitable candidate was identified and has confirmed to ETБ-IAU that they will take up their position on the 29<sup>th</sup> April 2019. This Deputy Director will carry out audits in CDETБ and have access to additional resources if needed from ETБ-IAU.

Audits on the areas of specialist training providers, Youthreach and ICT have been carried out in CDETБ since Q4 2017. A procurement audit commenced in CDETБ in April 2019 and an audit on Community Education is planned for Q2 2019. ETБ-IAU has advised the Department that additional audits for 2019 will be determined and agreed with CDETБ shortly. The filling of this critical vacancy ensures that the CDETБ are in a position to receive an appropriate level of audit support from 2019 onwards.

### **ETБ-IAU**

The IAU has encountered a range of significant resourcing challenges in recent years. Details of those challenges were outlined to you in my correspondence in December 2018 and discussed at our meeting on the 21<sup>st</sup> February 2019. In summary three recruitment campaigns took place between September 2017 and early 2019 which yielded qualified staff for ETБ-IAU but unfortunately some of those recruited subsequently left for other work. It was necessary to review the recruitment process with ETБ-IAU and a revision which focused on regional positions commenced in February 2019.

I am pleased to advise the Committee that significant progress has been made in addressing these resourcing challenges both in the short and medium term. The Department has approved nine permanent positions for ETB-IAU of which four are currently filled (1 Director, 2 Internal Auditors and 1 Clerical Staff). The Deputy Director (for CDETB) is scheduled to join the ETB-IAU team on the 29<sup>th</sup> April 2019.

Of the remaining four vacancies, interviews have concluded on the 8<sup>th</sup> April 2019 and it is expected that three of the four positions will be filled shortly which will then see all but one vacancy to be filled again at a later date – potentially Q3 2019.

In addition to the staffing sanctioned by the Department, since September 2018 ETB-IAU has been supported by five internal audit staff from KOSI Corporation procured through a procurement process administered by the Office of Government Procurement.

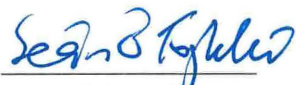
The Department has increased the budget for external audit resources to €400,000 for 2019 and has committed to further reviewing with ETB-IAU the staffing and funding arrangements as the needs of the sector evolve.

The Department and ETB-IAU are also jointly commissioning a wider review of internal audit support in the sector to ascertain the longer term support required to deliver an ongoing and appropriate internal audit function to the ETB sector. This review will be conducted by external specialists and is expected to conclude later in 2019.

The increase in staffing and funding to ETB-IAU will also help ETBs to accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

I trust that the above addresses the Committee's request. Please do not hesitate to contact me if you require any further information.

Yours sincerely,



Seán O Foghlú  
Secretary General