



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

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

Ms Éilis Fallon  
Committee of Public Accounts  
Leinster House  
Dublin 2

8th November 2019

Dear Ms Fallon,

I refer to your letter dated 25<sup>th</sup> October 2019 in regard to matters raised at the Committee Meeting of Thursday 17<sup>th</sup> October 2019. In this regard it is noted that the Committee had agreed “*to request a note from the Department of Education and Skills on whether Bus Éireann’s auditors have satisfied themselves and the Department that the scheme profits are not used or have not been used to cross subsidise Bus Éireann since the scheme began.*”

By way of clarification and on a general point, the 1975 Summary of Accounting Arrangements form the basis of the payment to Bus Éireann for the operation of the School Transport Scheme. The school transport scheme is a demand-led service based on the number of eligible children who apply to avail of transport. Reimbursement to Bus Éireann is on a cost recovery basis on the costs associated with the School transport Scheme. The Department reimburses Bus Éireann for a range of costs identified as being incurred in the operation and administration of the scheme, together with other direct and indirect costs attributable to the work carried out for the Department, referred to as the Transport Management Charge.

The Department works with Bus Éireann to analyse costs to the scheme on an on-going basis and each year the company produces an audited statement of account. This ensures that the financial information provided by Bus Éireann is in accordance with the relevant summary of accounting arrangements.

Actual expenditure is finalised in the Bus Éireann annual statement of account which is independently audited by the Bus Éireann auditors in accordance with the 1975 *Summary of Accounting Arrangements*. Balances, where they occur, are accounted for in the following year’s projected cost.

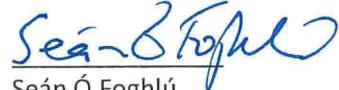
The Comptroller and Auditor General (C&AG) carried out an examination of the provision of school transport and completed its report in August 2017. The examination focused on whether the Department could demonstrate that it was achieving value for money through its arrangements with Bus Éireann to deliver the service and the oversight exercised by the Department on how the school transport service is delivered. The C&AG report referenced a surplus in the Transport Management Charge element of the costs. This amount was held by way of an uncommitted reserve by Bus Éireann to be used solely for the purposes of the school transport scheme. The uncommitted reserve was repaid in full to the Department in December 2018.

Since the publication of the C&AG report the Department has undertaken a review of the apportionment methodology utilised by Bus Éireann for the School Transport Scheme.

An independent expert was appointed to carry out a review of the apportionment methodology for the transport management charge that is paid by the Department to Bus Éireann each year. This report was completed in March 2018 and has provided us with a detailed analysis and classification of costs incorporated into the Transport Management Charge.

The 1975 *Summary of Accounting Arrangements*, which remain in place, have been the subject of an unsuccessful High Court challenge and appeal. There is no profit as the uncommitted reserve in the Transport Management Charge element of the costs could only be used on the school transport scheme. Bus Éireann maintains a separate account for the School Transport Scheme which is audited each year by independent auditors. The Department is satisfied that the appropriate assurances have been received from Bus Éireann that all monies within the school transport scheme are retained within the scheme and expended only upon the requirements of the scheme.

Yours sincerely,



Seán Ó Foghlú  
Secretary General