

Oifig an Ard-Rúnaí, An Roinn Coimirce Sóisialaí
Office of the Secretary General, Department of Social Protection



Ms Sarah Cremin
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2 D02 XR20

Your ref: S1211 PAC33

09 March 2023

Dear Ms Cremin,

I refer to your letter dated 28th February 2023 regarding a request from the Public Accounts Committee for an information note regarding the issue of surplus funds being retained by service delivery companies under the aegis of the Citizens Information Board.

An information note is attached herewith providing the information requested.

I trust this clarifies the position for the Committee. The Department is available to provide any further assistance required.

Yours sincerely,

A blue ink signature of John McKeon is written over the closing text.

John McKeon
Secretary General



**Department of Social Protection Note to PAC on CIB Company Surplus
March 2023**

In late June 2021, the Citizens Information Board (CIB), a statutory body that lies under the aegis of the Department of Social Protection, notified the Department of the retention and spend of significant surpluses by its Service Delivery Companies (SDCs) over previous years. The Department was informed that, as of 1st January 2021, the retained surpluses amounted to €7.78 million, which have now all been recouped, as detailed further below.

This practice was evidently in breach of CIB's obligations as a grantee of public funds and of rules regarding the retention of surplus funds as outlined in the Department of Public Expenditure and Reform (PER) Circular 13/2014 - Management of and Accountability for Grants from Exchequer Funds. In its financial governance of CIB, the Department does not sanction the retention of surplus funds from CIB without a strong business case and prior approval from the Department and DPER.

CIB informed the Department that unsanctioned expenditure using these surpluses was mainly premises related and was approved by CIB without the knowledge or approval of the Department. Some of the surpluses were 'ringfenced' by CIB as 'operational reserves' for the SDCs, in the unlikely event of cash flow difficulties.

In 2018 the CIB restructuring of the 93 Money Advice and Budgeting Service (MABS) and Citizens Information Service (CIS) companies was completed, when they were consolidated into 16 regional companies. Prior to this consolidation of companies, CIB did not have visibility of the surplus issue in the respective CIS and MABS companies. It was following this consolidation that CIB had visibility and subsequently informed the Department.

In addition, CIB subsequently informed the Department that surpluses have been retained prior to 2018 in several SDCs not included in the consolidation process. Some of these surpluses went back as far as 2015.

Upon learning of the SDC retained surpluses, the Department engaged with CIB to seek additional information and detail on this issue.

The Department instructed CIB that the retained surpluses were clearly in breach of Circular 13/2014, had been retained without the prior permission of the Department and the Department of Public Expenditure and Reform, and as such must be paid back to the Exchequer as a matter of priority and no later than before 2021 year end. The Department also informed the Department of Public Expenditure and Reform of the retained surplus issue and that CIB had been instructed to return all surpluses to the Exchequer prior to the end of the year.



In September 2021, CIB formally notified the SDCs in writing of the non-availability of surplus funds in 2022 and worked closely with the companies for the return of the surpluses by the end of 2021 as a matter of urgency. The return of the surplus funds to the Exchequer was achieved by CIB by reducing the operational grants to its Service Delivery Companies, this reduced the value of the monthly grants paid by the Department to CIB, in the months of October, November and December 2021. All surpluses were recouped by year end 2021.

To avoid re-occurrence of this issue, the Department instructed CIB to urgently review operational processes in relation to financial governance with its SDCs. In 2021 and 2022, CIB introduced more stringent procedures and payment schedules with its SDCs, as follows:

- CIB commissioned internal auditors, Mazars, to report on the Board's oversight of funding to the SDCs. The report was presented to the Board and recommendations actioned, including:
 - An Allocations Sub-Group of the Finance, Audit and Risk Committee was formed and met on five occasions in 2022. Its work has been taken over by the new Compliance and Reporting Committee, which met in January 2023 and is due to meet again in March.
 - Financial controls have been updated, compliance with Circular 13/14 has been added to the internal audit terms of reference.
- CIB re-organised into four new divisions (Compliance and Reporting, Standards and Development, ICT, Digital and Data, Corporate Services), with a team of six dedicated entirely to financial compliance and reporting.
- Adherence to DPER Circular 13/2014 in relation to the retention of surplus funds is highlighted in the Service Level Agreements of the SDCs.

As part of its financial oversight of CIB, the Department receives monthly expenditure reports from CIB, which are examined in detail as part of the process of CIB's monthly requests for funding. As stated above, the Department does not sanction the retention of surplus funds from CIB without a strong business case and prior approval from the Department and DPER.

The Department has also implemented an additional financial control process whereby the running balances of all SDCs are presented by CIB to the Department on a quarterly basis, thereby providing the Department with visibility of potential SDC surpluses during the year. This ensures that the Department is in a position on a quarterly basis to monitor any potential SDC surplus and to ensure the SDC and CIB are compliant with DPER Circular 13/2014. From 2022 onwards, any end of year surpluses of SDCs are to be returned directly to the Exchequer as an Appropriation in Aid receipt.

END