

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 18 Eanáir 2018

Thursday, 18 January 2018

The Committee met at 9 a.m.

MEMBERS PRESENT:

Deputy Bobby Aylward,	Deputy David Cullinane,
Deputy Shane Cassells,	Deputy Alan Kelly,
Deputy Catherine Connolly,	Deputy Catherine Murphy,

DEPUTY SEAN FLEMING IN THE CHAIR

BUSINESS OF COMMITTEE

Mr. Seamus McCarthy (*An tArd Reachtaire Cuntas agus Ciste*) called and examined.

Business of Committee

Chairman: We are joined by the Comptroller and Auditor General, Mr Seamus McCarthy. I would like to begin by wishing everyone a happy and healthy new year. It is to be hoped that we will have be productive for as long or short a period as the committee is here.

Deputy David Cullinane: The Chair says that every year.

Chairman: I might be repeating it next year. Who knows if we will still be here?

Deputy Alan Kelly: That is more up to the Chair than it is to some other members.

Deputy Catherine Connolly: Only the Chair knows whether we will still be here.

Chairman: I have no idea what will happen in that regard.

Apologies have been received from Deputy Pat Deering. The first item on the agenda is the minutes of the meetings of 7 December and 14 December 2017. Are they agreed? Agreed.

The next item is matters arising out of the minutes and I have two such matters to raise. At the meeting of 7 December, the committee requested that the Department of Employment Affairs and Social Protection provide detailed information on eight points listed in the minutes. Six weeks later, we have not received that information. As regards the minutes of 14 December, the committee listed two points on which the Department of Finance was to provide information but, five weeks later, we have not received it. I acknowledge that the intervening period included the Christmas break. I propose that both Secretaries General will be listed to appear in person on this day two weeks to explain why they did not provide the information. That is now being organised. If the committee receives the information by next Thursday, they will not have to come in person but if it is not here for the meeting next Thursday, both Secretaries General will be here the following week. I have checked the previous meeting at the end of November and we have received the reply from the Revenue Commissioners but we are not starting the year by allowing six, seven or eight weeks for a reply to be furnished. When a witness is here in public session and is asked for information, we expect it back within a week, or perhaps ten days in some cases. However, six weeks is not acceptable and those Secretaries General will be here on this day two weeks if we do not receive complete replies, which will be a signal to all Accounting Officers that we want a prompt response to requests for information.

Deputy David Cullinane: The Chair mentioned the Department of Employment Affairs and Social Protection. I put a series of questions in regard to JobPath to the Accounting Officer of that Department. I find it incredible that the witnesses were able to give us a headline figure of how much was spent over an 18-month period but were unable to break down or even provide a headline figure for how much was spent on the two organisations that deliver JobPath. It is amazing that the overall figure is known and in the public domain but the Department says it cannot give the breakdown because of commercial sensitivity. If organisation A knows it got a certain amount, it then knows how much organisation B got because there are only two organisations involved. There is, therefore, no reason that we cannot be given that information.

I have to leave for personal reasons and wish to address a separate matter that arises under

COMMITTEE OF PUBLIC ACCOUNTS

correspondence. Senator Conway-Walsh and Deputy Mitchell submitted a report on JobPath exposed. Can that be held over for discussion next week?

Chairman: Yes.

Deputy David Cullinane: I would like the committee to consider it.

To return to an issue that arose at our last meeting, we had a situation with RTÉ and the Department of Communications, Climate Action and Environment whereby a big chunk of money was given over but there does not seem to be any way for us to examine how that money is spent. I acknowledge that the case of RTÉ is a bit more complicated because it is a public service organisation but it is still a significant amount of money and the Accounting Officer was only able to tell us that a cheque for €170 million is signed and that is about it. That is not appropriate. The same applies to the situation involving JobPath. This was a significant percentage of the budget of the Department of Employment Affairs and Social Protection. The money is given to those two organisations and we were unable to get any answers on how the fees are paid or how they work. That is unacceptable. We are not able to do our job.

Chairman: We will come back to that next week because it is to be hoped that we will have further information on JobPath.

Deputy David Cullinane: There is a separate issue that needs to be addressed. It is unfortunate that I have to leave but there is a separate issue involving-----

Chairman: We will hold that over.

Deputy David Cullinane: -----confidentiality and all sorts of reasons, legal and otherwise, being used to avoid giving information. We had a short discussion on the matter and will have to revisit it at some point because we will come up against the same brick wall over the coming 12 months and it is making our job more difficult.

Chairman: We will hold that item over and discuss those two topics on this day week.

Deputy David Cullinane: If we can, please.

Chairman: In the meantime, there is a clear signal to the two Departments that the information should be provided before this day week or the Secretaries General will be here in person the following week. That is the template we are setting out from this point forward.

A significant amount of correspondence has been received since the last meeting and we will go through it as efficiently as we can. Category B is correspondence from Accounting Officers and other items for publishing. Correspondence item No. 963 is carried over from the last meeting and regards information on ETBs from the Secretary General of the Department of Education and Skills. We have received a considerable amount of information, which has been circulated. We will come back to the third level sector. Is it agreed to note it? Agreed.

Correspondence item No. 973 was also held over. It is from the Secretary General of the Department of Education and Skills and relates to the terms and conditions of employment of State employees, in particular teachers who are paid but not directly employed by the State. Is it agreed to note it? Agreed. Members are free to use that information as they see fit now that it has been published.

The next item is correspondence item No. 976, which we held over from the last day. It is

BUSINESS OF COMMITTEE

from Ms Angela Black, chief executive of the Citizens Information Board and is dated 8 December 2017. It relates to information requested by the committee regarding the re-structuring of Money Advice & Budgeting Service. We held that over because Deputy Aylward, who raised the issue, was not in attendance. However, all members have received the letter in the past day or two. There is a very final decision on that. The letter is in the public arena and there has been political comment on it. At this point, we will just note that correspondence.

The next item is correspondence item No. 986 from the HSE, which provides a substantial amount of information related to the Deloitte report on the cost of care incurred by the service provider in the Grace case. I want to get one aspect of that out of the way. A journalist has made a freedom of information request. We have asked some similar questions of the HSE. Obviously, the documentation being provided by the HSE is part of the freedom of information request. There is a cross-over between what we have been requesting and our correspondence. We want to get formal clearance because the HSE has asked if it can release our correspondence under a freedom of information request. That is automatic but we have to agree to it. There is a reference to a document on this topic, which I note is approximately 400 pages, which I have not examined. We will be careful not to reopen the Grace case with a 400 page document.

Deputy Catherine Connolly: On that matter, I welcome that we have finally got the documentation. I had a quick look at it, as did a person in my office. It is very difficult for members to be presented with 409 pages of documentation. We could not possibly go through it for today's meeting. One then loses track of why we asked the question in the first place. To go back to the kernel of the question, an independent report was commissioned as a result of the most serious concerns by the service providers, and the whistleblowers in particular, that the provider had not been sufficiently funded. They believed they had been punished or that they suffered. However, I can certainly stand over the fact that they were saying they did not get enough money to provide care for Grace, which I understand to be the nub of the matter. An independent report was commissioned to look into that. When I look at the independent report I begin to worry. That is absolutely no reflection on Deloitte, which was asked to do a job. However, when the a report is commissioned and then they start to have all of this-----

Chairman: Who commissioned the report?

Deputy Catherine Connolly: The Health Service Executive.

Chairman: The HSE.

Deputy Catherine Connolly: In view of the HSE commissioning this report which has so much content, I am beginning to wonder about the independence of independent reports, although that is no reflection on the company that carried out the work. I have to say that.

It would seem to me, as a member of this committee, from the documentation that I have seen since I have been here, it is clear that not enough money was provided for the care of Grace. That is the opinion that I have formed. Separately, the High Court made a settlement and part of the settlement was to provide money for the care of Grace. Looking at it in a reasonable manner, not enough funding was provided. We then have a report in which the HSE is at pains, from what I have seen in the various emails, to point to other services it has funded and the moneys it has given out and to make comparisons. Does that mean there are Grace cases in other institutions that are comparable? It seems to me that this stands on its own because of the facts of the case. The service provider had to take over the case and provide additional services to her. It should be clear as to whether the HSE funded the service provider for that purpose.

Did it recognise that this was a very special case that required full attention on a 24 hours a day basis? Was that recognised? I do not see that it was. I will be guided by the Chair as to where we go with all of this documentation. I have no concerns about Deloitte. However, I want to say on the record that I have serious concerns about the independence of a report that was commissioned by the HSE, which then appears to seek to determine the way the report is laid out.

Deputy David Cullinane: I echo those points. I have raised the issue of the independence of many of these reports several times from a process perspective. I am deeply uncomfortable with it. It chimes with an item of correspondence that deals with expenditure on consultants and legal firms by third level institutions. We will talk about that, but the points are the same. We have to stop and reflect on all of that and possibly have a stand-alone meeting on it at some point. It irritates me that we come in here to do a job and - taking this case as an example - we have 400 pages of correspondence which we, with our limited staff, have to go through. We have had the HSE, An Garda Síochána, the Department of Education and Skills and different universities in here. We have seen wrongdoing. We have had all sorts of reports, most of which have been external, so-called independent reports. Nobody is ever held to account. I am not aware of any individual in any of those organisations who has been held to account by any of them. A good example is the HSE. It commissioned a report, set the terms of reference and paid the authors. If we look at the education example, the same organisations act as internal auditors and consultants and also produce the final reports. They are the same people, and there is a lot of money involved. I do not know whether they could be genuinely seen as independent if they are the same people doing the same jobs. At the beginning they are the auditors, then they carry out the independent reports. I cannot see how they can be considered independent.

We asked for all this correspondence, and I do not know whether the Comptroller and Auditor General's office does the same when it carries out special reports. I am asking for guidance in terms of whether it is fair procedure. An independent report is carried out and a draft report is carried out. It is then sent back to the organisation for comment. How much of the report is influenced by the organisation which pays for the report to be done? Can that genuinely be seen as independent? I have a problem with that process. We saw it with the report that was carried out on the education and training boards, ETBs, as well, where there were question marks around the author of the report contacting some witnesses coming before the Committee of Public Accounts. There are many question marks, for me, around the independence of independent reports that are looking into wrongdoing, systems failures or process failures. At the end of it all we are left with a stack of so-called independent reports and nobody is held to account. There is a need for us to stop and reflect on that and carry out an analysis of it.

Chairman: We will come back to that. We will not discuss it any further while we are on this point, other than to say that we will come back to it. The same organisations crop up, whether the legal advisers, professional advisers or financial advisers. Sometimes a major company can provide different services to the same organisations. We will not do it today, but we might consider writing to the professional bodies, whether the Law Society, Chartered Accountants Ireland or the other accountancy bodies, to ask what procedures are in place in their institutes and client companies to ensure there is independence when different members of the same firm carry out separate projects in which they might be asked to adjudicate on a report that a colleague on the floor above had carried out a few months before.

Deputy David Cullinane: The question is actually larger than that. If we look at the third level report - I know that it is not what we are discussing now - the Higher Education Authority, HEA, is supposed to be the authority. Much of the work could be done in-house. Is the

BUSINESS OF COMMITTEE

HEA outsourcing huge amounts of this consultancy work which can actually be done by staff in-house? It is its function.

Chairman: That is known as management by consultants.

Deputy David Cullinane: It is costing a lot of money.

Chairman: I say that facetiously. That is a facetious comment. We will come back to it. We will keep going with the correspondence. The point is made, particularly about the third level sector.

Deputy Catherine Connolly: Is there a decision as to what we are doing with all of that information now? There is a commission of inquiry in respect of the Grace case.

Chairman: Does the committee want to look at some of that before next Thursday?

Deputy Catherine Connolly: Are we holding it over?

Chairman: We will hold it over to next Thursday. I personally did not look at the 400 pages.

Deputy Catherine Connolly: That is fine.

Chairman: We will not open up any new lines of inquiry as the commission is already in existence, whatever about looking at issues that have been discussed previously.

Correspondence item No. 990 is from the Carlow-Kilkenny ETB with the information requested at the meeting on 16 November 2017 concerning key performance indicators and monies allocated to moneys invested in Coláiste Aindriú and training provided by the ETB. We will note that.

Correspondence item No. 992 has a briefing document concerning the Ferryhouse school residential centre in Tipperary. We note and publish that.

Correspondence item No. 995, from the deputy president of the University of Limerick, attaches a copy of an internal audit review 2017. It is provided on a confidential basis. The matters raised in the report are important and we may have to return to it. However, in the first instance we should write to the president or the Department or both to provide an update on actions taken arising from the report. Can we agree to do that? We have a report and we want to know the outcome but we will not publish that document today. We will include it in the work programme. It is a substantial document of 90 pages. It deals with the internal audit review of termination payments, further study, conflict of interest issues and correspondence to key stakeholders. It is the internal audit review carried out by Deloitte, dated August 2017. The final report issued on 29 August, but we cannot publish that at this point because of matters therein. We will come back to it when we get an update on that document.

The next item is correspondence item No. 998 from the Secretary General of the Department of Education and Skills, dated 21 September 2017, dealing with average working time spent by the chief executive and directors in primary work locations in the ETBs. We note and publish that. Members are free to use it.

Correspondence item No. 1000B is from the Higher Education Authority and contains information on expenditure on consultants and legal firms by third level institutions. Deputy

COMMITTEE OF PUBLIC ACCOUNTS

Cullinane raised that matter just a moment ago. I am advised that we might hold over this correspondence because there might be commercial sensitivity issues. We will come back to this. There is a substantial amount of information in this document that-----

Deputy Catherine Connolly: On consultants and legal firms.

Chairman: Yes. I propose to put this on the public record and read out the total from each of the companies. This information would be publishable under freedom of information, FOI, if any journalist in Ireland made such a request. With all due respect to what the HEA is saying, we will revisit this issue. I have seen State Claims Agency-published lists of everybody it employs and the fees paid, and there is no reason why this cannot be the case here.

However, in deference to the request not to publish, we will hold over that decision until next week. Personally, I believe that information is public information in the public arena and is publishable under FOI if that request is made. That is my view on it but we will confirm that next week.

No. 1008B is from the Minister for Public Expenditure and Reform providing a minute to the Committee of Public Accounts on the report on the examination of financial statements in the third level sector. It is positive that the recommendations have almost all being accepted or noted with just a couple of cases with challenges or points. We will be monitoring progress through future engagements with the sector. However, there are two minutes regarding two of our special reports before us today, including this one, and I propose we hold this item over to study it because while it is fine for the Department to say it agrees with everything the committee has said, I am more interested in whether it will happen. This document has 17 detailed pages relating to several of our recommendations. I propose we hold that over for discussion. We will just hold it over as I do not think members have read it. We will make our views known. It has been suggested that we might seek an update but as this document only came to us just before Christmas, it should be as up to date as is possible at present. We will come back for a detailed discussion. When we issue a special report, it goes to the Minister for Public Expenditure and Reform who must respond to us. We then consider his response so that is the full wheel going as to where the public accountability is. It does not stop with the public meetings or with us following it up with correspondence. It does not stop with us issuing our own report thereafter. It goes to the Minister for what we will call a Government response and then comes back to us for us to consider whether we are satisfied with the response from the Government so it comes back to the Committee of Public Accounts so we will come back to that next week.

No. 1014B from Ms Sinéad Whooley in the National Shared Services Office dated 11 January 2018 stating it is now a separate statutory office and no longer within the Department of Public Expenditure and Reform and that it has a separate Vote heading. We will discuss it as part of the work programme.

No. 1016B from Mr. Derek Moran, Secretary General of the Department of Finance, providing follow-up information on the procurement of management services for the proposed escrow account relating to Apple and a note on the timeline for recoupment of €13 billion and the impact of same on GDP. We will note and publish this document. The essence of the point so far is that Mr. Moran says that:

Given the scale and bespoke nature of the establishment of the recovery process, at this stage it is not possible to provide a definitive date for the completion of the collection of all the alleged aid. However, as set out above, identification of the Escrow Agent / Custodian

by end [March] 2018 will then allow for payment into the escrow fund thereafter with payments continuing through the course of [April, May and June and up to the end of September] 2018.

We will put this in the public arena. We asked about the impact of these funds being held in the escrow account on the State's balance sheets. EUROSTAT has confirmed that because the funds are dispute until a final determination on that matter is made, they will not be included in EUROSTAT figures for our national debt or our income because the matter is contested. That decision does not have to be determined until the matter is concluded. We have all seen correspondence about Apple.

Deputy Catherine Murphy: Do we have any idea of what the timeline for the challenge at European level is?

Chairman: No, that is something the Committee of Public Accounts will not get into. Our sole role concerns mechanisms to get the €13 billion lodged. It appears that this will happen. Because it covered a number of years, I think they are dealing with each year and there will probably be a separate lodgement. It is not a question of one big lodgement for the entire period. They will probably do it in stages. It gives the impression that this will be completed by September. That is all we know about the escrow account.

With regard to the big issue, that is not a Committee of Public Accounts issue in fairness but it is a fair question to ask at the same time.

No. 1019B from Mr. Niall Cody, Chairman of the Revenue Commissioners, dated 11 January 2018 provides follow-up information, including notes on criminal convictions for tax and duty evasion, a breakdown of the number of companies claiming research and development credit, a note on timeline relating to Apple and alleged state aid and a note on double taxation agreements. With regard to multinationals and employment by multinationals, members may wish to consider if and what further information needs to be provided as per Revenue's notes. I acknowledge the letter received. We will note and publish that. There is information there. However, there is one issue. We asked for a note on the top 100 multinationals that differentiated between foreign and indigenous multinationals. Revenue does not have this information readily to hand. It is probably a very specific question. It says it hopes to include it in its analysis for the 2016 corporation tax returns and 2017 payments. It will include that information when it is producing the next publication but it is not available at this point in time. At least, it will be included, which is a positive step.

No. 1024B is the minute from the Minister for Finance and for Public Expenditure and Reform in response to the Committee of Public Accounts report on the examination of matters relating to financial procedures at the Garda Training College, Templemore. Module one is the detailed briefing note, which we have there. Like the other briefing note relating to the Minister's response to our special report, we will hold that over until next week because we want to go through that line by line.

The next items are correspondence from and related to private individuals and any other correspondence. Nos. 877, 1017, 1020, 1021, 1022 and 1023 involve a large number of items of correspondence received on various dates between 20 October 2017 and 3 December 2017. They are from an employee of the Department of Employment and Social Protection. In summary, five issues are covered dealing mainly with financial controls and corporate governance regarding the appointment to certain positions at the Department of Employment and Social

COMMITTEE OF PUBLIC ACCOUNTS

Protection; whistleblower strategies; investigations by the Comptroller and Auditor General - matters pursued by the Comptroller and Auditor General with the Department and the Revenue Commissioners; social insurance where it was suggested revenue was lost because of classification of employment status; and legal matters related to the Social Welfare (Miscellaneous Provisions) Act. As members will recall, this individual has been in frequent contact with the committee. We have given the matter considerable time previously and it has taken up considerable time for the secretariat. We have also sought legal advice on the matter and following that, we wrote to the individual, most recently on 18 October. We have recognised that there is some merit in an examination of employer PRSI classification and I note it is up for consideration under the Coillte correspondence today, not an un-connected letter, and there might be a judicial review so we will have watch that particular issue. The individual has also raised questions relating to the operation of the whistleblowers legislation. We all believe this legislation must be followed and implemented fully and if there is no adherence to the legislation, it must go through the Workplace Relations Commission. I and other members of this committee have met the individual on separate occasions. I asked him to put forward key points. Having examined the key points, which are included in the five or six items of correspondence, we believe that our position as outlined after receiving legal advice in our letter of 18 October still stands. I understand the sincerity of the individual. However, because the outcome is not as he might wish it to be, it does not mean the committee will keep returning to the matter at committee level. Individual members are, of course, free to pursue particular points through the Chamber or other relevant committees but I would suggest that at this stage, we state clearly that the Committee of Public Accounts will not pursue the matter. I suggest we will not be initiating a special Committee of Public Accounts examination of the matter as requested. I propose that any further documentation from the individual not be circulated and that it be returned to him as appropriate when we confirm this to him in writing. Can we agree on this because this is ongoing? We have already said that after legal advice. The correspondence is still coming and we are saying we will not circulate it further. Individual members of the committee can take it up individually but the items are not strictly for the Committee of Public Accounts. A wide range of other committees could look at the different issues that are covered there but we propose that the Committee of Public Accounts will not circulate any further information. We will write to the individual stating that.

No. 988C from an individual dated 11 December 2017 relates to a grievance case brought to the Workplace Relations Commission and the Labour Court. The matter relates to An Post, which is not an organisation under the remit of the committee. I suggest that the committee does not involve itself in individual cases that have been decided by the Workplace Relations Commission. I propose that the committee forwards the matter on to the Committee for Communications, Climate Action and Environment for its attention, and we will inform the individual accordingly that the matter is about An Post.

No. 989C, from the Secretary General, Department of Culture, Heritage and the Gaeltacht, provides a note on the committee's query on the alleged awarding of a contract by the Minister without a tendering process. The Department has stated that there was no contract in place. The committee will forward this reply to the individual who raised the query.

No. 991C is from David O'Hagan, solicitor to the Farrelly commission of investigation in the Grace case and is dated 13 December. It is about documentation sent to it by the Committee of Public Accounts. The documentation had not been acknowledged because of a technical error. This is noted.

BUSINESS OF COMMITTEE

No. 993C is from the Coillte business and communication manager dated 15 December and No. 1029C is from the Department of Employment Affairs and Social Protection. These relate to the PRSI classification of certain Coillte staff. Coillte states that there is a High Court appeal and it will not comment on the committee's query until the case is concluded. I propose we write to Coillte to ask for an update to the committee following the appeal and that we forward this item to the individual who raised the matter. Agreed? Agreed.

There is a very detailed note included with No. 1029C on matters that have been before the appeals commissioner around issues of whether people who have been in the public service are established or permanent public servants. I have read the correspondence and it is quite an interesting issue. I do not believe it will affect more than Coillte. I cannot recall the phrase off-hand but it involves those who were working in different categories within State bodies, maybe in temporary positions, who then became permanent. Is their PRSI contribution backdated to when they started? The issue hinges on whether they were permanent or established. There is judicial review ongoing regarding this matter. We will all have an interest in this when it works through the system. There were interesting points in that correspondence. The committee will ask to be updated on this.

No. 994C is from an individual who had been in touch with the committee before about her position as radiographer in Naas General Hospital. The matter goes back over 20 years. The person is now retired. The committee wrote to the individual on that occasion informing her that it would not be taking the matter further. I propose we note the correspondence.

No. 996C was forwarded to me from an individual and received on 23 November 2017. The individual raises questions about the HSE's adversarial approach in relation to legal challenges and the amount of money spent on legal services. I propose that the committee writes to the HSE for a response. Agreed? Agreed. We all know the bottom line is that every time €1 million is awarded through the State Claims Agency, with regard to cases defended by the State, there is 50% on top of that due to legal and professional fees. The correspondence raises a very valid point. If the cases were contested differently or earlier, could that amount be reduced? We will ask the HSE and the State Claims Agency for a response. It is an ongoing issue and it is raised at this committee year in and year out.

Deputy Catherine Murphy: There is supposed to be a different approach. At what point does the different approach kick in? This money is a valuable resource that could be used on services if we could get to a point that there is an acceptance rather than the very adversarial approach. Invariably, not a week goes by that we do not see people outside a court where an apology has been made. We have seen the extent of the contingent liabilities.

Chairman: It is currently €2 billion in the statements.

Deputy Catherine Murphy: When does the penny drop that an urgency is required to changing the approach? When the committee corresponds with the agencies could we get an idea of what process is needed to change to a system where there is an acceptance of liability?

Chairman: I have found that these cases go so far but it may be different if there was more up-front candour by the HSE management and the senior medics involved if something happens. When, however, the management deny, deny, deny they get people's backs up who will then go to the ends of the earth. These people may have accepted the truth up front if they had got the truth up front. In my experience it is the denial of the truth early on in the situation that leads to both sides ratcheting up their arguments. Tony O'Brien made a valid point on this is-

sue when he was last before the committee. I asked why in some of these cases the children are seven, eight, nine or ten years of age. Mr. O'Brien said that in some cases it takes time to work out what the long-term effects are. One cannot know this by the second birthday. It was a valid point but just applies to some cases. I say it just for the record and for fairness. There are, however, far bigger issues than why they get contested in the first place.

Deputy Catherine Connolly: I would like to support that. It was clarified that there was a policy of open disclosure, which was supposed to change all of this. The point is validly made; when did the policy come in and what have been the changes since then? In my own experience, with serious issues of medical negligence people are most reluctant to go down the court route. They are actually forced down it. It is not that they want to go to the ends of the earth. It is quite the opposite, they want to stay with their child and love their child. They are forced into an adversarial system. It is appalling and it soaks their energy. The committee should have a report back on the policy of open disclosure. It is about value for money so it comes directly under our remit, not to mention being about treating people with dignity. I remind the committee of the famous Deloitte report, a simple report required on value for money, which took more than one year to complete. We are now looking at some 400 items. In fairness we asked for it and this is what they gave us. If this is an indication of how a system functions then open disclosure will not make much of a difference unless there is a serious commitment given to recognising that we must change the system. Theoretically we have it changed, so let us see the result of it.

Chairman: Yes.

Deputy Catherine Murphy: I remember something very similar when some years ago I asked parliamentary questions about education and how much it was costing the State when parents were taking cases seeking appropriate education for their children who had special educational needs. Over the previous three years it had totalled some €20 million. The parents were only seeking education for their children. Part of the reason people take cases is because they have no expectation that services will be there for their children. I have never met a parent with a child who has special needs that does not have a huge file for their permanent lobbying. There is a piece of the picture that is open disclosure but there are other pieces that we might identify around the investment in services. This could be part of the same piece.

Chairman: The committee will write separately to the HSE and to the State Claims Agency to ask for a detailed report on the issue. We will forward the transcript of this discussion relating to what we are asking for, and we will also ask about open disclosure, as the Deputies have requested. I remember the HSE telling the committee some years ago that it had this new policy and that the State Claims Agency was monitoring every case as soon as it happened. The cases were flagged up to the agency so it would know what was coming down the line so that it could learn more from the process, avoid future cases recurring and be a learning process. It was not a legal process about paying our money it is a learning process for prevention into the future. This is one aspect of the early disclosure and we would like to see how it is working out. Does Mr. McCarthy have any observations on this?

Mr. Seamus McCarthy: As the Chairman has said we did discuss it a number of years ago. I did a report some four years ago on the operation of the State Claims Agency. There was a good discussion at this committee at the time. One of the items that has not been taken from last year's annual report is matters in relation to the National Treasury Management Agency, NTMA. If the committee was minded it could call upon that agency in the future, or when the committee looks at its programme, and maybe it would be timely to ask the State Claims

BUSINESS OF COMMITTEE

Agency to give an update on developments since it was previously discussed here.

Chairman: Right. Normally we would bring in the NTMA when it publishes its financial statements mid year. Normally they are fairly prompt.

Mr. Seamus McCarthy: They would publish in June normally. The committee is just at the back end of-----

Chairman: If we brought them in now we would be dealing with 2016 figures.

Mr. Seamus McCarthy: Yes.

Chairman: We will include that on our work programme and we will set a time that will be most beneficial to have them in. We will certainly want the NTMA to come in on that.

The next correspondence is No. 997B. Councillor Fiona McLoughlin Healy from Kildare wrote to the committee regarding an extension to St. Conleth's College, Newbridge. The concerns raised by the councillor were discussed by the committee before Christmas. This documentation she submitted included several technical drawings and notes. It is proposed that we forward this documentation, which relates to a health and safety issue in respect of the construction, to the Department because we are not qualified to adjudicate in that matter. Is that agreed? Agreed.

No. 999B is correspondence from Dr. Graham Love, chief executive of the Higher Education Authority, updating the committee on the incorporation of NUI Galway and St. Angela's College, Sligo. I propose that we note and publish the correspondence. Is that agreed? Agreed.

Nos. 1001C and 1005C are correspondence from the Department of Public Expenditure and Reform on the fact that Ms Oonagh McPhillips is replacing Mr. Noel Waters as Accounting Officer of the Department of Justice and Equality. The National Shared Services Office also has a new Accounting Officer, Ms Hilary Murphy-Fagan, who is replacing Mr. Robert Watt. We will note and publish that.

No. 1002C is correspondence from Ms Susan Gilvarry, solicitor to the Cooke commission in respect of NAMA's Project Eagle. Ms Gilvarry requested specific committee documentation. As was previously agreed, the secretariat have provided the documentation requested in this correspondence. We are bringing this to the notice of committee members.

Deputy Catherine Connolly: Has the committee been updated on the work of the Cooke commission?

Chairman: I have no idea.

Mr. Seamus McCarthy: Work is ongoing. My recollection is that the intention is for an early report. I understand that the dates discussed are around Easter. The second quarter has been mentioned as a potential date.

Chairman: Members can make separate inquiries on the matter.

No. 1006C is correspondence from the Irish Environmental Forum forwarded to the committee by Deputy Connolly. The forum is complaining that the Environmental Protection Agency is wasting public money. Does Deputy Connolly wish to elaborate?

Deputy Catherine Connolly: The person from the Irish Environmental Forum who wrote

COMMITTEE OF PUBLIC ACCOUNTS

to me was most anxious that the correspondence would come to the attention of the committee.

Chairman: I propose that we write to the Environmental Protection Agency for a response on it.

No. 1007C relates to an individual who has been in communication with me regarding a social welfare appeal. The matter appears to be with the Office of the Ombudsman. I propose that we note the correspondence and allow the Ombudsman's office to complete its work. Is that agreed? Agreed.

No. 1009C is a letter from Mr. Robert Watt, Secretary General of the Department of Public Expenditure and Reform, regarding the committee's correspondence on the timely presentation by public bodies of their annual financial statements. I welcome Mr. Watt's support and commitment for the work the committee is doing. We will note and publish this. I wish to draw the attention of the public to the fact that the committee wrote to all identified public bodies. Approximately 200 letters went out to organisations audited by the Comptroller and Auditor General during the Christmas period to remind them of their obligations and our expectation that they meet the required deadlines for the presentation of their financial statements for audit. We expect to see a major improvement in respect of that matter in the coming year. We will revisit this in April to see how these bodies are getting on. In fairness, based on the reports of the Comptroller and Auditor General, the Department of Public Expenditure and Reform is on a parallel track and issued a circular 25/17 stating that the requirement relating to the appropriation accounts for 2017 states that all Government Departments shall be required to include an annexe to the accounts in which will be provided a report on the presentation to the Oireachtas of the financial statements of bodies and funds under their aegis. That is a welcome step. It will probably take a year or two to get it up to date. It is a very positive step and it puts the focus on parent Departments to ensure that the bodies for which they are responsible complete their financial accounts.

Interestingly, we have received a number of letters in response and the next step is when those involved tell us that they have their accounts ready for audit and how long it takes to get the audits done. Some of the letters have indicated that when the audits are complete, they might have to revert to their own governing bodies or boards of directors in the following month to have them signed off. They will then go to the Departments, which will prepare minutes for the Cabinet to approve the findings before they can be published. That can take two or three months. Yes, we want to get the first step right and ensure that the bodies produce their accounts for audit early. There are other delays in the system that could be shortened. We will look at that as the year goes on.

Deputy Catherine Murphy: I do not think they are the bodies that we are particularly worried about. It is the bodies whose accounts date from 2014.

Chairman: That is correct, Deputy. Some bodies make the other point. One or two made the point that they have done their job and their information is with their parent Departments, so they should not be blamed if they are not published. It is a valid point but we will look at it in the round.

No. 1010C relates to a report entitled JobPath Exposed. Deputy Cullinane has asked that this report be held over until the next meeting. We will hold it over.

No. 1012C is a copy of an email an individual sent to the Minister for Public Expenditure

BUSINESS OF COMMITTEE

and Reform. The matter appears to relate to an environmental issue but it is not clear. I propose that we note the correspondence.

Mr. Seamus McCarthy: I think this email may relate to the environmental concerns that the Chairman referred to in earlier correspondence. It seems to be from the same individual, but on a related point.

Chairman: We will see whether the two emails match up.

No. 1013C is correspondence from Mr. Andrew Deeks, President of UCD, in response to our letter on non-compliant procurement expenditure. The correspondence seems to suggest that the Office of Government Procurement, OGP, is facing some difficulties in supporting the college in respect of this. I propose that we write to the OGP for a response to this correspondence and that we note and publish it. We will look forward to receiving a reply.

No. 1015C is correspondence from Mr. Aidan O'Driscoll, Secretary General of the Department of Agriculture, Food and Marine, in response to our letter of October last year on the alleged misappropriation of public funding at a charity, the Irish Horse Welfare Trust. The secretariat had to remind the Department about the matter recently. I am disappointed that the Department is now suggesting, in its letter of 9 January, that it will take the matter up with the charity directly. I would have expected that this would have been done before now. I suggest that we write to the Department stating that we want that followed up within the next ten days. We will forward the correspondence received to date to the person who contacted us in the first instance.

That is the end of correspondence. However, No. 1017 has appeared on screen in front of me.

Mr. Seamus McCarthy: No. 1017 was dealt with already. It is the correspondence from an individual regarding PRSI.

Chairman: That is correct. No. 1017 has been dealt with. It was part of several different items from one individual. That concludes all the correspondence received to date. We will deal with the report in private session. That will not take too long because it is only a question of checking the text as we effectively signed it off before Christmas.

We will try to deal with the reports, statements and accounts received since our previous meeting on 14 December. There is a longer list than normal because of the timescale involved. Donegal ETB has submitted its 2016 accounts, which have received a clear audited opinion. Dublin and Dún Laoghaire ETB has received a clear audited opinion. Kerry ETB has received a clear audited opinion. Attention is drawn to a material level of non-compliance with national procurement rules in respect of goods and services contracts that operated in 2016. Longford and Westmeath ETB has received a clear audited opinion. Attention is drawn to suspected fraud that was discovered in 2016 following an investigation. The loss incurred by the board was estimated at €96,500. Is the Comptroller and Auditor General, having completed the audit, in a position to comment on-----

Mr. Seamus McCarthy: The matter is being dealt with. It has been referred to An Garda Síochána. The matter is disclosed in the ETB's statement on internal financial control-----

Chairman: It is in there.

Mr. Seamus McCarthy: -----and I am just drawing attention to that.

Chairman: Next is Mayo, Sligo and Leitrim ETB's 2014 and 2015 accounts, in respect of which there was a qualified audit opinion for both periods audited on the basis that the board did not keep adequate accounting records. In particular, the accounting records maintained were not sufficient to facilitate the preparation of financial statements in a timely manner and in the form required or to enable the financial statements to be readily and properly audited. Attention is also drawn to the statements on internal controls, which disclose control weaknesses in respect of human resource systems, procurement and the documentation of procedures and recording of risks. In addition, the audit committee did not meet in the 18 month period in 2013-14, a new committee was only appointed in May 2015, the finance committee only met once in each period, and there was no review by the board of the effectiveness of the system of internal control for the period. We obviously have to write to the chairman of the board, given that-----

Mr. Seamus McCarthy: The Chairman has actually written to the board on two occasions in the past quarter asking it why there were delays. It provided much of the information and explanations in those previous letters, and the statement on internal financial control does, I think, fairly comprehensively address the problems it has had. These financial statements, covering 2013-14, are the first of Mayo, Sligo and Leitrim ETB. We also have the 2015 statement done and we are working on the 2016 statement, so progress is being made there. It was a difficult situation, it is being rectified and I hope we will get back to a normal track. The ETB has indicated that it expects to be able to produce its draft financial statements for 2017 on time.

Chairman: The ETB has therefore made, after a very ropey start-----

Mr. Seamus McCarthy: A difficult start, yes.

Deputy Catherine Murphy: There is a trend, though, among some of these ETBs regarding the oversight by the boards. When one sees it in more than one ETB, there is a role for the Department of Education and Skills here. It is not just one ETB. Perhaps we should suggest they do significant work on governance because I do not think the board members actually understand their responsibilities or what an audit committee is supposed to do. There is no point in having these in theory. These are supposed to be locally keeping a very close eye on things. We are going to keep seeing problems unless this is put right.

Chairman: We are certainly not making excuses or allowances, but it was the start of the three counties coming together. Yes, the ETB had difficulty, and it is a tale of woe to read the audit opinion on it. There is no point in saying it any other way, is there?

Mr. Seamus McCarthy: I think the material in the first item of correspondence from the Secretary General did give very extensive information about ETBs and governance improvements. I think the Department, certainly after the meetings that were held here, is seized of the importance of adequate oversight and concentration on the matter. I think even the idea of the Department now having to produce in its appropriation account an explanation as to what has been done and what has been achieved will keep the pressure on the Department. I certainly feel there is a lot of progress and a lot of learning in the sector. If the committee recalls, all of the ETBs were represented here when a number of them were examined. I think efforts are being made there, and we will keep pointing this out and keep a focus on the timeliness in the future until the matter settles down into an acceptable pattern.

Chairman: That is the reason we had the four different ETBs here before Christmas with

the Department. I think it was a very useful exchange from everybody's point of view. We had SOLAS here as well, whose representatives I commend. They carried themselves very well that day. Arising from what we have seen in the education sector and the special reports about the timeliness, that is the sole reason we decided to write individually to each of those 200 audited bodies that have their accounts in. We were being more proactive on this issue. I think our level of input in this area is unrivalled now so I think that-----

Mr. Seamus McCarthy: It is having an effect.

Chairman: It is having an effect. I hear them giving out about me. Next is Limerick and Clare ETB, in respect of which there was a clear audit opinion. Attention is drawn to suspected fraud estimated at €148,000. I presume that is with the Garda Síochána.

Mr. Seamus McCarthy: It is.

Chairman: Attention is further drawn to weakness in the board's control over post-leaving certificate numbers and delays in preparation of the financial statements.

Waterford and Wexford ETB's 2016 accounts received a clear audit opinion. Attention is drawn to a material level - €836,000 - of non-compliance with national procurement rules in respect of contracts that operated in 2016. I think at this stage the Comptroller and Auditor General has done his work for 2016. I think the ETBs have all got a clearer view of where the Committee of Public Accounts is coming from and that we are on their case. The Department knows we are on the case as well, so I think at this stage we will be watching the 2017 figures very closely, and it is to be hoped we will not see a catalogue such as this for 2017.

Mr. Seamus McCarthy: There are obviously ten sets of financial statements for ETBs there. At the end of 2017, there are six outstanding sets from four ETBs. There are two 2015 sets of financial statements that have yet to be completed.

Chairman: That includes Kildare and Wicklow ETB.

Mr. Seamus McCarthy: Yes, and Louth and Meath ETB is the other, in respect of which there is a specific issue. Then a total of four have to be done for 2016, again, Kildare and Wicklow ETB and Louth and Meath ETB, and then there are two others.

Chairman: We are whittling them down but we are still going to watch the matter carefully. The next one is City of Dublin ETB. It received a clear audit opinion, but attention is drawn to a material level of non-compliance with national procurement rules, and the late review of the effectiveness of internal controls.

Galway and Roscommon ETB received a clear audit opinion, but attention is drawn to a material level - €894,000 - of non-compliance with national procurement rules. May I ask a question? It is relevant as it came up separately. When the Comptroller and Auditor General looks at non-compliance with national procurement rules, does he calculate just a sample or is it the full extent of the non-compliance?

Mr. Seamus McCarthy: In the course of audit we do sampling, but what we have been pushing organisations to do is, for themselves, to recognise when they are procuring something that it is on a non-competitive basis for a stated reason. It is a bit like, if the committee recalls, circular 40 of 2002, whereby Departments are required to keep logs of any situations where they do not use a competitive procurement route. If a contract is being extended, that has to be

logged. If-----

Chairman: Does that happen?

Mr. Seamus McCarthy: It does happen in Departments, and increasingly it is happening in other bodies because we are pushing on it.

Chairman: When we see, for example, the figure of €894,000, that is not just an audit sample. It would be hoped it is the full picture.

Mr. Seamus McCarthy: It may or may not be the full picture. In some cases the body is not able to give a full breakdown or analyse its spend as to whether it was competitively procured. We do testing on a sample basis, so certainly we would always go back to them with the ones we have identified. In some cases the figure is a sample-based figure like that. In other cases it may be supplemented by cases that they know themselves and that they identify.

Chairman: Which figure does the Comptroller and Auditor General include here, his sample or what the ETB identifies?

Mr. Seamus McCarthy: If we have a known figure, we say “at least this amount”.

Chairman: In other words, in this case-----

Mr. Seamus McCarthy: It could be greater in some cases.

Chairman: It could be multiples of this.

Mr. Seamus McCarthy: It could be greater. For City of Dublin ETB we were not able to settle on a figure. We did have an amount that was identified but we are not satisfied, without looking at every procurement-----

Chairman: I ask Mr. McCarthy to do the committee a favour. Will he write a note to us on this issue and how it works from his point of view? We regularly hear about this “non-compliance with national procurement rules”, and it is emerging that, while the figures often seem massive, they might not even be the complete figures.

Mr. Seamus McCarthy: They might not be.

Chairman: Will Mr. McCarthy write us an information note on the system? Sometimes it is complete, but then internal audit should be doing a report each year-----

Mr. Seamus McCarthy: Internal audit should certainly-----

Chairman: -----for him to review as part of his audit.

Mr. Seamus McCarthy: Exactly. That would be more comprehensive. When we draw samples, occasionally we draw a purely random sample which is probably the best way to arrive at an estimate of the total scale.

Chairman: The HSE is so big, that is all that the office can do.

Mr. Seamus McCarthy: The HSE has a particular difficulty because it has a number of accounting systems, so we cannot actually get a frame from which to draw a sample. What we do in the case of the HSE is that each year we take, say, two systems and sample within two of the systems. The difficulty is that we always find a significant level of non-competitive

procurement in the HSE, or we have done in the past, but we cannot scale it up because it is not representative of the whole organisation.

Chairman: I do not mean to be flippant but sometimes when we see the HSE's report, the figures in there are hit and miss depending on the system.

Mr. Seamus McCarthy: It can bounce around a little bit depending on whether there is better practice in one region or another.

Deputy Catherine Connolly: I agree with what the Chairman has asked for. It would be very helpful to us. The figure for Kerry was €1 million, we skipped over it. We are down to Galway and Roscommon and here we have almost €1 million. How do we put this into context?

It is awfully important for trust. Bringing it down to a practical level, it is important for local services and for businesses that there is trust in the procurement system. As politicians, we have people coming to us and telling us that they could not get in on something or they were not able to give their service there and it brings the institution into disrepute. That is what I am most concerned about, along with everyone being on an equal footing. What are the practical problems? I know that in the past, the HSE told us they were urgent applications and it could not go through the procurement, but that should be a tiny percentage. Is that correct?

Mr. Seamus McCarthy: It should be very small. The EU procurement rules are very reluctant to accept that as an explanation. A person can arrive at an urgent situation which he or she really should have foreseen.

Deputy Catherine Connolly: Or people could contrive it.

Mr. Seamus McCarthy: They could. Another thing is where someone is locked into a proprietary brand. It could be a particular type of computer equipment or licences for computer services. Often, especially in the health sector, people can be locked in to one supplier of a particular kind of machine or diagnostic kit, and drugs are another area. It is often put forward that there is a sole supplier where only one potential supplier of something can be identified, but it has to be proven that there is only one supplier. This is the dialogue we have with organisations. If the Deputy recalls, I think it was the representatives from Dundalk Institute of Technology who spoke of how there was only one person and that they had been working with that person for 15 years. Organisations can make a case but they must try to prove it to us or there are questions to be answered on that.

Deputy Catherine Connolly: I would welcome that report and a proper analysis and discussion of it. The HSE has one of the biggest budgets, after social welfare, in computers and so on, and from what I can see, as a non-expert, it seems that despite all this procurement, there is less and less competition regarding contracts of huge value. It is urgent that we put it on the committee's work programme, that we get a report and that we examine it.

Mr. Seamus McCarthy: There is the Office of Government Procurement. The committee has mentioned that it wishes to write to the office about UCD, I think. Obviously, the office is available to be called, and I believe the Chairman said that the committee was likely to call it.

Chairman: It is on our work programme.

Mr. Seamus McCarthy: Without doing a formal examination of it, there is probably not much more I can say to the committee. I think we are now four years into the operation of the

Office of Government Procurement. Many framework agreements are in place and it has done much analysis of what organisations are buying and the specific challenges. It has a lot of expert people who are specialists in procuring medical or educational supplies and so on. From a programming perspective, that would probably be the best way to get most value for the committee. These are the examples of where the thing breaks down somewhat and the challenges that organisations have.

Deputy Catherine Murphy: There is probably not a day that goes by where we see a report such as this where procurement does not crop up. Value for money is the key issue. I agree with the point made that there is a perception, at least, and it is quite destructive, that there may be preferred people who are fortunate in doing more business with a particular entity. The procurement rules probably favour the larger countries too.

Is collective purchasing happening in sectors such as the ETBs? They would mainly purchase the same kinds of thing, although it would have to be delivered at a local level. Is there any indication that that happens in those types of sectors? The HSE is one body but there are 16 ETBs. If, for example, they were all buying biros, is there a way that they could collaborate and there would be one supplier to get better value for money?

Mr. Seamus McCarthy: Much of this is about weighing up conflicting objectives. On the one hand, competitiveness should be a driver for good value for money, but it is also a driver for equality of access to supply. Small producers, in particular, have complained that too much concentration of the purchase will rule out small suppliers, especially small local suppliers. The committee will recall from the last committee the case of the stationery and book suppliers and so on to the education sector were particularly struggling. There is a balance to be struck between having an appropriate size of tender to achieve an economy of scale but not so big that local suppliers are ruled out of being able to supply the market. A lot of procurement is around things such as electricity, gas, heating and cleaning supplies or security which are quite big contracts but many of which would be local. There may be national suppliers who are supplying those kinds of services at a local level. The most valuable thing that the committee could do would be to have an engagement, perhaps a special meeting, with the Office of Government Procurement.

Chairman: We will come to that on the work programme. Deputy Connolly reminded me that I skipped over the Kerry ETB financial statement, which has a clear audit opinion. Again, it has a material level €1.1 million of non-compliance with national procurement rules in respect of goods and services.

The next item is the Institute of Technology, Tralee. It has a clear audit opinion. Attention is drawn to the going concern note and the fact that the institute had incurred a deficit in each year for the past four years and had accumulated a deficit of €1.8 million. The institute has not provided for the cost of future pension benefits that have accrued to staff members, similar to other institutes, which we note.

The Institute of Technology Sligo has a clear audit opinion. The note says that attention is drawn to the basis for recognition of a deferred pension funding. That means it is an issue.

The next item is the 2014-2015 accounts for the National College of Art and Design. The note states that there is a qualified audit opinion on the basis that the college did not keep adequate accounting records for the year. Attention is drawn to failures in control and governance over a number of years, an operating surplus of €223,000 in the year but an accumulated defi-

cit of €1.2 million, and the basis of recognition of a deferred pension funding asset. Can the Comptroller and Auditor General tell me if the NCAD has come in line?

Mr. Seamus McCarthy: It has. We have made a lot of progress. In fact, in the 11 month period between November 2016 and October 2017, we certified three sets of financial statements.

Chairman: The college is catching up.

Mr. Seamus McCarthy: It has been a problem. We think that we will be fully up to speed in another 12 months.

Chairman: Yes.

Mr. Seamus McCarthy: The college got into considerable difficulties and it was very far behind. In fact, it was five years behind. That is an indication of how long it takes to sort out this kind of problem.

Chairman: Next is the National University of Ireland and the note states a clear audit opinion. What is meant by the National University of Ireland in this case? We know about the National University of Ireland, Galway, NUIG, and NUI Maynooth. The note refers to an organisation that has a turnover of €3.5 million.

Mr. Seamus McCarthy: It is a framework body that is based here in Dublin. As the explanation says there, it undertakes activities on behalf of the constituent colleges of the National University of Ireland as a whole. It is concerned with academic standards, advancement of higher education and so on.

Chairman: Are the degrees awarded by this body rather than the constituent colleges?

Mr. Seamus McCarthy: I think that is the case, yes.

Chairman: I asked just because the National University of Ireland was mentioned on its own. The next item is the National Council for Curriculum and Assessment. The note says a clear audit opinion. Next item is the State Examinations Commission and the note says a clear audit opinion. The next item is the Heritage Council and the note says a clear audit opinion but that the council did not carry out the required review of the effectiveness of the system of internal control for 2016. The next item is the Residential Institutions Redress Special Account. The note says a clear audit opinion. The statement covers up to the end of 2016.

Deputy Catherine Connolly: Will the Comptroller and Auditor General explain that account?

Mr. Seamus McCarthy: The account was established around 2003 to manage the payment of redress awards to individuals.

Deputy Catherine Connolly: Is it the redress scheme?

Mr. Seamus McCarthy: It is the redress scheme account.

Deputy Catherine Connolly: Has the account been closed?

Mr. Seamus McCarthy: It is getting down to very small amounts being paid.

COMMITTEE OF PUBLIC ACCOUNTS

Deputy Catherine Connolly: Is it just a matter of deciding what will happen to that money?

Mr. Seamus McCarthy: No. This is money that has been spent.

Deputy Catherine Connolly: Yes.

Mr. Seamus McCarthy: The €2.4 million.

Deputy Catherine Connolly: Yes.

Mr. Seamus McCarthy: Eventually, when all cases have been fully dealt with and all costs associated with those cases have been fully dealt with, the account will close.

Chairman: Where is the source of income if that payment is made?

Mr. Seamus McCarthy: The Vote for Education and Skills.

Chairman: Is that separate from the money gone to Caranua?

Mr. Seamus McCarthy: The Caranua money came from the institutions.

Chairman: Is this the source or basis?

Mr. Seamus McCarthy: This is Exchequer funding.

Chairman: This is the departmental Vote.

Mr. Seamus McCarthy: This is the Department paying it.

Deputy Catherine Connolly: Was that done under the original redress scheme that was set up years ago?

Mr. Seamus McCarthy: Under the original scheme, yes. The €1.5 billion was, effectively, provided by the Oireachtas to the Vote. From the Vote it went into this account and then to individuals who received payments.

Deputy Catherine Connolly: I just wanted a reminder. It was all set out under the Comptroller and Auditor General's special chapter.

Mr. Seamus McCarthy: Exactly, yes.

Chairman: Yes. Will the Comptroller and Auditor General tell me if this particular account is near to being wound up?

Mr. Seamus McCarthy: It is nearly wound up, yes. I think maybe even 2017 may be the last audit of it.

Chairman: The next item is Ciste Pinsean Thithe an Oireachtais. The note says it is the account used to pay pensions of former Members of the Houses of the Oireachtas and it has a clear audit opinion. Why is that a separate account? Why is it not paid out of the Central Fund?

Mr. Seamus McCarthy: Effectively, it comes out of the Oireachtas.

Chairman: Is that the Houses of the Oireachtas?

BUSINESS OF COMMITTEE

Mr. Seamus McCarthy: The Houses of the Oireachtas, yes.

Chairman: Is it a separate account?

Mr. Seamus McCarthy: It is a separate pension fund because, obviously, there are trustees and a pension administration required for it.

Chairman: We all hope not to be receive a pension from that account for quite a while yet. The next item is Bord na gCon. The note refers to the accounting period of 2016 and says that while it has a clear audit opinion, attention is drawn to the going concern note to the financial statements and a payment of €116,000 to the former CEO on the early termination of a contract. The last matter has just been highlighted.

Deputy Catherine Connolly: I want to talk about the going concern note for Bord na gCon. Has the Comptroller and Auditor General accepted that the financial statements are a going concern?

Mr. Seamus McCarthy: Yes, it is accepted. We have drawn attention to the going concern basis for a number of years because the organisation was in a difficult debt situation, but I cannot remember the exact time sequence.

Chairman: The Harold's Cross issue.

Mr. Seamus McCarthy: The Harold's Cross sale-----

Chairman: It got it over the line.

Mr. Seamus McCarthy: ----and the expectation of the Harold's Cross sale is reasonable to recognise.

Chairman: Yes.

Mr. Seamus McCarthy: It is reasonable for the organisation to prepare its accounts on a going concern basis.

Chairman: The next item refers to Horse Racing Ireland. The note says there is a clear audit opinion. The next item is the Crawford Art Gallery Cork. The note also says there is a clear audit opinion. The next item is the local loans fund. The note says there is a clear audit opinion and that these are historically made loans available to local authorities which are now winding down.

Deputy Catherine Murphy: Where did the funds come from?

Mr. Seamus McCarthy: They would have been provided by the Central Fund of the Exchequer. There have not been any advances under the local loans fund since around 2000, I think. It was established in the 1930s so there was a level of indebtedness from local authorities to the local loans fund, but it is now close to extinction. I think there might be €5 million or €6 million outstanding. It is a small sum anyway. It is no longer being used.

Chairman: I presume that the Secretary General is the Accounting Officer. Have there been any new transactions?

Mr. Seamus McCarthy: No. There would be moneys coming in but there are no advances being made.

COMMITTEE OF PUBLIC ACCOUNTS

Chairman: There is no money going out.

Mr. Seamus McCarthy: No advances have been made since 2000.

Chairman: The next item is the Defence Forces canteen board. The note says that it supervises and ensures financial control over bars and canteens in officers', NCOs' and privates' messes and it has a clear audit opinion. The next item is the Ombudsman for the Defence Forces. The note says it has a clear audit opinion. The next item is the Competition and Consumer Protection Commission. The note says it has a clear audit opinion. The next item is the Pre-Hospital Emergency Care Council. The note says it has a clear audit opinion but that attention is drawn to the fact that the council accounts for the costs of superannuation entitlements as they become payable rather than recognising such costs in the year the entitlements are earned. It is normal for the health sector to account for the matter in that way. The note also records that the organisation is involved in specifying and monitoring standards for the delivery of pre-hospital treatment.

Deputy Catherine Murphy: Where do we find these people?

Chairman: Who are they? What do they do?

Mr. Seamus McCarthy: That is what they do.

Chairman: Members are free to download that set of accounts to find out what the organisation does because I am at a loss for words and do not know what to do.

Mr. Seamus McCarthy: Obviously there is a focus on pre-hospital emergency care so it is the ambulance service and other forms of first response.

Chairman: Yes.

Mr. Seamus McCarthy: It is standards and-----

Chairman: We note the statement. Members are free to download the set of accounts and peruse them. The next item is the Mental Health Commission. The note says it has a clear audit opinion. However, attention is drawn to the fact that the commission accounts for the costs of superannuation entitlements as they become payable. That is standard in the health sector. The next item is the Criminal Assets Bureau. I thank God that the note says clear audit opinion. The next item is the Medical Bureau of Road Safety. The note says clear audit opinion. The final item is the Special EU Programmes Body. The note says that it is a North-South body that administers EU-funded grant schemes and that it has a clear audit opinion.

That completes No. 4 on the agenda today. We had a substantial list because we have not met in approximately four weeks. We will now discuss our work programme. I will run through it quickly. It is really an update. Some people were unable to come here on the date suggested and we have added some more items to the agenda. Perhaps next week, when more people are here, we can have a more detailed discussion.

Next Thursday, we will discuss the national property revaluation programme with the Valuation Office. On 1 February, we will discuss shared services, specifically the management of salary overpayments, with the National Shared Services Office. On 8 February, we have officials from the Department of Rural and Community Development in attendance to discuss the Dormant Account Fund. On 15 February, we will meet to discuss corporation tax receipts and our engagement with multinationals and a consultant. We will receive an update on the matter

BUSINESS OF COMMITTEE

in private session. On Thursday, 22 February, we will deal with the corporation tax issue.

On 1 March, we will discuss a chapter compiled by the Comptroller and Auditor General on grant funding for the arthouse cinema in Galway. We will have officials from the Department of Culture, Heritage and the Gaeltacht in attendance. They were scheduled to come here earlier but the date did not suit all around so we re-scheduled.

On 8 March, officials from the Department of Finance will be in attendance to discuss the Exchequer financial outturn, Government debt, appropriation accounts etc. Some of these details must be confirmed but I have outlined the plan as of today. On 22 March, we will have officials from the Department of Public Expenditure and Reform in attendance to discuss public private partnerships, the Vote for the Department, and superannuation and retired allowances.

On 29 March, we will have officials from the Department of Housing, Planning and Local Government to discuss central government funding of local authorities, the appropriation accounts for the Department and also a special report on motor taxation.

On 19 April, which is after Easter, we will have officials from the Department of Justice and Equality dealing with the ICT systems in the Department, which was a chapter in the Comptroller and Auditor General's report. On Thursday, 26 April officials from the Tax Appeals Commission will appear before the committee.

There are issues as part of our work programme to which we will have to return. We also want to deal with the Courts Service. Other issues being suggested by members are the fair deal scheme, the National Treatment Purchase Fund, and the ETBs. We will have to look at the education sector, the Cork Institute of Technology and the review of spinout companies in third level. There is also the Thorn report into the University of Limerick and the report into Kildare-Wicklow ETB, which will be ready quite soon. Quite a few of those are in the education sector. The issue of RTÉ has been mentioned. This morning, we mentioned that we would have officials from the Office of Government Procurement. That is an indicative list. Many of the items added on at the end are in the education sector as it happens.

On the draft work programme, I propose that we have a further discussion later today as we will deal with some items of our work programme in private session with the help of the secretariat.

One of the chapters in the Comptroller and Auditor General's report deals with the control of Ireland's bilateral aid programme. The following countries are the principal areas where a programme is in operation: Ethiopia, Uganda, Tanzania, Mozambique, Malawi, Zambia, Sierra Leone, and Vietnam. Over the course of the last Dáil, representatives of the committee travelled to Ethiopia, Mozambique and Vietnam to see at first hand how the bilateral programme is working in consultation with the Department of Foreign Affairs and Trade. The purpose of the visit is to increase understanding and review the controls that are in place to ensure that the public's money is used appropriately. The visiting team would be expected to report back to the committee.

There has not been such a visit in this Dáil and I think it might be appropriate to consider travelling to one of these countries, possibly one of the larger areas, such as Tanzania or Uganda. I would like to get members views on this. Would this be in consultation with the Joint Committee on Foreign Affairs and Trade or strictly the Committee of Public Accounts?

Mr. Seamus McCarthy: It would be strictly the Committee of Public Accounts.

COMMITTEE OF PUBLIC ACCOUNTS

Chairman: We will circulate this note to all members because only a few of us are here today. We will ask members to contact the secretariat with their views if they feel such a trip would be beneficial in looking at the overseas bilateral aid programme and if members have a particular interest. We will not make a decision now. We will circulate an information note to all members and will discuss it again next week. This happened in the past. There is no good reason or bad reason that it should happen in the future. I am just highlighting that the previous Committee of Public Accounts did it and it is something we will discuss next week.

Deputy Shane Cassells: On the session that is down regarding the central funding of local government, I ask the Comptroller and Auditor General if those accounts examine all aspects. Local government is in receipt of funds across a number of areas. The primary one relates to the redistribution of the LPT fund. There is also the roads fund and there are different block grants. Does it examine all aspects of that?

Mr. Seamus McCarthy: What the chapter is trying to do is to draw together to present an overview of the amounts of money that come from central government from whatever source to local authorities. That is the aim of it. It is actually a very complicated kind of track. Some of the funds go in and out of a number of the accounts that we audit. As the Deputy said, the local property tax goes into the local government fund and then back to the local authorities. It is to give an overview of that and a sense of the level of central government funding of local authorities.

Deputy Catherine Murphy: I wish to pick up on that point and also the issue of the contingent liability regarding the HSE. That might be appropriate to our work programme and I wish to flag it. It is a very large amount of money.

Chairman: It is €2 billion.

Deputy Catherine Murphy: It may be valuable for us to spend a session looking at that and the transition. After we have the correspondence back from the HSE, we might consider that in the work programme.

Chairman: We will. When we get back that correspondence, we will discuss it.

Deputy Catherine Murphy: If one wants to find something complicated, one only has to look at the Department of Housing, Planning and Local Government. We effectively collect motor tax and we spend it on things like Irish Water. We collect local property tax and we spend it on roads, which is a bit of a conundrum. There are very significant issues. I do not know if they will fall within our remit. For example, there is the issue of how money is disbursed to local authorities.

A particular benchmark was done under the needs and resources model going back to 2000. That benchmark was to factor in, for example, population changes. My area along with the areas represented by Deputy Cassells and the Chairman are growing areas that are stuck in a place historically in that their needs were counted in 2000. Are we looking at the audit? Are we looking at the configuration? Are we trying to disentangle? What are we likely to do in that session? It took me about six months going back and forth to various sectors to figure out how the benchmarks operate regarding the local property tax, for example. They are deeply unfair. Will we be looking at that or will it be done by another committee?

Chairman: We can assemble the information first and then see what policy issues are involved. It sounds as if there is quite a bit in this. There is funding through the partnership

companies and some of them are under the control of local authorities now-----

Mr. Seamus McCarthy: They are.

Chairman: -----and the enterprise offices are there. Will they all come into the Comptroller and Auditor General's figures?

Mr. Seamus McCarthy: The enterprise offices are funded through Enterprise Ireland.

Chairman: Do they go through the local authorities?

Mr. Seamus McCarthy: The money goes to the local authority, yes.

Chairman: Will that come in then?

Mr. Seamus McCarthy: I cannot remember offhand if we have captured it there. I think it is captured.

Deputy Shane Cassells: They are part of the system now. They are under the remit-----

Chairman: They are part of the local government system. The Local Government Management Agency has a big say in much of the administration of many of these issues.

Mr. Seamus McCarthy: It does. It is implementing it for the Department. I do not audit the LGMA; that is audited by the Local Government Audit Service.

Deputy Bobby Aylward: Chairman, I-----

Mr. Seamus McCarthy: Could I respond to Deputy Murphy's point?

Chairman: I will call the Deputy in one minute.

Mr. Seamus McCarthy: Given that I do not have a remit to look at policy matters, allocation decisions are generally not something that I address. In the context of the chapter on funding to local authorities and particularly the distribution of the 20% of LPT and so on, those kinds of decisions are fairly mechanical decisions once the principles are set. It would certainly be something that the committee might ask the Department to provide a note for it in advance of the meeting on how the allocations are done and how they ensure fairness because that would be the responsibility of the Department within policy parameters.

Deputy Catherine Murphy: I will also write because I have done quite a piece of work on this myself. Perhaps that could be something we could consider to see if there are aspects we could look at.

Chairman: Deputy Aylward wishes to ask a question.

Deputy Bobby Aylward: Is this a change of governance and control in local authorities? I asked this question before. The former Chairman, Deputy McGuinness, also raised it in the previous Committee of Public Accounts about investigating the spend in local authorities and how they control their moneys. We were told the Comptroller and Auditor General had no control of that; it was outside his remit. Is this a change? Can we now call officials from local authorities to appear before the committee? For example, if there were a question mark over Kilkenny County Council, could we bring in officials to scrutinise? Is this a change?

Chairman: No. What we are looking at here is the funding from all central funds to the

local authority. How it spends it is a matter for the Local Government Audit Service and not for us. However, money is going to local authorities from the Department of Housing, Planning and Local Government, the Department of Transport, Tourism and Sport, the Department of Rural and Community Development, local property tax and motor tax. It is trying to get the picture of all the funding from all the central sources that goes into the local authorities and then find out the formula as to how it is divided between the local authorities. Once it has gone in-----

Deputy Bobby Aylward: Does that mean we will only deal with the divvy-up of the money and we will not look at each individual-----

Chairman: No. It is only looking at spending by Departments into the local authorities, but not how local authorities spend.

Mr. Seamus McCarthy: An aspect of the chapter we try to draw out is what are the arrangements in place at the centre for ensuring there is adequate control locally. The sufficiency of the Local Government Audit Service's resourcing to carry out the audits of local authorities might be an issue. There is also an oversight committee, which was established by Deputy Kelly when he was Minister, which serves to take an overview of local authorities. It might be that the committee would wish to ask questions about how it is operating.

Chairman: Who are they?

Mr. Seamus McCarthy: They are appointed by the Minister. Certainly its chairman, Pat McLoughlin, was appointed by the Minister. The former Comptroller and Auditor General, John Buckley, was a member of it for a number of years but I do not think he is any longer. It carries out a review and oversight function. It may be this committee has an avenue to ask questions about how all of this is operating and that gives it some assurance about what is being achieved at local level.

Deputy Bobby Aylward: Can it be brought before the committee?

Chairman: We can consider it. We will write straight away to get the membership of it. I am sure it is on the website. We will have it for next week. Once the money goes into the estimates process in the local authority, we cannot delve into what local councillors do after that.

Deputy Shane Cassells: The Comptroller and Auditor General speaks about technicalities and established principles in terms of the distribution of the funds and fairness. The model that exists for the local property tax was premised on the old model of the block grant on the basis the Department stated no council would be any worse off than it was. The problem is the model that was in existence was broken to begin with because assessment of towns and counties in terms of the allocation of block grant money did not keep pace with the population explosion that happened, particularly in the commuter counties of Meath and Kildare. We had extremely large towns on the east coast getting less funding than some smaller towns in peripheral areas in the south of the country because the Department's model did not keep pace. When there was a transition to the local property tax model, it did not reflect the change of the population structure of the country. This is where the inherent unfairness existed in how the Department funded local authorities.

Mr. Seamus McCarthy: I really have no comment. It is in the space of policy.

Chairman: They are on the list and the schedule.

BUSINESS OF COMMITTEE

There being no other business for public session the public part of our meeting has concluded, and we will meet again in public next Thursday, 25 January, when we will meet the Valuation Office to deal with Chapter 11 of the Comptroller and Auditor General's 2016 report on the national property revaluation programme. We will also look at related Vote 16.

Deputy Catherine Connolly: I have a quick question on today's change of agenda. I have no problem with it, but was it as a result of SOLAS?

Chairman: The Galway people coming in?

Deputy Catherine Connolly: Yes, did they ask for a change?

Chairman: I was told before Christmas they were not available today.

Deputy Catherine Connolly: That is okay. I just want to know.

Chairman: It was from their side. We have them on the list before Christmas.

Deputy Catherine Connolly: That is what I thought. I was geared up for it.

Chairman: I know the information was passed on to me.

Deputy Catherine Connolly: That is all right. It was from them.

Chairman: It was from their side. The date did not suit them.

The committee went into private session at 10.45 a.m. and adjourned at 11.30 a.m. until 9 a.m. on Thursday, 25 January 2018.