

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 8 Feabhra 2018

Thursday, 8 February 2018

The Committee met at 9 a.m.

MEMBERS PRESENT:

Deputy Bobby Aylward,	Deputy Pat Deering,
Deputy Peter Burke,	Deputy Alan Kelly,
Deputy Catherine Connolly,	Deputy Catherine Murphy.
Deputy David Cullinane,	

DEPUTY SEAN FLEMING IN THE CHAIR.

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

Business of Committee

Chairman: We are joined by Mr. Seamus McCarthy, permanent witness to the committee, who is accompanied by Ms Paula O'Connor, senior auditor in the Office of the Comptroller and Auditor General. Apologies have been received from Deputy McDonald.

Are the minutes of our meeting of 1 February agreed? Agreed.

Next on our agenda is an issue that I wish to discuss arising from the minutes. Representatives from the National Shared Services Office appeared before us last week. It is the body that manages the payroll and pension payments of what we all understood to be the majority of the public service, excluding HSE staff, gardaí and teachers. The figure cited in the relevant chapter regarding non-returned salary overpayments to public servants was €4.6 million. That is the figure we all saw - and by which we went - in the chapter when the Comptroller and Auditor General's report was published last year. Towards the end of that meeting, I asked about the up-to-date figure for the end of 2017. Matters became vague at that point. The witnesses told us that new organisations had come in during 2017 and that the figures for the end of 2016 would not be comparable with those for the end of 2017.

When I consulted the Comptroller and Auditor General, we established that the Department of Employment Affairs and Social Protection had not been under the National Shared Services Office in 2016 but that it was in 2017 and had had a significant influence on the €4.6 million figure. I asked the Comptroller and Auditor General to prepare a chart for us showing the total figure of uncollected salary overpayments across all Departments at year-end. He went through the 900 pages of his appropriation accounts report and at the end of every Vote he came up with the figures, which were scattered throughout the 900 pages of his report. A document was submitted to us yesterday. I asked that it be circulated yesterday evening because I only saw it yesterday and it is highly relevant. In addition, I asked him about the other Votes that were not intended to be under the National Shared Services Office, which mainly included teachers and the Garda Síochána.

The position now is that there are overpayments reported in the appropriation accounts for Votes which the National Shared Services Office provide, namely, human resources, payroll and pensions administration. The actual figure on the schedule submitted to us across all Departments is €7.5 million. They are the public Departments. We were talking about €4.6 million, but in addition to that-----

Deputy Catherine Connolly: Is that the same year the Chairman is talking about, 2016?

Chairman: Yes, across Departments. In addition to that, because I was conscious of the fact that the Department of Education and Skills, the teachers, and the Garda Síochána were not included in that figure, I asked the Comptroller and Auditor General about it. He said that in regard to the Garda Síochána, prisons, education and Army pensions, there is another €8 million in uncollected overpayments in respect of salaries and pensions in those Departments. The total figure on the schedule we got last night now comes to €15.633 million of uncollected overpayments of salaries and pensions across all Departments. That is three times higher than the figure we spent several hours discussing last week. Everything that was said here last week

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was correct and accurate. All I am saying is that it just was not the full picture. There was nothing said that was not accurate. It twigged with me at the end of the meeting that there was probably a lot not in here, so the €15.633 figure is the full picture and that schedule has been supplied to members today.

I want to go through the key figures in that schedule that were not discussed the last day. The reason I am doing it is because it is totally relevant to last week's meeting. The Comptroller and Auditor General will come back with an exact report. The first one I want to highlight is the Office of the Revenue Commissioners where there are uncollected overpayments of €1.512 million in respect of 1,000 people, which is an average of €1,414 per person.

Deputy Alan Kelly: Chairman-----

Chairman: Just let me finish putting the facts on the record and we will discuss it then because the full picture did not emerge the last day.

We then have the Department of Employment Affairs and Social Protection, which has €3.2 million in uncollected overpayments. That is an average of €2,177 per person. The total figure for the Garda Síochána supplied by the Comptroller and Auditor General last night is €1.8 million, which is an average of €1,711 per case. The figure for the Department of Education and Skills, which deals with teachers' and non-teachers' pay and pensions, is €5.7 million but I do not have the figure for the exact number of people involved.

In addition to that €15.633 million, I do not see the Health Service Executive, HSE, mentioned, which accounts for one third of the public service. The figure is probably over €20 million. We will first write to the HSE for the equivalent figures. I will call Deputy Kelly shortly, but will the Comptroller and Auditor General explain the reason the HSE is under the Department of Health and that Department does not include the HSE overpayments? It appears that other agencies under Departments are not included either. This €15.633 million figure is three times higher than the one we discussed here last week, but it excludes over 110,000-----

Mr. Seamus McCarthy: That would be the case. In other organisations there would be overpayments as well, but they would not be reflected in the Votes. The figures shown here are pensioners and employees of the Departments that report through the appropriation accounts method.

Chairman: So the HSE figure-----

Mr. Seamus McCarthy: When it had a Vote the HSE would have been required to disclose that figure.

Chairman: So the HSE Vote is for the last two years.

Mr. Seamus McCarthy: I believe 2015 was the first year it did not have a Vote.

Chairman: The HSE figure, which is 110,000 public servants, is not captured here at all. The first thing we will do today is write to the HSE for the overpayments figure for 2016 and 2017 in respect of all HSE staff. I have no doubt that will bring up the figure. Members will understand that I decided to follow this up as a result.

Deputy Alan Kelly: I compliment the Chairman on a very good piece of work because we were getting a bigger picture seeing the overall pie. To try to fill out the pie even more, where does this leave us as regards Haddington Road agreement back payments? Are they included or

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not included in this figure? Do they have to be included on top of this across the board? Where are we in that regard?

Chairman: No, Deputy, it is the other way around. This is staff who have been overpaid salary and owe the Department money.

Deputy Alan Kelly: I know that, but-----

Chairman: This is not money due to the staff.

Deputy Alan Kelly: -----is the calculation included?

Chairman: No. Generally, these are people who were on sick leave. It took a fortnight for the paperwork to come through and they were paid for two weeks they should not have been paid for or holidays that were taken without being properly notified and there was a catch-up. It is those type of issues. The Haddington Road agreement and those type of agreements are not connected with this at all. This is strictly about overpayments. It is not that we want to be hard on the public servants. It is not fair on the public servants to come back to them after a period-----

Deputy Alan Kelly: Surely the changes they would have come across would have had a domino effect in regard to the level of pay involved?

Chairman: Yes. They might now have to recalculate the figures based on the higher pay rates.

Deputy Alan Kelly: That is my point. The calculations across the board in many cases could be wrong because they are based on the-----

Chairman: On the old figures.

Deputy Alan Kelly: -----premise of a salary figure that has changed.

Chairman: The Deputy is quite right. The figure could be higher.

Deputy David Cullinane: I am not sure if it is in this report as I have not read the note from the Comptroller and Auditor General's office and if it is in it, that is fine, but is it possible to get a breakdown of the Departments and agencies that are covered by the National Shared Services Office and those that are not? In terms of the ones that are not, some of them jump out at me in terms of the size of the overpayments, which are quite big. The Chairman said the HSE is one of those, but are there others? First and foremost, to get a complete picture we need to get the information from every Department.

Chairman: That list of agencies is in the chapter from last week-----

Deputy David Cullinane: Is it?

Chairman: -----but the big areas not included, and we went through this, are the HSE, local authorities, the Department of Education and Skills, the Garda Síochána and the Army. They are the big areas, and the Oireachtas.

Deputy David Cullinane: Is that everybody? Is there any other Department or agency not covered?

Mr. Seamus McCarthy: Not covered by what?

Chairman: The National Shared Services Office.

Deputy David Cullinane: Yes, not covered by the National Shared Services Office where there may be a figure of an overpayment. Can we have the actual overall figure for all Departments and all agencies?

Mr. Seamus McCarthy: That would be very difficult to compile.

Deputy David Cullinane: Why?

Mr. Seamus McCarthy: Not all of them would be declaring the overpayments figure in their accounts.

Deputy David Cullinane: We can ask for the information. That is my point.

Mr. Seamus McCarthy: Yes. The committee can certainly do it but in terms of-----

Deputy David Cullinane: Can we get the ones the Comptroller and Auditor General does not have and that we do not have because one of the ones we do not have is the figure for the HSE, and we are writing to it? Are there others we need to write to? That is my point.

Chairman: There are; we just got the 40 Votes, the appropriation accounts. None of the State agencies under every Department are included in this figure. This is strictly the departmental Votes.

Mr. Seamus McCarthy: Yes, Vote holders.

Chairman: Organisations such as Horse Racing Ireland or Bord na gCon are not yet included in this figure.

Mr. Seamus McCarthy: No.

Deputy David Cullinane: I am looking at the figure for the Department of Education and Skills. The focus at the last meeting was on the Department of Employment Affairs and Social Protection, which was €3.2 million. The figure for the Department of Education and Skills is €5.7 million, which is more. For all we know, the figure for the HSE could be greater again.

Mr. Seamus McCarthy: The point of the chapter was to draw attention specifically to the shared services and where there were difficulties. In terms of what happened, essentially we extended the chain for giving instructions for what is the appropriate pay. The National Shared Services Office has two wings to it. One is the human resources, HR, and pension administration function and then there is the actual payment function. Some organisations are managed by the National Shared Services Office in terms of a HR and pension administration function, but not all of their payroll is included. The Department of Employment Affairs and Social Protection, DEASP, is the big one in that regard, and it has substantial overpayments.

A further complication is that the HR function being done by the National Shared Services Office on behalf of DEASP identified some overpayments. There is a figure within the €4.5 million relating to the Department of Employment Affairs and Social Protection, but that is not only for overpayments but the closing off of cases. One of the recommendations in the Chapter was that there needed to be better reconciliation and better presentation of information in the appropriation accounts, identifying how much of the payroll overpayments are related to the

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national shared services office, how much is being managed directly by the Department and the total figure. For those that are engaged with national shared services the total is €7.5 million, as mentioned in the Chapter. There are other Votes, including An Garda Síochána, the Prison Service, Army Pensions and the Policing Authority, that do not have any engagement with national shared services. The Department of Education and Skills is in a half-way house position in that its employees' HR and payroll is within national shared services but the teachers and school staff payroll is managed directly by the Department.

Chairman: A special report.

Deputy David Cullinane: There are a number of Departments and agencies that come within the remit of the national shared services office. We have the global figure for the Departments in terms of overpayments but that figure may not be the full figure because there may be agencies and organisations that are funded by the Departments in respect of which there may also be overpayments. There are also Departments that are not covered by the national shared services office. We need to try to capture the full figure. I understand the Comptroller and Auditor General's point it may be difficult to do that, but that is the job of the committee. If we want the full figure we should get it. There might be a bit of work involved in getting it but it is not impossible to do it.

Mr. Seamus McCarthy: It is not impossible but-----

Deputy David Cullinane: I am not suggesting it is for Mr. McCarthy to do it. If the committee is to examine this issue we need the full picture in terms of the Departments, agencies and organisations that are covered by shared services and those that are not. The Department Accounting Officers can get that information for us. It may take some time to get the information but it is for the committee to ensure we get it.

Deputy Catherine Murphy: I thank Mr. McCarthy for following up on the matter but there are a number of issues arising. The purpose of shared services was to achieve a cost saving and greater efficiency but, based on what we are hearing, that is being only partially achieved. It is supposed to be a shared services system but when one drills down into it in some cases it is and in others it is not. Last week, when we asked what organisations were covered we were told all Departments are covered and that the Oireachtas is the only organisation outside of it but there are other layers within the Departments that are not covered. For example, the Department of Justice and Equality is covered but An Garda Síochána and Army Pensions are not; the Department of Health might be covered but the HSE is not, and the Department of Education and Skills is covered but teachers and third level institutions are not. This tells us something about the shared services system, irrespective of the overpayments. Why did we set up this service and then not use it? It is not only the Oireachtas but many other organisations and agencies that are not covered. We need further information in regard to the move to shared services from a value for money perspective.

The Chairman mentioned that we do not have the full picture. Everybody could come before the committee and tell us only part of the story but what we need is the full picture. There are issues arising out of last weeks' meeting that we now need to interrogate further on the basis of the information that has been uncovered, which is frustrating for the committee. Are the underpayments visible in the Votes?

Chairman: They are overpayments.

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Mr. Seamus McCarthy: There is a section in the appropriation account which requires each Accounting Officer to declare the amount of overpayment.

Deputy Catherine Murphy: But the information would be fragmented.

Mr. Seamus McCarthy: It is individual to the individual Votes.

Deputy Catherine Murphy: The approach would not be a uniform approach such that there would be visibility from one organisation on that particular issue.

Mr. Seamus McCarthy: Yes. One of my objectives in doing the Chapter was to surface this issue. The figure for the Department of Education and Skills is substantial. We have reported previously on overpayments to teachers. The point was made last week that in a large payroll administration there will be overpayments from time to time. It is not news that there is some level of overpayment in any organisation. The difficulty was that with the introduction of shared services there appeared to be an increase across the board in the overpayments that were being recorded. That is why I decided to focus on what was happening in national shared services. The framework that we were using for analysing it could be used by any of the State bodies, including the HSE or the Department of Education and Skills in regard to the teachers' payroll, to review their own systems and to identify ways that they could prevent overpayments occurring so that the minimum necessary amount of overpayment is incurred.

Deputy Catherine Murphy: Has any analysis been undertaken of the likely saving if some of these organisations moved to shared services?

Mr. Seamus McCarthy: Almost all of the target groups to be brought within national shared services are in now, particularly now that the Department of Employment Affairs and Social Protection is under the remit. There is, perhaps, a case for An Garda Síochána, the Prison Service and Army Pensions being brought in but I do not know of any plan in that regard. The Department of Defence payroll, which includes the Defence Forces, is within national shared services but Army Pensions is not, which seems a bit unusual but there are obviously reasons for it.

Deputy Catherine Connolly: I thank Mr. McCarthy for following up on this matter. To be fair to the officials that were here last week, they were very clear on what they are doing. They were asked a lot of questions around the effectiveness of the Act. I cannot recall the amount that was mentioned in regard to putting the system in place but I think it was €41 million. They made it very clear that the only organisation not within the service was Tithe an Oireachtas. When I asked why that was the case they said that they are working within what was identified in the scoping exercise. Am I correct that the decision making process in relation to this lies with the Department of Public Expenditure and Reform?

Mr. Seamus McCarthy: The Houses of the Oireachtas is an autonomous entity.

Deputy Catherine Connolly: My question is what Department decided the organisations to be included in the scoping exercise.

Chairman: The Deputy is correct that it is the Department of Public Expenditure and Reform.

Deputy Catherine Connolly: The officials who appeared before us last week did their best to explain all of this. I accept there are serious questions in regard to value for money but in

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regard to the organisations they made it very clear which organisations are in and which organisations are not. They also told us, as repeated today by the Comptroller and Auditor General, that sometimes payroll, pensions and human resources are included and other times they are not. The question we need answered is on what basis were these organisations, as opposed to those being highlighted today, included in the scoping exercise but that is not a reflection on the officials who appeared before us last week.

Chairman: The Deputy is correct.

Deputy Catherine Connolly: What we need to know is who set up the scoping exercise, what was the purpose of it, the outcome of it, if there will be a review of it and will it be expanded to include all organisations and, also, is it appropriate that all of the organisations be brought within shared services taking into account all of the problems that have been identified? These are the questions for the committee. We should not be focused on the overpayments, although they are serious.

Chairman: We made it very clear last week that we knew that the HSE and teachers are not included in the figures provided. I forgot to mention that the local authorities are also not included. They took the view that there might be a risk to the State to have all 300,000 public servants paid through one centre. It is probably no harm not to have everything under the one. That is probably a strategic issue. In everything that was said the last day, there may have been an impression as people dipped in and out of the meeting. Those who were here understood there are lots of areas outside, but the casual viewer would have thought national shared services covered all government. They are doing their job.

Deputy Catherine Connolly: It is more the casual attender than the casual viewer.

Chairman: I will include that as well. The point is that perhaps we should have started at the beginning of the previous meeting with the overall picture and then homed in, rather than homing in first and then realising the overall picture. We have more or less thrashed it out now.

Deputy Alan Kelly: Yes. We have thrashed it out and that is why I want to reach to some conclusion. The witnesses who appeared before us last week were very clear on the job they have to do, how long they have to do it and what organisations it covers. I do not think that is an issue at all. The figures we are discussing across the board are disproportionate in light of the Haddington Road agreement, which I have already stated. That also needs to be reflected. There is a time lag.

It would be worthwhile for the committee, based on what we have thrashed out here, to compile a short report outlining the full pie, of which this was a significant segment, showing the remainder of the parts in order to allow for some form of public discourse on it, particularly within the four walls of Leinster House. Obviously, I do not think there is awareness of the full picture.

Chairman: We could include it in the periodic report for the spring that we will issue probably-----

Deputy Alan Kelly: That is probably the best thing to do.

Chairman: We can have a specific chapter on that.

Deputy Catherine Murphy: Would it be worth writing to the Department of Public Ex-

penditure and Reform?

Chairman: We will write to the Department of Public Expenditure and Reform in the meantime. We are writing to the HSE because of the scale just to get its numbers. It is something the Comptroller and Auditor General covers in his annual audit. Having looked through the 40 Votes the Comptroller and Auditor General highlighted in the schedule, I found it troubling that there were 1,068 Revenue cases but that repayment plans are only in place for 391 of these. For the Department of Employment Affairs and Social Protection, there are 1,511 cases but only 385 repayment plans in place. For the Garda Síochána, there are 195 individual cases but only 27 repayment plans. My real concern is that they were sitting there with no plans in place to tidy the matter up.

Deputy David Cullinane: If we cover this as a chapter in the periodic report, there are two separate issues. There is the overall figure for overpayment captured across the entire public service and State agencies; and there is process as to why some are and some are not under the National Shared Services Office. There could be logic, for example with Garda and Army pensions, as to why they are not covered. Before we report on it, we will need to have officials from the Department of Public Expenditure and Reform appear before the committee to explain what scoping exercise they did and the rationale for the inclusion or non-inclusion of some so that we are informed. We are not informed and it would not be fair for us to report on it.

Chairman: As a first step, we will write to the Department of Public Expenditure and Reform to get the rationale in writing. When we get that, we can then decide-----

Deputy David Cullinane: Whether we bring them in.

Chairman: We will ask it to outline the overall strategy on the National Shared Services Office and who was to be included and who was not to be included. We will get that in writing.

Deputy David Cullinane: We need to know what it was based on. I am sure there was a document.

Chairman: Exactly. When we get that we can discuss it.

Deputy Catherine Murphy: I accept that there will always be overpayments, time lags and all sorts of other issues. Humanity needs to be shown in all of this. It is very difficult not to highlight the difference between genuine mistakes being made and, for example, the bus shelter advertising campaign relating to the Department of Employment Affairs and Social Protection. There is a big contrast to be made.

Mr. Seamus McCarthy: I have drawn attention every year to an issue with welfare overpayments. I also felt it appropriate to draw attention to salary and pension overpayments where I saw that the problem appeared to be getting bigger. I felt it was important to get on record some kind of overview of the matter, why it might be getting worse and what controls were being exercised to try to deal with it.

Chairman: We have agreed what we are doing there.

We have reached the final item arising from the minutes. We will hold this one over. We also asked the Comptroller and Auditor General to give us a report on the compliance with public procurement. It became crystal clear at last week's meeting that when the Comptroller and Auditor General highlights €500,000 or €1 million of services. It follows on from the Deputy's

question about the way the renewal of the Garda Síochána contract was rolled over without competitive tendering, as mentioned the last day. We asked the Comptroller and Auditor General as we had not seen that as referred to in the report.

On that procurement, the Comptroller and Auditor General explained that he only reviews it on a sample basis. What we see reported here each week in accounts is only a sample. There is a big issue to come return to there. The organisation will need to include, somewhere in its financial statement, the total relating to non-compliant procurement and not just the sample the Comptroller and Auditor General picks up. That is because the sample he picks up could sometimes reflect the full problem or it could be only a fraction of the problem. We will come back to that because we have spent enough time on the minutes. However, it is a big issue.

Mr. Seamus McCarthy: Speaking from memory, based on Circular 40/02, in Vote accounting there is a requirement that organisations list the contracts they have that are not procured by competitive means. They are required to tell me and the Department of Public Expenditure and Reform. They are also required to disclose that in their statement on internal financial control. We look to see that they do that. It does not mean that sometimes when we take a sample of procurements we do not find some things that are not on that list. My recollection is that the Accenture contract has been disclosed. It is included in the appropriation account of An Garda Síochána in the statement of internal financial control. I am open to correction on that, because-----

Deputy Alan Kelly: Can we get some clarity on that? This issue was raised here previously and in the Dáil. I raised it by means of parliamentary questions a long time ago. It was raised at this committee; it was raised by Deputy MacSharry more than by me. We need to get clarity on this. Given what we now know, somewhere here there is an issue with the term and length of these contracts and the non-procurement of them. We need to get to the bottom of it because the value of these contracts is huge. If these have not been put out to tender properly, obviously we will need to deal with it in here. I think we need to deal with that as a matter of urgency. It also needs to be reflected on our work schedule.

Chairman: The Comptroller and Auditor General gave us an excellent schedule of over-payments by Vote. Can he dig out the same figures from the appropriation accounts for the non-competitive procurement?

Mr. Seamus McCarthy: We should be able to do that, yes.

Chairman: Let us get that. We accept that is only for the Votes. We can take it from there.

Mr. Seamus McCarthy: Lest anybody think I am complacent about it, disclosing non-competitive procurement is not the end of the story; it is the beginning of it. Not only does one have to disclose it, one has to explain it and then it is open to the committee or my office to interrogate the entity about why this has happened. In that note I have tried to set out for the committee the sorts of explanations that are provided. While there is plausibility about them, certain tests must be applied. For example, there are expectations that if one says it is the only supplier that could have provided, it is one's obligation to prove that.

Chairman: The Comptroller and Auditor General will try to work on that schedule.

Mr. Seamus McCarthy: We will do an additional note. I think it is on the schedule that the committee is looking at procurement. We will certainly try to get the committee a schedule in the next week or two.

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Chairman: We do not need it next week. The Comptroller and Auditor General was very quick with the last one.

Mr. Seamus McCarthy: In the next week or two, we will extract from the appropriation accounts again the disclosed figures.

Chairman: That is Vote by Vote, which will be a great help. We are covering ground that is not always obvious until we tease it out.

The next item on the agenda is correspondence received. In category A we have Nos. 1061 and 1066 received from the Department of Rural and Community Development, providing a briefing document and the opening statement for today's meeting. We will note these.

Category B is correspondence from Accounting Officers or Ministers, follow-up to Committee of Public Account meetings and other items for publishing. I will deal with a group of correspondence which feeds into the committee's work on corporation tax. Nos. 974, 980, 1003, 1004, 1025, 1026, 1028 and 1035 to 1037, inclusive, are correspondence from dates in December and January from the following multinational companies to which we wrote: J.P. Morgan, Citibank, Apple, Ryanair, Kerry Group, Glanbia, Pfizer, GlaxoSmithKline, Google and Cement Roadstone. We invited all these companies to meet with the committee on a voluntary basis to help us in our examination of the chapter in the Comptroller and Auditor General's 2016 annual report on corporation tax. All but GlaxoSmithKline declined the invitation with many companies stating they would not be in a position to provide the assistance required. We will note and publish all the letters.

I have picked out relevant paragraphs in some of them. J.P. Morgan said it had an average corporation tax of 13% and 12.2% on taxable profits in 2014 and 2015. That is what it says in its letter.

Citibank said its tax affairs are fully compliant. It goes on to say it is following the OECD discussion on the BEPS project.

In its letter to us, Apple said:

Thank for [the] letter of November 23, 2017. We acknowledge and fully respect the role of the Committee and its current focus and we thank you for inviting us to address your members. As you know, both Ireland and Apple have appealed the European Commission's decision alleging State aid. While that legal process and appeal is ongoing, we are constrained from commenting and therefore will not be in a position to send a representative to the Committee.

I am just putting that on the record. We made clear in our letter to Apple that we would not discuss the merits of that case but it referenced the case as its reason for not wanting to come.

Ryanair wrote back and said it had an extensive programme with union recognition and does not have the management resources available to come in and talk to us.

Kerry Group said it is a large company but is not in a position to attend.

Glanbia has sent a detailed, helpful letter to our committee in our consideration of the matter. It gives an example of how a large multinational, which Glanbia is, interacts with the Revenue Commissioners. I ask people to read that letter. It highlights what it considers the excellent Revenue online service. It says it is part of the large cases division. It highlights the fact

there is a nominated person in the Revenue to deal with all of Glanbia's affairs, which it finds most helpful. The letter is from Siobhán Talbot, who is the group managing director. Talking about the way it deals with Revenue, she says: "In fact we consider that this should be part of Ireland's offering to attract foreign direct investment i.e. make it known that Ireland has a best-in-class tax administration including both efficient online systems (e.g. ROS) and availability of senior revenue personnel to resolve technical issues promptly and efficiently." That is praise of the Revenue Commissioners from Glanbia. She says from her dealings with other countries, the Irish Revenue is top of the class. We want to say that. She has given us useful information that we will consider as part of our report.

Pfizer has written to us. It said "Pfizer appreciates Ireland's commitment to the 12.5% corporate income tax rate." It thinks that is quite important.

GlaxoSmithKline wrote to us and discussed its availability to come in.

Google said it is not in a position to attend.

Cement Roadstone said it is part of the Revenue's large case division and has direct dealings with the Revenue, which it highlights in a positive way.

Some of them have replied with particular comments that we will take on board. Deputy Cullinane had asked about that. We discussed GlaxoSmithKline briefly in private session last week. I thank it for its acceptance of the invitation and for making contact with the secretariat to make the necessary arrangements. While it is an offer we may take up at some point in the future, in our current examination it would not be representative of the multinational sector to only have one company in. I propose we write to GlaxoSmithKline to thank it and formally communicate our decision. We will agree not to invite it in at this time. We are not saying we will not invite it in but just not immediately.

There are a couple of letters there. We will be holding a private session next week with Brian Keegan, the director of Chartered Accountants Ireland, who will give a briefing to the committee on this area and it will be followed by public engagement with Mr. Keegan on the morning of 22 February. Mr. Keegan has considerable expertise in this field and he will assist the committee and the public in our understanding by way of that attendance at the public meeting. We will be completing our examination of that topic with a further engagement from the Department of Finance and the Revenue Commissioners on the afternoon of 22 February. We will have an impartial expert here on the morning and a wrap-up session with Revenue and the Department of Finance to deal with the issues that will emerge in the public briefing session.

Deputy David Cullinane: There has been a spotlight on Ireland for some time now in terms of corporation tax. Some of it is good and some of it not so good in terms of the perception of how corporation tax is applied in Ireland. We have the European Commission's judgment on Apple. Generally there has been what I would regard as a very negative interpretation of how the Irish tax code applies to multinationals. I have my own concerns as a citizen and a public representative. We were trying to establish as a Committee for Public Accounts how multinationals see our tax code, how they interact with it and Revenue so we can learn from it and do a report on the back of it. It is disappointing that all but one have not taken up the opportunity to come before the committee. I do not know whether that says more about them or us; I would say it says more about them. We should commend the one company that was in a position to come to us. Notwithstanding the companies sending us information that may or may not be useful to us, what we were looking for was these companies to come. We cannot compel them.

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Their attendance was requested on a voluntary basis to help us understand how they interact with the tax code as an organisation. These companies make a lot of money here. They are very profitable companies. Some of their interactions with the tax code can cost the taxpayer money. In my view, we had a duty to follow up on it and I commend the Chairman for taking it on as an initiative. We cannot compel them to come. It says something about the multinationals that operate here that they were not prepared to come before the Committee of Public Accounts to help us understand how they, as companies, interact with the tax code. It is not good from their perspective and I want to put that on the record. I commend GlaxoSmithKline as the one company that was prepared to come in and talk to us. It should also be noted that many of the companies that have refused to come before the Committee of Public Accounts appeared before similar committees in Wales, England, the US and other parts of Europe. They have form in attending similar committees in different countries but were not in a position to come to this committee in this State. People can make up their own minds on that when they consider it is the one country in which they would not attend at the committee despite the controversy around how multinationals operate here. It speaks volumes for them and it is disappointing that they have decided not to take the opportunity to come before us.

Deputy Catherine Murphy: I was going to make a very similar point. It has not just been picked out of thin air. The request came on foot of a chapter in the Comptroller and Auditor General's report and its purpose was to better understand the interaction. It means we have to assume things because we do not have available information that we can draw from through engagement with the companies. It means our assumptions may or may not be right. It is actually quite useful for us to know what their engagement is like with Revenue. There could have been other things we could have found out that would give a better public understanding, as well as a better understanding for the committee of how this works. The fact the sustainability of corporate taxes has been highlighted is important for us because understanding what exactly is going on might inform future policy. That may or may not be to the advantage of some multinationals in the future so it is disappointing.

Deputy Catherine Connolly: Were ten invitations sent out?

Chairman: Ten or 11.

Deputy Catherine Connolly: I counted ten here. One was accepted?

Chairman: Correct.

Deputy Catherine Connolly: Did some give a reasonable explanation as they saw fit? I missed out on the Kerry Group. The Chairman might come back. I am just making my point and I will not take up too much time. Could the Chairman tell me what the Kerry Group said? Again, it has been put in perspective. This arose from the Comptroller and Auditor General's report regarding corporation tax and what appeared to be a huge variation in the level of tax collected. Arising from that variation, we were looking to engage with multinationals. A thumbs up to a committee is not a good way to deal with a public accounts committee. It is literally a thumbs up. If companies are proudly paying their taxes, as we all must, they should have no fear of coming before us. Some of them might have written very positive letters and told us that but it would be nice to hear that and engage with them. GlaxoSmithKline is one exception and has been rightly praised. I visited Cardiff with a member of the committee and we know well that they appeared before the committees in England. I cannot remember whether it was England or Wales. Perhaps they did not like the experience there.

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What I was told there was that what had come out with regard to Ireland was seriously questionable. I do not want to repeat that as gospel. That was what was said to us, so serious questions must be asked. I would have thought that at the very least, those companies associated with Ireland, although they are much bigger, like Cement Roadstone, would proudly come before us. Mr. Ryanair has an opinion on me as a cyclist and on lots of things and I would have thought he would have jumped, or maybe flown, at the opportunity to speak to us here about tax matters. The way the Chairman phrased it was very general. We were not going into specifics so I must say that I am really disappointed. I suppose it is pointless to ask them to reflect - multinationals do not seem to reflect - and come back to us but for the record, this is a golden opportunity to come before us.

Chairman: For the record, the Kerry Group said that “in relation to the subject matter of your invitation, we do not believe we have anything specific to add to your enquiries in relation to the Irish Revenue Commissioners administration of corporate tax.” The letter goes on to say that the Kerry Group had a diary problem. The Kerry Group is saying it believes it has nothing to add.

Deputy Catherine Connolly: That is disappointing. I want to acknowledge the praise of Revenue as well.

Deputy David Cullinane: Is there an umbrella group for multinationals in Ireland?

Chairman: Somebody suggested that American Chamber Of Commerce Ireland. I do not know because we do not want to just get a PR job here. Somebody mentioned that name to me. Can we note and publish the letters? We are writing to GlaxoSmithKline as indicated. There will be a private briefing session next week for the benefit of members but we will then have a public session. I understand that we will have a briefing document from Brian Keegan from Chartered Accountants Ireland either today or the next day. As soon as that comes in, it will be circulated so people will have had an opportunity to go through his topics. The secretariat and I met with him to give him a briefing regarding what we were looking for and he will send information based on that. People will be able to put any other questions to him in the private session. We can then go through it in public. He will be impartial. As a result of that public meeting on 22 February, we will want to meet again with the Department of Finance and Revenue. That is agreed.

No. 1059 is correspondence from Mr Ciarán Breen, director of the National Treasury Management Agency, NTMA, dated 31 January 2018, providing a response to queries on management of claims by the State Claims Agency and the principle of open disclosure. This is something to which we should return when the NTMA appears before us with its financial statements, which it normally has in the first half of the year. This is a very important letter because according to the NTMA, the estimated liability at the end of 2017 was €2.662 billion. It is overwhelming.

I want to highlight a few items in Mr. Breen’s letter because it is an issue about which everyone talks. First of all, he is very critical of the legal profession representing clients. This letter says that sometimes things take time but that this can happen where the settlement demands made by the plaintiff’s lawyers are significantly overstated. Mr. Breen goes on to say that the State Claims Agency has direct experience where solicitors acting on behalf of plaintiffs have originally demanded a multiple of two or three times the figure they eventually settled for.

He instances one case where a claim was put in for €26 million in compensation and settled

for €12 million. He goes on to say that there are occasions where faced with the individual plaintiff's law firm whose settlement demands were excessive, the only way the State Claims Agency can discharge its duty to the taxpayer is to take the case to court. He is quite scathing about certain members of the legal profession. He does not name them.

He goes on to talk about the Legal Services Regulation Act 2016, which provides for the making of regulations to introduce pre-action protocols. They have not been implemented. The letter states that the State Claims Agency has on its own initiative pioneered the introduction of interim payments in the form of periodic payment orders in 74 cases since 2010 but that out of the 74 cases, 15 plaintiffs did not proceed with them after a short period of time and asked for their lump sum because of the lack of a legislative basis backing up periodic payment orders system.

Mr. Breen highlighted the fact that most of the claims involving almost €2 billion are in respect of clinical negligence claims while the others are general claims and that a total of 9,956 claims were active at the end of 2017 totalling €2.662 billion. There are 2,976 clinical cases with an average estimate of €666,000 to deal with each of them based on its figures.

Mr. Breen then goes on to the issue of open disclosure. I just stopped reading at this stage. The letter states that there were reports in 2008, 2009 and 2013; a review in 2014; and training for staff in 2015. On and on it goes. We have not seen any result from open disclosure yet. I am highlighting those points because it would take too long to read the letter and just noting and publishing it would not do the public a service because it needs to know the extent of involvement.

Deputy Catherine Murphy: I raised this last week or the week before because I do not think I have ever seen a situation where people have come out of a court having settled and talked about the payment securing the future of a child. There is a crossover between inadequate public services and the cases that are taken. It is almost a self-fulfilling prophecy when one has that kind of contingent liability. When one looks at the case where the plaintiff settled for €12 million having originally sought €26 million and one looks at the contingent liability, one can see that built into that will be the kind of costs about which we are talking, which are legal costs, that would be more properly spent on services. If there was open disclosure, probably a very sizeable amount of that would be very significantly reduced and we might avoid the trauma of people having to spend years in the courts. We need to do a piece of work on this. It is too big an issue to just leave to a very good and full response from the NTMA. It is as much about process as it is about value for money. Given that it is the dominant one, I suspect we will probably need to get in the Department of Health with regard to moving to the open disclosure approach. It is not enough just to look at the financial side of it. It is a change in behaviour that must be driven which will reduce the cost and produce a better outcome.

Deputy Catherine Connolly: I thank the Deputy for bringing it to our attention. I read it briefly. It is something to which we should return. Costs in the legal profession are one thing, but the second matter is the open disclosure. We have raised it repeatedly and Mr. O'Brien raised it as an important issue that would help reduce costs. Enough has been said, but we should return to it. We need guidance from you, Chairman, as to when.

Chairman: The NTMA intends to have its 2017 accounts finished in May or June and we tend to have its representatives before the committee before the summer recess.

Deputy Catherine Connolly: That is not the relevant organisation for open disclosure.

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Chairman: Yes, it is the HSE. We will need to have the HSE with us to discuss that issue. It is a phenomenal item at €2.7 billion. The Deputy said the legal costs are not the main issue-----

Deputy Catherine Connolly: I did not say that. They are an issue, but I said the open disclosure is significant.

Chairman: We have not seen any results from the open disclosure policy yet. The figures are going up. When we have representatives of the NTMA here, which will be scheduled close to the summer recess, we will invite the HSE. We might have just one session on that because we will have other NTMA business. However, the State Claims Agency and the HSE must be in the one room on that occasion.

The next correspondence is No. 1063 from Mr. Martin Shanahan, CEO of the Industrial Development Authority Ireland providing a response to a request from the committee for information relating to the verification of job creation and employment levels for its client companies. That had arrived shortly before we issued our interim report which made a recommendation on that. He refers to that in the final paragraph. In due course we will get a detailed response from the Department of Public Expenditure and Reform in respect of our report. Can we note this? We will get a response to our periodic report, which contained that recommendation. He refers to the costs and benefits and say the figures are reasonably accurate. His point of view is how more accurate they will get if one installs a very complicated process. We will examine that when we get the response from the Department of Public Expenditure and Reform.

The next correspondence is No. 1048 from Ms Laura Burke, director general of the Environmental Protection Agency, EPA, providing a response to the committee's request for an explanatory note on an item received by the committee from the Irish Environmental Forum. The correspondence from the EPA refers to a report by the European Environmental Agency in 2011 and other matters including the review of the EPA initiated in 2010.

Deputy Catherine Connolly: That is correspondence I asked to be held over on the last occasion. I have read it since. There is an answer from the EPA. The person who wrote the letter in the first place is not happy, but we should leave it for the moment and I will return to it in due course. We will deal with the correspondence which I have read.

Chairman: We will note it and the Deputy is free to raise it again at any stage.

Deputy Catherine Connolly: Yes.

Chairman: However, we will forward this to the organisation that contacted us.

The next correspondence is No. 1060 from Mr. John McCarthy, Secretary General of the Department of Housing, Planning and Local Government, dated 31 January 2018, in reply to a matter raised by an individual alleging waste of public moneys by Dublin City Council regarding the digging of bore holes on private property. The individual is in dispute with the local authority but has declined to participate in mediation. I propose we forward a copy of the correspondence to him and communicate that our consideration of the matter is now closed. Is that agreed? Agreed.

No. 1062 is from Ms Orla O'Connor, director of the National Women's Council of Ireland, dated 1 February 2018 relating to a committee query on whether the National Women's Council had used public funding to fund a pro-choice campaign. Ms O'Connor states that no public funding was used for this purpose. I propose we send a copy of this to the individual who raised

the matter. Is that agreed? Agreed.

Deputy Catherine Murphy: That correspondence is on foot of that being raised by an individual.

Chairman: Yes, and we will forward the reply we received from the National Women's Council to the person who contacted us on the matter in the first instance.

No. 1064 is from Seán Ó Foghlú, Secretary General of the Department of Education and Skills, regarding issues raised by the committee relating to the Kildare and Wicklow Education and Training Board and possible safety issues at St. Conleth's College. I thank Mr. Ó Foghlú for a very comprehensive note. It appears that the matter is getting serious attention from the Department. We will note that and forward it to the person who wrote to us in the first place.

We have also received correspondence, No. 1057C, from an individual and I have asked the clerk not to circulate it. It is a copy of correspondence that was sent to the Minister for Communications, Climate Action and Environment, Deputy Naughten, claiming mistreatment by Electric Ireland. It is not directed to us. The item contains a considerable amount of personal and private information and is not a matter within our remit. It is not personal or private for the Minister but for the individual concerned. Can I get the committee's agreement that we do not circulate the item and take no further action? If any member wishes to examine the item, they should contact the clerk. However, it is not a matter for the committee so we will not circulate or publish it. Is that agreed? Agreed.

The next item is statements and accounts received since the last meeting. It is a long list of 36 in all. They are the Royal Irish Academy of Music - clear audit opinion; Institute of Technology Blanchardstown - clear audit opinion except for the normal comment relating to future pension benefits; and clear audit opinions from Limerick Greyhound Racing Track Limited; Shelbourne Greyhound Stadium; Youghal Greyhound Racing Company; Waterford Greyhound Race Company; Abargrove Limited, which is Bord na gCon's food and beverages operation; Kingdom Greyhound Racing Company for the two years 2015 and 2016; and Clonmel Greyhound Race Company. The accounts for Dublin Greyhound and Sports Association are for the two years, 2015 and 2016. In the 2016 account, attention is drawn to the disclosure in the financial statements that the company has ceased trading and the financial statements are prepared on a non-going concern basis. The directors are engaged in a process of selling Harold's Cross stadium to the Department of Education and Skills. The sales proceeds are expected to exceed the net liabilities of the company. We were told earlier that the Valuation Office will be involved in setting the fair value of the transfer, not independent auctioneers. The Valuation Office has a role in valuing property transfers from one Government organisation to another.

There was a clear audit opinion in the following sets of accounts: Cork Greyhound Race Company; Galway Greyhound Stadium; Commission for Railway Regulation; National Economic and Social Development Office; Tote Ireland, which is the Horse Racing Ireland totaliser operation; Cork Racecourse; Fairyhouse Club; HRI Racecourses, which is the holding company and does not trade; Irish Thoroughbred Marketing, which promotes Irish horse breeding; Leopardstown Club; Navan Races; Tipperary Race Company; Tote Arena; Irish Water Safety; Charities Regulatory Authority; and Charity Funds, which are the funds of charities held in trust by the Charities Regulator. The fund is valued at €3.7 million. They are all clear audited opinions and there is a great deal from the horse and greyhound industry.

Deputy Catherine Connolly: What is the Charity Funds?

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Mr. Seamus McCarthy: They are essentially funds that charities have submitted to the Charities Regulatory Authority to invest and protect for them for a period. They are available to the charities. It is a system which is long established. It used to be the charitable donations and bequests fund. This one is in a wind down situation. There are no new funds going into it so these are the residual amounts that are available to specific charities. They are their funds.

Deputy Catherine Connolly: It is not doing it anymore.

Mr. Seamus McCarthy: It is winding down that system. There is a parallel system which is overseen by the Charities Regulator but it is not audited by me. This one is, but it is winding down.

Deputy Catherine Murphy: The number of greyhound stadiums, Tote Ireland and the horse racing bodies is noticeable. It jumps from the page. There are many small, or relatively small, amounts of money as well. What kind of capacity does that take up in the Office of the Comptroller and Auditor General?

Mr. Seamus McCarthy: What one has here are the accounts of the subsidiary companies of Horse Racing Ireland and Bord na gCon. We audit them on a group basis. While there are separate certificates, the audit is approached in a comprehensive way. Each body is audited and they are quite substantial audits. Off the top of my head, I cannot say how many staff days we put into it, but certainly we are probably looking at a half a whole-time equivalent person in a year each for Horse Racing Ireland and Bord na gCon.

Chairman: That concludes that item on the agenda. The next item on the agenda is the work programme. There is no change from the list circulated last week. Does anyone have an additional comment?

Deputy David Cullinane: I wanted to raise a couple of issues relating to the third level sector. We have put quite a spotlight on this sector and published a report. Subsequently, we had a number of independent - I use that word advisedly - examinations into a number of issues. Outstanding is the Thorn review in Limerick. We have subsequently received new information that was on the front pages of some newspapers at the weekend that the university, potentially, misled the Committee of Public Accounts and the Office of the Comptroller and Auditor General. I want to hear from the comptroller if that is a fact. I do not always believe what I see in the newspapers but I want it clarified at least.

We have two reports which are still outstanding from the HEA on spin-out companies and intellectual property. We were told that the global one looking at policy, governance and whether changes needed to be made was to be published in January but we are now into February and it has not happened. The report on Waterford IT has been with legal advisers since last December and has still not been published. We are waiting for these reports so that the committee can do its work.

There seems to be a lot there but, looking at the work programme, none of it is scheduled up to April. Funding in the third level sector was described as the “wild west” by a committee member before and we were trying to establish whether that was the case, whether good governance was in place and whether improvements could be made. We have done a report, but that was only the start of our work. There are a lot of reports and information we need from the HEA and that is not even to get onto the education and training board for Kildare-Wicklow, which falls under remit of the Department of Education and Skills. We need to give that some

attention.

My second point on the work programme is that I have consistently asked for RTÉ to come before the committee. We have just spent the last 15 minutes talking about multinationals that are not compelled to come before the committee. We asked them to do so and they have refused. We have not asked RTÉ to come before the committee even though €170 million of taxpayers' money is given to it. It is one third of the line Department's funding, but the Accounting Officer was not even able to answer basic questions on it when he was before us. I have specific concerns about allegations of bogus self-employment. I have met senior staff in RTÉ who are concerned and persons from a trade union representing journalists to discuss this issue, which appears to be a problem within the organisation.

There is another issue I want the committee to raise which has implications for Revenue. While they are not doing anything wrong, senior broadcasters in RTÉ are availing of the opportunity which is available to them to set up companies into which their salaries, or fees, are paid. That was previously the case with hospital consultants and we dealt with it. That process allows those broadcasters to reduce the amount of tax they pay. They do not pay PAYE or PRSI but rather corporation tax. We saw problems in relation to hospital consultants. Are there similar problems here? I cannot say and I am not making any allegations. It is certainly worth examining as is bogus self-employment.

Another issue people have relates to the €170 million, which was established to be the majority of the money. I ask that this be prioritised. I have raised it gently in the past and I am being a bit more assertive on this occasion. It is important and the issues need to be examined.

On the third level sector, I cannot understand why the reports have still not been published by the HEA. I am getting a little exasperated that we are getting letters from it, including letters sent to me personally from the head of the HEA, stating the reports would be published in January. In fact, they were originally supposed to be published last October but were delayed. While legal may be looking at some elements of some of them, two or three months is an extraordinary amount of time for them to be in the hands of legal within the HEA. Can we follow those up again? Once we know where they are at, we need to come back next week and put a focus on it.

I want to hear from the Office of the Comptroller and Auditor General specifically whether it was misled by the University of Limerick rather than to take that second or third hand from a newspaper.

Chairman: I will call the members first and then we will come back to the Comptroller and Auditor General.

Deputy Alan Kelly: I will be brief as Deputy Cullinane has more or less listed the issues I have. Our work programme needs to change a little bit. A lot of things are too pushed out. Getting on to the universities and colleges, I have serious concerns about the evidence given here by the HEA and the manner in which that was done. I also have concerns about the way reports and investigations are being done. Timelines are not being met. Why is that? It compounds the issues we reported on in our initial report on the third level sector. There are various reports and we need the Comptroller and Auditor General to verify whether they are accurate. There are other reports on private consultants which are also of concern. We still have outstanding questions regarding a number of universities and colleges. I have continuously raised issues on CIT to which I have not received full answers. UCC is signing a major contract to sponsor

a concert hall in Cork and it is frightening to think it has not learned any lessons. The whole issue on third level colleges is to get the answers we were promised and finding out if further information was kept from the committee and, possibly, the Comptroller and Auditor General and dealing with all of that. We need to wrap that up in a nice bow in the committee, not let it drift further.

Through various forums and in the Dáil, I raised the following matter a long time ago and it has now been followed up by others. I refer to evidence given here by An Garda Síochána on IT contracts. I have read the transcript of the evidence a number of times and it raises serious concerns. We spoke about this earlier. The Comptroller and Auditor General referenced Accenture and the contracts there. It is obvious that this did not transpire or come out through this forum notwithstanding very detailed questions, most of which, I note, were from Deputy MacSharry. We have to get to the bottom of this soon because it is a very serious issue.

I support Deputy Cullinane on the issues with regard to RTÉ. It is very much in the public interest that we deal with those. I put the matters in the order I have referred to them; the third level sector, the Garda IT issue, which is very specific and may take half a day not a full one, and I would like to see RTÉ on our work programme at some stage.

Deputy Peter Burke: I have listened to the discussion this morning. On top of that, we are talking about bringing in RTÉ and all these sectors. I have nothing against bringing in any of these things, but sometimes we need to focus on what our job is on the PAC. There is aggressive tax playing going on in agencies which is fully legal. I remember when the head of the Revenue Commissioners appeared before the finance committee and came here the next day. We asked him about company structures being set up and he said the Revenue is very clear that it never looks through the eyes of a company onto its employees. That has never happened. If we want to get to a stage where-----

Chairman: Say that again.

Deputy Peter Burke: It has never looked through the eyes of the company. In other words, if someone sets up a company structure with only one client, the idea behind which is to minimise a person's tax liability, the Revenue considers that to be perfectly legal as long as the law is complied with regarding expenses and salaries. What they are doing is perfectly legal. At times we think we should change the law if it is believed what is going on is not acceptable. If, like me, someone has a strong social conscience, he or she might be concerned that this is State money going into RTÉ or these agencies, but the point I am making is that what they are doing is fully legal. What many of the multinational companies do is also legal. We have heard this morning about overpayments and that we have to get value for money, but the head of Revenue is telling us that a presenter in RTÉ whose only client is RTÉ can set up a company to be paid on his or her own behalf in order to plan his or her income and that it is perfectly legal to do so. We have to be clear - that is the reality under the tax code. Perhaps there are other ways in which we might progress and we should change many of these things. That is a point worth making. Our job is to highlight where the State is not receiving value for money and go through Votes forensically, at which we have been doing a great job. Sometimes, however, there are laws which have to be changed and there are great arguments for so doing.

Deputy Catherine Murphy: We always expected that we would have to come back to the university sector and there is now far more reason to do so. There is a new independent report which I believe was carried out by Crowe Howarth, at which we need to look. We need to include the issue in the work programme. I had intended to address some of the issues raised by

the whistleblowers about the Thorn report and with which they were not happy. It would be kind to the Higher Education Authority to state it was less than impressive when its representatives were before the committee. The very fact that we are still waiting for some significant responses is very disappointing. I hope to see that issue included in the work programme soon.

On Deputy Peter Burke's point, I do not disagree that some of the things being done are fully legal, but they are only fully legal for a certain portion of the population. It is very useful for us to understand what is going on in what could be described as bogus self-employment. If everybody were to do that, we would not be here because there would be no money to run services. We need to understand this. I see absolutely no reason we would not look at the issue in the same way as we try to look at the issue of corporation tax, that is, by looking at one particular organisation, in this case the national broadcaster, in order to gain an understanding. The issue is not unique to one sector. As has been said, we saw it in the case of doctors.

Deputy David Cullinane: I do not think we would be doing our job if we did not examine any organisation on which €170 million of taxpayers' money is being spent. We had a very extensive discussion about recognising the independence of RTÉ. It is the national broadcaster and none of us wants to ask questions about the type of programmes it produces and why. That is entirely a matter for it. There is, however, merit in the committee looking at these issues - there are two separate issues - because there are potential implications for Revenue. The first is that of bogus self-employment. This is where casual work and short-term contracts are being offered to workers when permanent contracts were once in place. That is becoming more of the norm than the exception in RTÉ. The concern is being expressed by staff within the company. It is a separate issue from the other point about whether persons on high salaries are setting up companies. I have made the point that this is a perfectly legal structure, but the point has also been made that persons on a salary of €30,000 or €40,000 a year are not in a position to set up such companies. They are for those on big salaries. Whether they are hospital consultants or presenters in RTÉ on six-figure salaries, the reality is that it is happening and legal, but there is a cost to the Exchequer. We cannot assume that because something happened in one area it happened in another, but we did see in the case of hospital consultants all sorts of expenses being claimed which potentially should not have been claimed and further reduced their tax liabilities. We have a responsibility on behalf of taxpayers to probe this area to ensure there is value for money if we are the ones who are signing off on it.

There are many other related issues. Under no circumstances do I want to interfere with the independence of the national broadcaster, but there are genuine issues to be addressed. Just in case the Comptroller and Auditor General forgets, I ask him to also make note of the specific issue at the University of Limerick.

Chairman: We will wrap up as we have had a discussion and next Thursday we will come back with a revised work programme. We will try to tighten it and incorporate some of the other items mentioned. It might result in having to have a full-day session - morning and afternoon - on some Thursdays to get through the issues members have raised, in addition to the basic work we have to do each year on the Comptroller and Auditor General's report. I would prefer to have a long session on a Thursday, rather than bring members in on a Tuesday and a Thursday, but that is a choice for the committee to make. As I said, we will come back next week with proposals for a revised work programme.

Mr. Seamus McCarthy: On the issue raised by Deputy David Cullinane in respect of the University of Limerick, he will recall that Dr. Thorn carried out an investigation into certain matters which was broad-ranging. There was also an internal audit carried out which had been

commissioned by the university. It made findings which are of very considerable concern to me. My recollection from correspondence discussed at previous meetings is that the committee already has a copy of the internal audit report, in which the matter is included. My office is examining the issues involved as we did have concerns. I expect to report specifically on that matter, but I want to be very careful about it because there may be questions of individual rather than organisational responsibility. I am taking it very seriously. As I understand it, however, the committee already has a copy of the document.

Chairman: If members do not have a copy of the internal audit report, they can contact the secretariat which will supply them with the link to it.

Deputy Catherine Murphy: At what deadline is the Comptroller and Auditor General likely to be looking in that regard? That is important if we are to include the issue in the work programme.

Mr. Seamus McCarthy: The process is going to take time to complete. I will have to put certain matters to the university, obtain responses and take them into account. It will certainly be a matter of months.

Chairman: We will come back next week with a revised work programme. There is one small item to which I want to refer under the heading of “any other business”. It will only take a moment to deal with it. It concerns the Courts Service and use of the poor box. I have received some telephone calls on the issue. Does it come within the remit of the committee?

Mr. Seamus McCarthy: Use of the poor box is not within its remit.

Chairman: Will Mr. McCarthy explain who administers it?

Mr. Seamus McCarthy: As I understand it, there are a number of poor boxes in certain District Courts. They are controlled by the respective judges.

Chairman: We will write to the Courts Service requesting an information note on how the poor box system works in the different court districts throughout the country. We will take it from there.

Mr. Seamus McCarthy: I am specifically precluded from auditing a fund which is within the control of the courts. However, I audit the accounts of the Courts Service.

Chairman: It is a little like the situation in the case of wards of court funds.

Mr. Seamus McCarthy: It is.

Chairman: We have raised the point.

Sitting suspended at 10.30 a.m. and resumed at 10.35 a.m.

2016 Annual Report of the Comptroller and Auditor General

Chapter 7 - Dormant Accounts Fund

COMMITTEE OF PUBLIC ACCOUNTS

Mr. Kevin McCarthy (*Secretary General, Department of Rural and Community Development*) called and examined.

Chairman: We are dealing today with the 2016 annual report of the Comptroller and Auditor General, chapter 7, Dormant Accounts Fund, under the aegis of the Department of Rural and Community Development. We are joined by officials from the Department of Rural and Community Development, Mr. Kevin McCarthy, Secretary General, Mr. Fergal Costello, principal officer, Mr. Kenneth Jordan, principal officer and Mr. Eddie Forsyth, assistant principal officer. From the Department of Children and Youth Affairs we are joined by Mr. Conor Rowley, principal officer. From the Department of Justice and Equality we are joined by Mr. Deaglán Ó Briain, principal officer and from the Department of Health we are joined by Mr. Colm Desmond. From the National Treasury Management Agency, NTMA, we are joined by Mr. Dave McEvoy, deputy director of funding, and Mr. Stephen Judge.

I remind members and those in the Public Gallery to switch off mobile phones or to put them into aeroplane mode.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable. Members are reminded of Standing Order 186, that the committee shall refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government, or the merits of the objectives of such policy.

I call on the Comptroller and Auditor General to make his opening statement.

Mr. Seamus McCarthy: The report before the committee today was compiled to provide an overview of the operation of the Dormant Accounts Fund and of the disbursements from the fund.

The Dormant Accounts Acts provides for a scheme to transfer dormant funds in banks, building societies, life assurance companies and State savings schemes to a State-controlled Dormant Accounts Fund, and to allow the use of those funds to help the personal, social and educational development of disadvantaged people, and to help people with disabilities. The Dormant Accounts Fund is managed by the National Treasury Management Agency, NTMA, which collects the dormant balances from the institutions. The holders or beneficiaries of accounts that have been declared dormant have the right subsequently to reclaim their money at any time and the NTMA repays funds as required from reserves. Responsibility for disbursements from the fund transferred to the Minister for Rural and Community Development in July 2017 from the then Minister for Arts, Heritage, Regional, Rural and Gaeltacht Affairs. Prior to June 2016, responsibility for the disbursement system was with the then Department of the Environment, Community and Local Government.

Figure 1 in the report document shows the movements in the Dormant Accounts Fund since it commenced operations in 2003. There was an initial transfer into the fund of €172 million. Net transfers to the fund were an average of almost €26 million a year between 2004 and 2016. What is perhaps most striking is the trend increase in the fund's net assets position, which increased from €132 million at the end of 2010 to €259 million at the end of 2016. Net assets include an amount set aside in a reserve fund to meet potential future claims for repayment of balances in dormant accounts; the provision was just over €76 million at the end of 2016. Figure 1 shows the increase that has occurred since 2010 in the net assets figure.

Amendments made to the dormant accounts legislation in 2012 require the relevant Minister to set up a disbursement scheme for a period of up to three years. The scheme must be laid before the Houses of the Oireachtas. A disbursement scheme covering the period December 2013 to November 2016 was approved by Government in December 2013. The scheme set out guiding principles and the priority areas for disbursements. A statutory review of the disbursement scheme was due within three years of the scheme being adopted, that is, by December 2016. This review had not been carried out at the time of the examination. Also under the Acts, annual action plans for the disbursement of funds must be presented to the Houses of the Oireachtas indicating the spending Departments, the proposed recipients of grant funding, the programmes or projects to be supported and the proposed amounts of funding. While action plans were presented for 2014 and 2016, no plan was presented for 2015.

Expenditure of funding allocated to Dormant Accounts Fund measures may be made over one or more years. Planned expenditure for a given year is provided for in the relevant Department's annual Estimates. The examination found that implementing Departments significantly underspent on programmes relative to what was planned. In total, they incurred dormant accounts programme expenditure of just under €29 million for the period 2012 to 2016. This represented only 44% of the total amount made available for spending in the relevant estimates for the same period. The level of underspend for all implementing Departments ranged from 5% to 94%, as shown in Figure 2 in the report document. In Figure 2, for each of the implementing Departments there are two bars. The lighter coloured one is the amount provided in the Estimate and the darker one is the amount that was actually spent. It also indicates the percentage of total funding made available but not spent.

A lack of preparedness appears to have been the main factor causing the underspending. Delays in implementing projects and delays in having a disbursement scheme or action plan in place were cited by Departments as the main reasons for this. A low level of uptake for some schemes was another cause cited for the underspend. The report provides further detail on the pattern of underspending on a Department-by-Department basis.

Pobal manages certain Dormant Accounts Fund measures on behalf of some Departments. In the period from 2012 to 2016 Pobal administered 29 measures, disbursing a total of €10.2 million. It received fees of €2.55 million in the same period for providing this service, the cost of which was met from the fund under the terms of the legislation. The fee expense was equivalent to 27% of the amount disbursed. The National Treasury Management Agency and Departments administering their own measures bear the administration costs in their own budgets.

Chairman: I thank Mr. McCarthy. I call on Mr. Kevin McCarthy to make his opening statement.

Mr. Kevin McCarthy: I thank the Chairman and committee members for inviting us. I am joined by my colleagues from the Department, Mr. Fergal Costello, principal officer, finance

COMMITTEE OF PUBLIC ACCOUNTS

unit; Mr. Kenneth Jordan, principal officer; and Mr. Eddie Forsyth, assistant principal officer, rural strategy division. Also in attendance are Ms Deirdre Kearney, community and voluntary supports division, and Mr. William Hughes, finance unit.

As the committee is aware, the Department of Rural and Community Development was established in July 2017. Statutory responsibility for the Dormant Accounts Fund was transferred to the Minister for Rural and Community Development at the time. The legislation governing the Dormant Accounts Fund provides a framework for the disbursement of funds for measures targeted at socially, economically and educationally disadvantaged persons and people with a disability. Under the Dormant Accounts Act 2012 and following the transfer of functions, the Minister for Rural and Community Development is responsible for the administration of the processes by which the Government approves programmes and projects to which funding may be disbursed from the Dormant Accounts Fund. In real terms, this involves the development of three-year disbursement schemes and the subsequent preparation of annual action plans to give effect to the disbursement scheme.

Under the 2012 Act, the Minister is required to make a disbursement scheme for a period not exceeding three years. The disbursement scheme sets out guiding principles for disbursements and specifies priority areas under the aforementioned headings of economic and social disadvantage, educational disadvantage and persons with a disability. The 2012 Act also provides that the Minister shall prepare an action plan at least once a year to give effect to the disbursement scheme. Action plans contain details of programmes and projects to be funded under the scheme and set out the maximum amount proposed for disbursement to each programme or project set out in the action plan. There is also a further requirement in the 2012 Act that the Minister shall prepare an annual report on the disbursement of moneys from the Dormant Accounts Fund.

Since its inception in 2001, the fund has seen a number of transfers of responsibility. Most recently, in 2012 the Dormant Accounts Board was dissolved and its statutory functions were transferred to the Minister for the Environment, Community and Local Government. In 2016 these functions transferred again to the then Minister for Arts, Heritage, Regional, Rural and Gaeltacht Affairs. As I noted, the functions transferred to the Minister for Rural and Community Development in July 2017. The Department of Rural and Community Development is, therefore, now responsible for co-ordinating the preparation and administration of the disbursement scheme and the annual action plans across government. In undertaking these functions the Department fully recognises the importance of the Dormant Accounts Fund to the provision of programmes and projects aimed at disadvantaged groups. For example, the 2017 action plan commits funding to support youth and community projects through the Department of Children and Youth Affairs and to invest in community sport and physical activity hubs through the Department of Transport, Tourism and Sport. We want to ensure disbursement schemes and action plans are progressed in an efficient and effective manner and that we maximise the positive social impact of the fund.

With direct regard to the report of the Comptroller and Auditor General, it raises a number of issues relating to the operation of the scheme, including levels of disbursement and compliance with statutory requirements. It recommends that the statutory review of the 2013 disbursement scheme be carried out to identify how well the scheme was implemented and how future disbursement schemes can be designed to ensure the objectives set out for the fund are met. The report states the review should consider the reasons for the low level of disbursements; whether allocating funds to measures which do not fully use the resources prevent other pro-

grammes from being funded; and how the available funding can best be applied. The response of the Department of Rural and Community Development provided in September 2017 states the Department is committed to reviewing all aspects of the administration of the dormant accounts disbursement scheme as part of its forthcoming work programme and that the review will consider the issues detailed in the report.

Based on the findings of the Comptroller and Auditor General's report, it is clear that the scheme is not operating in a manner which maximises the impact of the fund for those groups at which the funding is targeted. We are fully committed to completing the planned review in 2018. The review which is commencing will analyse the issues raised in the report, identify the administrative and other changes necessary to ensure more efficient and effective operation of the scheme and make proposals for how the changes will be implemented on completion of the review. We have provided a copy of the draft terms of reference in the briefing material circulated to members.

I look forward to assisting the committee in its detailed examination of the Comptroller and Auditor General's report.

Chairman: I thank Mr. McCarthy. Before I call Deputy Catherine Murphy, I must express disappointment with the opening statement. We have received a 20-page report from the Comptroller and Auditor General detailing the underspend under the Dormant Accounts Fund area by area, including charts that show commitments, including one where 95% of the money had not been drawn down. Despite this, Mr. McCarthy did not refer to any figure and the document does not feature a single euro symbol. It refers only to reviews and what the Comptroller and Auditor General said.

As to the reasons for the underspend, pages 1 and 2 of the briefing note circulated to the committee do not make reference to them; instead they set out the historical background to the issue. Page 3 addresses the recommendations made in the report of the Comptroller and Auditor General which members have read and which has been available since September 2017, while page 4 refers to a draft proposed report on the review. Again, there is no reference to figures or money, although I note there is a reference to money towards the end of page 5 when a figure of €40 million is mentioned. The committee had hoped to be presented with more details on underspending, given that this was the essence of the report. We will now go through that issue.

Deputy Catherine Murphy: One of the things I noted, one to which Mr. Kevin McCarthy drew attention, is that statutory responsibility for the Dormant Accounts Fund was transferred to the Department when it was established. Since the fund was created, this function has been transferred a number of times. When the Department assumed statutory responsibility for the fund, what explanation was it given for the absence of a review in advance of the transfer of this function to the new Department?

Mr. Kevin McCarthy: There was a review of sorts. It was a consultation with other the Departments involved before the subsequent disbursement scheme was put in place. It was not a full impact review, as would have been envisaged and required, I think, under the legislation. The Comptroller and Auditor General, quite rightly, pointed to the fact that a full impact review had not been undertaken. I think that at the time there was probably a view that, in consulting the other Departments involved, this was sufficient in meeting the requirements of reviewing the experience of the first disbursement scheme.

Deputy Catherine Murphy: Is that a box-ticking type of approach to compliance? A

statutory review means just that. A review of sorts is not a statutory review. Did the Department not insist on the Department from which the function was being transferred carrying out the review?

Mr. Kevin McCarthy: I think that at that point the responsibility had transferred to us as a Department; therefore, it became our responsibility to meet whatever statutory requirements were in place. We may have had a view on whether something that had not happened in the past should have happened, but certainly it was our responsibility from that point.

Deputy Catherine Murphy: It is striking that most of the years in question - from 2012 to 2016 - were among the tightest the country had experienced money-wise. Some of the groups identified as disadvantaged would have been doubly disadvantaged by virtue of the significant cutbacks introduced in those years and the money from the Dormant Accounts Fund became all the more important as a consequence. I find it very hard to get my head around this. Looking at the Comptroller and Auditor General's report I am struck by the amount of money that is identified for particular projects for various Departments, sometimes for very specific projects, and then not drawn down. It is a quite sizeable amount of money. It just did not seem to be a priority. The witnesses are taking responsibility now, but we cannot talk to the people who formally had the responsibility, under whose watch it happened. I want to raise several questions.

The very fact that no review took place is very significant, because it meant that the very sizeable underspends could not be quickly reassigned to other projects if it was not possible to deliver on the initial ones. The largest is in the Department of the Housing, Planning, Community and Local Government, where there was a 64% underspend. The Department of Children and Youth Affairs had a 51% underspend. There is a 94% underspend recorded for the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs, but that is a smaller amount of money. Apart from the review, what measures are the witnesses going to put in place to get this money spent appropriately?

Mr. Kevin McCarthy: We have already commenced preparations for the 2018 action plan. One of the things we are doing as part of that is to look at decommitments. Part of the experience here in recent years was that a number of measures never really got off the ground. They still stand as commitments under the fund, and there is a need to look seriously at whether the intention is to proceed with these. Some commitments may prevent us from making new commitments and undertaking new measures as part of the 2018 action plan-----

Deputy Catherine Murphy: There is some navel-gazing going on, given the timelines we are talking about here. I refer to one in particular, where a programme seems to have been replaced. The area-based childhood, ABC, programme was abandoned, and then a new programme was initiated. There is obviously a very significant underspend on that particular scheme. For example, matching funds were supposed to be forthcoming from Atlantic Philanthropies. Will those funds be available with the replacement programme, the quality and capacity building initiative? Will that programme be rolled out? How close is that programme to being finalised?

Mr. Kevin McCarthy: I will ask my colleague from the Department of Children and Youth Affairs to comment on the specific project. By way of a general comment however, one of the reasons for underspend that we have noticed is that action plans identify measures that are at a very early stage of conception. It is probably part of the nature of the scheme itself; one of its principles is that it should support additional measures to what is supported by the Department Vote. There has been a tendency towards identifying things that are new and innovative,

perhaps pathfinder projects. That in turn has led to a natural lead-in time before a project can get off the ground.

Deputy Catherine Murphy: I ask all of the witnesses to be very concise in their replies, because we have quite limited time. I would like to hear more on that particular programme from Mr. Rowley.

Mr. Conor Rowley: I will start with where we are now. There is full spend envisaged for this year, and we will be commencing with it in the coming weeks. There has been a protracted period of development for that programme. It is envisaged as an extension of the ABC programme by 12 different sites. It is confusing in its read. There is an existing ABC programme, which is co-funded by the Government and Atlantic Philanthropies. That has continued, and we have extended that programme. When we looked at the ABC programme, we discussed it with the Department of Communications, Climate Action and Environment. In light of the fact that it was subject to ongoing evaluation, and our concerns about readiness to implement an extension to more sites, we decided to change the focus but not to lose the specific impact. As such, the ABC programme has continued, and the quality and capacity building initiative is focused on incorporating learning, prevention and early intervention into the system.

Deputy Catherine Murphy: No money was lost from Atlantic Philanthropies' contribution, then?

Mr. Conor Rowley: No money was lost. However, Atlantic Philanthropies has wound up its investments, so it is left to the State to fund the programme. We have secured funding and extended it over the last several years.

Deputy Catherine Murphy: I wish to raise the issue of Pobal. What is the cost of administration, compared to the funds for which Pobal is responsible? Perhaps a witness could describe that body's role to me, and outline the ratio of operating expenses to the amount Pobal administers?

Mr. Kevin McCarthy: Pobal carries out roles on behalf of a number of Departments in respect of their dormant account funds. For example, it works with Departments to scope out some of the measures included in action plans in order to identify the objectives and outcomes. Pobal also puts application processes in place for Departments. That body has developed an on-line application system to provide the Departments with a more efficient applications operation.

Pobal also engages with the applicants themselves, both successful and unsuccessful, to ensure they can satisfy all of the pre-contract conditions and so on.

Deputy Catherine Murphy: When somebody makes an application for these funds, how project-ready do they have to be before they make it through the process? If there are time lags, that may well be a reason. Has any review shown up anything hinting at deficiencies in spending money on very worthwhile projects?

Mr. Kevin McCarthy: There are two parts to that. When Departments put measures forward for inclusion in action plans, they are not necessarily at a mature stage. In fact, experience shows that they tend to be at a much earlier stage of development, and the project that we have spoken about is an example of that. Departments put forward ideas for measures, and a degree of development work is involved in bringing it to a stage where Pobal is ready to seek applications under a scheme.

At the point when Pobal seeks applications, the applicants should be ready. From that point on, the process should move fairly quickly. The delays have occurred in reaching that stage.

Deputy Catherine Murphy: It is difficult not to feel that this is a scheme that no Department really wanted. It has been transferred a few times. If one applied to a Department for funding for a road or a school, one has to go through a process before the project makes it into a budget for the year. This does not appear to meet that criterion. It is very loose, and yet, it is not as if there is a lack of worthwhile projects on which money could be spent. I refer to intervention training for youth justice workers, or victims of crime. There are other projects involving training support for home carers, or community-based models of support for people with dementia. Regarding training support for home carers, there is an action plan of €500,000 and not a penny of it has been drawn down, yet this is a group that is very deficient in the supports it receives. Is it not within the ability of the Department of Employment Affairs and Social Protection, for example, to devise a scheme for home carers such that the money can be drawn down? It beggars belief, particularly given the years involved.

Mr. Kevin McCarthy: It is probably important to point out that when something features in an action plan for the year, it will not necessarily follow - this is a feature of the scheme - that the spend will materialise in that year because the allocations are not time-bound in that sense. It is not the sort of normal Vote allocation process whereby money is voted-----

Deputy Catherine Murphy: Presumably, the expectation would be that the money would be used within, say, the three-year window.

Mr. Kevin McCarthy: Yes, and one of the things we need to address now in terms of how the scheme operates is the information flows and the level of monitoring and oversight of progress on projects that we, as the lead Department with overall responsibility for the scheme, ensure happens. The Deputy describes what has been happening as very loose. In some ways the scheme is not very loose but rather quite tight and quite rigid in terms of the criteria and how Departments can deploy the funding and so on once the commitments are made.

Deputy Catherine Murphy: What changes would Mr. McCarthy propose that would make the scheme more flexible and yet allow the money to be spent appropriately?

Mr. Kevin McCarthy: One thing we need to look at is the criteria that are laid down in the disbursement schemes themselves and whether their effect is too narrow. We certainly need to look at the administrative procedures surrounding the operation of the scheme and the degree of complexity that is involved for Departments. We will need to look at the ongoing monitoring of spend and delivery, and the timelines and project plans surrounding measures that are put forward. We need to hold Departments to account to a greater extent in respect of their position in this regard. As I said, the allocations have not been time-bound, there has not been a sunset clause in place where measures enter into an action plan and there has not been a proactive approach to decommitting funding that is not used in order to allow it to be redeployed for other uses within the scheme. These are all some of the things we need to address-----

Deputy Catherine Murphy: How many people does the Department have dedicated to monitoring and reviewing this? How is it being reviewed? Is it being reviewed within the Department? Can Mr. McCarthy talk me through that very briefly?

Mr. Kevin McCarthy: Yes. We are still in set-up mode to some extent as a Department but we are certainly identifying this as a work priority for the first half of the year both to complete

the review and to engage with Departments in a process of identifying previous commitments, what is still live and what is not, and potential measures for the 2018 scheme. We have a small number of dedicated staff around this who have a range of other responsibilities, to be fair, but we are certainly prioritising this as a work area, given the scale of what is involved and the importance of the recommendations and the issues that have been identified in the C&AG's report.

Deputy Catherine Murphy: What kind of time and what kind of numbers of people are going to-----

Mr. Kevin McCarthy: We have a principal officer and an assistant principal officer with policy responsibility-----

Deputy Catherine Murphy: I refer to people dedicated to this.

Mr. Kevin McCarthy: They are not dedicated full-time to the matter. These are people with many other responsibilities but they will prioritise this work.

Deputy Catherine Murphy: It is a matter of the outcomes, really. If the work is going to be almost exclusively on, for example, carrying out the review, as opposed to ensuring that the projects are up and running and the money is appropriately spent, to what does the Department give priority?

Mr. Kevin McCarthy: In a sense, it is important we conclude the review quickly and identify from it the lessons regarding spend, performance and so on for Departments. From some of the initial discussions we have had about this, and we have had initial discussions even this week with Departments about the issues Mr. McEvoy encountered, I think we can begin to identify immediately some of the things we need to do not only in terms of the preparation of the 2018 action plan, but also in terms of looking back and identifying the issues that arose.

Deputy Catherine Murphy: I want to go through one or two items to flesh the matter out a little. In the Department of Justice and Equality the largest underspend occurred in 2015 on the Garda youth diversion project, which is a very worthwhile programme within the Garda. For this project there was an allocation of just under €500 million - sorry, it was €500,000. I wish it were €500 million. There was a delay in implementing the programme. Has that been addressed at this stage? What were the implementation delays referred to by the Accounting Officer?

Mr. Deaglán Ó Briain: The Deputy mentioned victims of crime and Cosc as well, so if I address-----

Deputy Catherine Murphy: Yes, please do.

Mr. Deaglán Ó Briain: I will do so as concisely as I can but I want to make a few general points. There is an issue about the alignment of dormant accounts allocations with the annual Estimates. They are not the same. Getting a commitment for an amount under the dormant accounts heading does not mean one gets the money in a particular year's allocation. It does not involve an implication or an expectation that all the money will be spent in that year. For example, we got a commitment in December 2014 for Garda youth diversion projects, and clearly it would have been impossible to spend any of that money in December 2014. We work in partnership with non-governmental organisations, NGOs, which means we have a choice between expanding existing services, giving additional funding to NGOs with which we are already partnered and, alternatively, going out and inviting expressions of interest. Whatever

we choose to do, we have a duty to assess applications properly and make sure we are getting value for money. When we got the commitment in December 2014, that was the first possible moment at which we could start having a dialogue with NGOs. From our point of view, it-----

Deputy Catherine Murphy: The Department got the money and then had the dialogue.

Mr. Deaglán Ó Briain: It would have been impossible to start inviting NGOs to submit applications when the Department had no commitment to funding.

Deputy Catherine Murphy: Does Mr. Ó Briain have a piece of advice as to how this should change?

Mr. Deaglán Ó Briain: I am not sure it can change. If we had done it in a different way, we would be here having a very different discussion and I would be much less comfortable. There are obligations on us in terms of transparency and objectivity and making sure that when we invite expressions of interest it is done so in an open way and that the selection of projects and so on is based on evidence.

Deputy Catherine Murphy: Is the underspend addressed now-----

Mr. Deaglán Ó Briain: It is, and I will come to that. It took most of 2015 to get projects up and running. We were able to partner with existing projects and give them funding for extra workers. We set up ten new projects. We set up three of them on the basis that there was a neighbouring project run by an NGO that could do the job for us. The remaining seven started to come on stream from about September 2015, so it took a long time. This is inevitable and there is no way around it. For now, I can give the Deputy some figures. Even in 2016, the projects which had started to commence in 2015 and into 2016 could not draw down the full funding. As we move into 2017 and 2018, that changes. We have an allocation of €6.34 million from dormant accounts in the 2017-18 action plan. We have already spend €3.3 million of that in 2017, with an allocation in the 2018 Estimates of €3.5 million.

Deputy Catherine Murphy: Does Mr. Ó Briain think that will be fully spent?

Mr. Deaglán Ó Briain: Most of it will be fully spent. The two figures do not add up. They add up to slightly more than the allocation-----

Deputy Catherine Murphy: Yes, I was going to say that.

Mr. Deaglán Ó Briain: -----but we are now spending what we have been allocated on the Garda youth diversion projects. Inevitably, it takes time to get to that position.

Deputy Catherine Murphy: Does the Department make assumptions now that those projects are up and running and that they will continue to be funded from the same source?

Mr. Deaglán Ó Briain: They will continue to be funded, subject to our obligations to review funding periodically. Whether it is from the same source or Exchequer funding or other sources of funding depends on future dormant accounts action plans, but they will continue to be funded, subject to the periodic renewal processes.

The Deputy mentioned Cosc as well. Again, there is an issue about the alignment of the annual Estimates and the dormant accounts. There was no underspend of the funding allocated for support for victims of crime. The money was spent over two years and not one. In respect of inviting applications and making sure that beneficiaries do not have unexpended balances at

the end of the year, which is also a very strict rule, it was inevitable that money would not be spent in one year but it has all been spent. Those projects are continuing and additional funding has been committed. At the start there was an allocation in a dormant account action plan and all of that was spent but not in one year.

Deputy Catherine Murphy: A total of €200,000 was allocated for awareness raising of domestic and sexual violence and €70,000 was drawn down.

Mr. Deaglán Ó Briain: That has all been spent and it is managed by the same office, COSC, and the same issue arose, it was not expected that money would be spent in one financial year but it has all been spent.

Deputy Catherine Murphy: The report was to be laid before the Houses of the Oireachtas in 2015. Why was that not done?

Mr. Kevin McCarthy: It appears to be the case that the 2014 action plan, which I think has already been referred to, was produced quite late in 2014 and a view appears to have been formed that it was too soon to produce another action plan because the 2014 action plan continued to be relevant. That should not have happened. The statutory requirement was and is that there should be an action plan in each year. Action plans have been produced for 2016 and 2017 and we will continue to ensure that an action plan is produced for each year.

Deputy Catherine Murphy: I may come back to flesh out the individual ones with the underspend.

Deputy Peter Burke: The witnesses can understand why people get frustrated at the level of underspend presented to us, especially when one takes a snapshot of the crisis period we have just come out of. In 2011 the State was spending 50% more than it was taking in, it could not borrow on open markets and gaps in our society became even bigger which the State could not cover. I see the dormant accounts fitting into these gaps which would benefit from allocations that need to be made.

I am very concerned to see two major problems in the audit: allocation of funds and each Department's spending of funds. The summary shows that very well. Can Mr. McCarthy tell me what was the budget for the Department, not the Dormant Account Fund, in 2017?

Mr. Kevin McCarthy: The Revised Estimate for the current year is €232 million but the provisional gross outturn for 2017 is €136 million.

Deputy Peter Burke: It is €136 million for 2017 and Mr. McCarthy is now being asked to manage a fund that had a value of €259 million at the end of 2016.

Mr. Kevin McCarthy: The overall value of the Dormant Account Fund is €259 million. The fund is managed by the NTMA.

Deputy Peter Burke: Mr. McCarthy's job is to come up with conditions for the allocation of this money and what Departments it should go to, not the management of the funds. Is that correct?

Mr. Kevin McCarthy: Yes, that is correct. It is important to be clear that the level of disbursements that we would commit to in a given year would not necessarily relate to the overall value of the fund. The fund is there as a liability. Account holders have a right to reclaim and so on.

Deputy Peter Burke: Nevertheless, the Department is responsible for the conditions which facilitate the allocation to different Departments.

Mr. Kevin McCarthy: That is right.

Deputy Peter Burke: Have the staff who were working on the Dormant Account Fund from 2012, in the Department of the Environment, Community and Local Government as it was then, been transferred to the Department of Community and Rural Development?

Mr. Kevin McCarthy: I am not certain. Some of the staff who were involved in previous Departments would be with the Department of Community and Rural Development.

Deputy Peter Burke: Mr. McCarthy cannot answer that very important question. I want to find out where responsibility lies. Very vulnerable people in RAPID areas, children and adolescents who would benefit from counselling, were not getting key intervention because the State could not allocate and spend money on their behalf. I expect Mr. McCarthy to be very clear about the people who worked to allocate this money in that litany of Departments from 2015, ending with the Department of Community and Rural Development in 2017. Are the staff with responsibility being transferred to each Department?

Mr. Kevin McCarthy: Not necessarily because when functions transfer they do not always transfer with the staff involved. Sometimes the staff numbers involved will transfer, instead of the actual staff.

Deputy Peter Burke: They either did or did not.

Mr. Kevin McCarthy: Responsibility for it has changed a couple of times. It went from the Department of the Environment, Community and Local Government, as it was, to our territory.

Deputy Peter Burke: I know that but I need to know about the people in the headline Department working to put the conditions in place for where this money is being allocated.

Mr. Kevin McCarthy: One higher executive officer, HEO, I understand, would have been involved under previous departmental configurations. The people I mentioned earlier at principal officer and assistant principal officer level, who will be leading now on what we need to do, are new to this.

Deputy Peter Burke: How many people within the Department work to put the conditions together to administer this fund?

Mr. Kevin McCarthy: On this fund specifically, there is a principal officer, with an assistant principal officer, who has overall responsibility for the administration of the fund.

Deputy Peter Burke: The principal officer cannot just work on his own.

Mr. Kevin McCarthy: There is also an assistant principal officer and one HEO.

Deputy Peter Burke: There is a gross fund of €259 million and there are three people in a Department putting the conditions together to allocate that to various other Departments.

Mr. Kevin McCarthy: Yes that is the resource behind drawing up the disbursement schemes. We will have to examine our internal resources because we need to step up our role and interaction with other Departments, and will seek to put in place stronger information flows.

Deputy Peter Burke: The Department underspent its own budget, is that correct?

Mr. Kevin McCarthy: There was an underspend in 2017.

Deputy Peter Burke: The Department is now being asked to manage a fund which traditionally has significant underspends and lack of allocations. Would Mr. McCarthy accept that it is failure within the Department?

Mr. Kevin McCarthy: I would not accept that it is a failure within the Department.

Deputy Peter Burke: Is Mr. McCarthy happy that there are three people in the Department who are coming up with the conditions, which is an onerous responsibility in respect of a fund with a gross value of €259 million? I imagine that each of the Departments which will benefit from this fund will have to make a submission to the Department of Community and Rural Development in order to get an allocation for that year.

Mr. Kevin McCarthy: There is a level of policy leadership in an area of responsibility like this when it comes to designing a scheme and designing the criteria and so on. I am not sure it would require more than the three people to do that, to identify the issues that will be considered as part of this review, the recommendations that will flow from that, the changes that we need to implement in the administration of the scheme. Policy leadership is required to identify that.

Deputy Peter Burke: That goes back to the Government and the Minister. We are saying the reason this has not been allocated is policy leadership.

Mr. Kevin McCarthy: That is not what we are saying. There are issues around how the scheme is administered and designed and we need to identify them as part of the review into why there has been a slowness in spend.

Deputy Peter Burke: Mr. McCarthy is talking about the review that has not happened yet.

Mr. Kevin McCarthy: It is commencing at the moment.

Deputy Peter Burke: Again, this is in breach of the Department's statutory requirements.

Mr. Kevin McCarthy: That is right and we have acknowledged that the review should have happened before now. There are issues related to the timelines for producing action plans and around the misalignment of action plan provisions with Vote provisions.

Deputy Peter Burke: It is easy to identify issues. Members are frustrated because we meet the affected organisations on a weekly basis and they have revealed gaps in whom the State funds. This has been going on over a protracted period of time and it is totally inefficient that there is a fund which cannot be allocated to the most vulnerable people in our society. Can Mr. McCarthy take responsibility for this? It is his job to ensure a review is carried out on a timely basis, that it is adequately staffed by his Department and that allocations are made in a timely manner. He also needs to hold to account the Departments responsible for spending it. The table we have looked at shows that some Departments seem to be incapable of spending the money, with some underspends as high as 80%. One would not want to give them a significant portion of money again. I do not see a plan here. Mr. McCarthy said he is identifying problems but how are we going to change the situation?

Mr. Kevin McCarthy: The Deputy is quite right. We are committed to completing this review within the first half of the year and we will resource it to ensure it happens. We will also

ensure we take action in respect of any issues identified in the review.

Deputy Peter Burke: The administration costs per annum for Pobal seem to have dropped down to €200,000 from €750,000. What is the reason for that reduction? Over a 13-year period there was €15 million, which would be approximately €1.15 million per annum, so why did it suddenly drop in 2016?

Mr. Kevin McCarthy: It relates to the level of Pobal activity in a given year.

Deputy Peter Burke: Does it mean nothing is being done?

Mr. Kevin McCarthy: It relates to the volume of application processing and the follow-on to that, as well as auditing.

Deputy Peter Burke: This is not adding up at all. Demand is growing and communities are crying out for this money but the Department is spending less on getting the money to Departments. The figure must have been over €1 million in some years.

Mr. Kevin McCarthy: There were exceptional increases in some years, such as when they were developing the online application platform, and these increases distort the trend to some extent.

Deputy Peter Burke: Does Mr. McCarthy think Pobal is doing a good job?

Mr. Kevin McCarthy: Overall, yes. We can look at this as part of the review into the overall administration, however.

Deputy Peter Burke: Can Mr. McCarthy briefly summarise Pobal's place in this jigsaw?

Mr. Kevin McCarthy: It serves as an interface between Departments allocating funds and the groups seeking those funds. It provides information to potential applicants and explains the requirements for funding, as well as carrying out audit checks.

Deputy Peter Burke: The money comes to Mr. McCarthy's Department, then there is Pobal and the Department to which the money is being allocated. There is layer upon layer before it gets to the people in the community who need it.

Mr. Kevin McCarthy: I accept that there is a degree of complexity around this.

Deputy Peter Burke: "Complexity" is putting it mildly. It is not working.

Mr. Kevin McCarthy: The other piece of this jigsaw is Vote provision in a given year. Departments have to provide for dormant account spend as part of their Vote, bringing Vote sections and the Department of Public Expenditure and Reform into the mix in terms of agreeing amounts within overall expenditure ceilings. References were made to the tightness of spend in the period from 2012 to 2016.

Deputy Peter Burke: Does Mr. McCarthy think the system is working?

Mr. Kevin McCarthy: It is not working as well as it could work.

Deputy Peter Burke: That is an understatement. It is not working and it is an absolute disgrace.

Mr. Kevin McCarthy: Overall disbursement activity across Departments has been increas-

ing in recent years. In the period of the report of the Comptroller and Auditor General, that is, 2016, disbursement levels reached €12 million.

Deputy Peter Burke: The figure from 2012 to 2016 was €28 million, when people were crying out for the money. Some Departments failed in their duty. Demand was massive at that time.

Mr. Kevin McCarthy: I accept that point but the fund is not all available for spend.

Deputy Peter Burke: I know that.

Mr. Kevin McCarthy: Departments also have to negotiate within expenditure ceilings in a given year, which affects their capacity to deliver. While it is ultimately Exchequer-neutral because it comes back in as an appropriation-in-aid, Departments must provide for it within their expenditure ceiling. There were constraints on overall spend levels in the 2012-16 period, which forms part of the complexity. It also feeds into calculations about the levels of Government debt.

In 2013 and 2014, disbursement levels were down at €1.4 million and €1.9 million, respectively, while the figure rose to €8.9 million in 2015, €12 million in 2016 and €16 million in 2017, so the trajectory has been upwards. This has been partly because of slowness in getting measures off the ground but, while there have been long lead-in times, they are beginning to gather momentum. There are other areas, however, where momentum has not been gathering and we need to look at the continuing relevance of those measures.

Deputy Peter Burke: Is the Department working on how we can simplify this process? The figures Mr. McCarthy gives make it look even worse, because societal demands were increasing in the period to which he referred, that is, from 2011 onwards. There are three people in the Department working on it but can Mr. McCarthy give me any confidence that the money will be allocated better and that the red tape around it will be reduced?

Mr. Kevin McCarthy: It is our determination that it will. We will look at how we can simplify processes and procedures and it may bring us back to legislative proposals.

Deputy Peter Burke: The Department is not implementing the legislation it has at the moment so I would not bother with that part of it.

Mr. Kevin McCarthy: My point is some issues may be identified as potential ways forward that will bring us back into the legislative space. Within the current legislative provisions, there is also capacity to see how we can simplify and improve things.

Deputy Peter Burke: What is the precise reason for the reduction of €200,000 in Pobal's administration fees?

Mr. Kevin McCarthy: It relates to the level of activity in a year.

Deputy Peter Burke: That does not mean anything to me.

Mr. Kevin McCarthy: In the prior year, 2015-----

Deputy Peter Burke: It was €750,000.

Mr. Kevin McCarthy: Yes. That included the exceptional technical costs of developing the new online portal. It is not a reflection of additional activity in 2015.

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Deputy Peter Burke: Leaving aside 2015, if one takes a look at a 14-year period, there seems to be significantly more than €200,000 per year to Pobal, so Mr. McCarthy has not answered my question. Pobal would have had not far off €1 million in some of those years.

Mr. Kevin McCarthy: It was €750,000 in 2012, €645,000 in 2013, €400,000 in 2014 and €750,000 in 2015.

Deputy Peter Burke: There is something desperately wrong there.

Mr. Kevin McCarthy: It was €200,000 in 2016 and €425,000 in 2017.

Deputy Peter Burke: What is driving that seesaw? How are we monitoring what Pobal is spending here? Why is it going up and down so much without any value getting to people on the ground?

Mr. Kevin McCarthy: There is value in terms of the actual spend under measures in delivery on the ground. Pobal's role, as I say, is-----

Deputy Peter Burke: No, no. In terms of the checks and balance of the Department *vis-à-vis* Pobal, I merely want to know why is the budget doubling some years, drastically going down or going back up when I cannot see in the figures that activity on the ground, in terms of money going out to communities, is increasing. Why is that happening?

Mr. Kevin McCarthy: It would relate to the varying nature of measures that are being implemented in a given year. Some measures, for example, might be more wide-scale in terms of the volume of activity that would be required of Pobal in terms of the volume of applications that might be involved in a particular measure.

Deputy Peter Burke: Has the Department a service level agreement with Pobal?

Mr. Kevin McCarthy: We have an overall framework agreement as a Department-----

Deputy Peter Burke: A framework agreement. Would Mr. McCarthy expand on that?

Mr. Kevin McCarthy: -----and then there are individual service agreements around different areas of Pobal activity. Pobal enters into agreements with individual Departments, say, in respect of what it does on dormant accounts for those individual Departments.

Deputy Peter Burke: In terms of the moneys, is the Department responsible for paying Pobal that administration fee?

Mr. Kevin McCarthy: We are.

Deputy Peter Burke: Is there a service level agreement between the Department and Pobal for that, in terms of how it is monitored and measured and in respect of the way in which activity is quantified?

Mr. Kevin McCarthy: There is an agreement in place with Pobal.

Deputy Peter Burke: Does that agreement stipulate how much? Is there a rate per application? How is activity driven through that agreement?

Mr. Kevin McCarthy: It relates to the level of activity on a particular programme that is run and then there is a separate service fee as well.

Deputy Peter Burke: Is the service fee a flat fee?

Mr. Kevin McCarthy: That is a flat fee of €184,000.

Deputy Peter Burke: There is a flat-rate fee of €184,000 and the balance is based on activity. That means Pobal did nothing last year, if we are saying €200,00 is for administration.

Mr. Kevin McCarthy: It got €425,000 in 2017.

Deputy Peter Burke: No, no. I just want to get this right here now. We are saying €200,000 was the administration fee. Mr. McCarthy stated €184,000 is the flat-rate service level agreement fee and the balance is on activity, am I correct?

Mr. Kevin McCarthy: It is a combination, yes.

Deputy Peter Burke: That means, in 2016, if €200,000 was the allocation, Pobal did nothing for the year.

Mr. Kevin McCarthy: We would have to look back-----

Deputy Peter Burke: Does Mr. McCarthy accept that?

Mr. Kevin McCarthy: That would suggest there was clearly a lower level of activity in 2016.

Deputy Peter Burke: Clearly, there was no activity. I would have serious reservations.

Mr. Kevin McCarthy: To be clear, Pobal's activity does not necessarily relate to the overall level of activity on the fund.

Deputy Peter Burke: Is it correct that these community groups are going to Pobal getting information in terms of applications for various different funding streams?

Mr. Kevin McCarthy: Yes.

Deputy Peter Burke: Therefore, it does relate to activity.

Mr. Kenneth Jordan: We ourselves are getting to grips with this.

Deputy Peter Burke: It sounds like it.

Mr. Kenneth Jordan: To clarify, Pobal only runs those schemes when a Department asks it to run them. They ran a social enterprise measure for us, which was €1.64 million.

Deputy Peter Burke: Why has the Department a flat fee of €184,000 then, if Pobal only runs schemes when the Department runs them? If the Department decides to run no measures, does that mean Pobal still gets €184,000?

Mr. Kenneth Jordan: According to the memorandum of understanding, MOU, in place now, that is the case.

Deputy Peter Burke: This is incredible stuff.

Mr. Kenneth Jordan: The MOU expired in December. We will be going back on this.

Deputy Peter Burke: The service level agreement or MOU, call it what you will, under

which the Department is operating has expired.

Mr. Kenneth Jordan: That is my understanding, yes.

Deputy Peter Burke: This is terrible. When one talks about communities on the ground, this is very serious.

Chairman: I must take the others. We will come back to it.

Mr. Kenneth Jordan: Can I clarify one point?

Chairman: It is worse it is getting. I was not happy with the opening statement and it has gone seriously downhill the longer the meeting has gone on.

Deputy Peter Burke: That is what is frustrating me. As I say, this is not personal. Community groups are coming to us where there are gaps that have not got funding in a very difficult time and yet we see that the Department provides a flat-rate fee, it has no service level agreement in place and activity outside of that seems to have been non-existent last year. The Department has no chargeable policy for activity outside of the €184,000 now because it has expired, or I do not know how the Department charges it.

Chairman: I must move on to Deputy Connolly. Is that okay with Mr. McCarthy?

Mr. Kevin McCarthy: Just to add, while there might be application activity or the application activity in a given period could fall off, Pobal would still be required to do the follow-on checks, etc., and all of those other services that it has entered into as part of the MOU.

Deputy Peter Burke: They are not prepared to do it now, if the Department does not have any agreement with them.

Mr. Kevin McCarthy: No, but I suppose the flat service-level fee would cover some of that activity.

Chairman: I call Deputy Connolly. I thank Deputy Burke.

Deputy Catherine Connolly: Cheap mé go raibh muid ag déanamh dul chun cinn maidir le cothromaíocht inscne. An tseachtain seo caite, ghabh mé mo bhuíochas as an gcothromaíocht inscne a bhí i gceist ach táimid ar ais arís. Níl an locht ar na finnétithe ach ní féidir gan rud a rá. Last week, I welcomed the gender equality. It was wonderful. We had finally got all women. Now we are back to all men, with one woman behind who I welcome. I could not let it go without making a comment on it. It is startling.

I found this fascinating reading, and a good news story with a significant amount of money available for disbursement. I am not sure how it has become a bad news story.

The amount transferred to the fund between 2003 and 2016 - it is presumably more since - was €842 million, some of which is for disbursement. It is a wonderful good news story. The net transfers were €549 million and we are averaging a payout every year of €27 million.

First, let me get some critical points correct. Each Department is faced with a dilemma because Departments do not get this money upfront and the Department of Community and Rural Development must take the money out of its Vote. Is that correct?

Mr. Kevin McCarthy: Yes.

Deputy Catherine Connolly: Subsequently, the Department gets it back from the Dormant Accounts Fund, which is managed by the NTMA. The NTMA manages the money, invests the money and looks after the interest rates. Each Department has to take money from its voted budget to give out.

Mr. Kevin McCarthy: That is right.

Deputy Catherine Connolly: Then the Department of Community and Rural Development gets it back from the Dormant Accounts Fund.

Mr. Kevin McCarthy: That is right.

Deputy Catherine Connolly: The next issue then is the significant underpayment going out. I do not wish to be too critical because it should be a wonderful story. We heard an opening statement. The Chair has already referred to it and I myself had it marked. Mr. McCarthy spent most of the opening statement telling us what we know and not dealing with the issues that were raised by the Comptroller and Auditor General. These were practical issues, with one recommendation. For the future, in an opening statement we do not need the background because we have it. I got it in the briefing document and read it. I got it in the chapter and read it. I got it in just about all the other documents I have read. I needed Mr. McCarthy to deal with the issues raised - one, two, three, four, five.

On the statutory review, the Department has broken the law. Is it correct that the Department has not complied with its obligations under the law to carry out a review?

Mr. Kevin McCarthy: That is correct.

Deputy Catherine Connolly: I appreciate that the Department has come on this late. I want to say that on the record. In July last year, the responsibilities were transferred to the Department.

Mr. Kevin McCarthy: That is correct.

Deputy Catherine Connolly: Prior to that, there were I do not know how many different Departments.

There was a dormant accounts board. Would someone tell me was it functioning well originally? This scheme was set up in 2003. It was managed by a dormant fund account, is that right?

Mr. Kevin McCarthy: That is correct.

Deputy Catherine Connolly: Was it working well?

Mr. Kevin McCarthy: It was abolished in-----

Deputy Catherine Connolly: No, no. Was it working well?

Mr. Kevin McCarthy: I am not in a position to offer a view on that.

Deputy Catherine Connolly: Is anyone here in a position to tell me was the dormant funds board working well and if so, why was it abolished?

Chairman: Is there anyone present who dealt with the dormant accounts board over the

years?

Mr. Kevin McCarthy: To be fair, it was a Government decision of the time to move away from the dormant accounts board structure and to bring the responsibility back in to Departments. I am not fully *au fait* with the thinking at the time. There was a move, for example, to reduce the number of agencies-----

Deputy Catherine Connolly: If Mr. McCarthy has no opinion, that is okay.

Mr. Kevin McCarthy: -----and bodies out there and it was certainly part of that.

Deputy Catherine Connolly: If it does not come within Mr. McCarthy's remit, that is okay. However, it is important to say there was a board there.

Mr. Kevin McCarthy: That is right.

Deputy Catherine Connolly: I see no evidence before me that that board was not working properly and we needed a new system.

What I see before me is not the Department's fault. It has gone from Department to Department, with serious underspend of money that is urgently needed. That is a question I am going to take up. What review was taken of the dormant funds account at the time? Why was there a need for a change? What lessons were learned? Now that we have gone forward, the Department is not complying with its obligation under the legislation. Did the previous Department not comply with that obligation as well? That review was due within three years.

Mr. Kevin McCarthy: Yes, it should have been concluded by December 2016.

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: It should have been concluded within three years of the-----

Deputy Catherine Connolly: When should it have been commenced?

Mr. Kevin McCarthy: Within three years of the commencement-----

Deputy Catherine Connolly: I know. When should it have been commenced?

Mr. Kevin McCarthy: I think the legislation sets down when it should be concluded-----

Deputy Catherine Connolly: I know that.

Mr. Kevin McCarthy: -----rather than when it should be commenced.

Deputy Catherine Connolly: I understand that. The Department has checked this out. When should that-----

Mr. Kevin McCarthy: Ideally, we would expect-----

Deputy Catherine Connolly: I do not want to hear about "ideally". Under the legislation, what was the final date by which this review had to start?

Mr. Kevin McCarthy: December 2016.

Deputy Catherine Connolly: It had to start by December 2016.

Mr. Kevin McCarthy: No, it had to conclude-----

Deputy Catherine Connolly: When did it have to start?

Mr. Kevin McCarthy: The legislation is silent on when it needs to start.

Deputy Catherine Connolly: Right. That is a little gap, is it?

Mr. Kevin McCarthy: Not necessarily.

Deputy Catherine Connolly: It is, because there is no review now. Stick with me for a second - I am asking very specific questions.

Mr. Kevin McCarthy: I know. If a piece of legislation sets down when a review should be concluded by, I suppose it becomes imperative to identify the requirements in terms of the review.

Deputy Catherine Connolly: Okay. It should have been concluded by December 2016--

Mr. Kevin McCarthy: Yes.

Deputy Catherine Connolly: -----and we are now in February 2018.

Mr. Kevin McCarthy: That is right.

Deputy Catherine Connolly: Why has the review not started and been completed?

Mr. Kevin McCarthy: Well-----

Deputy Catherine Connolly: Just a simple answer now.

Mr. Kevin McCarthy: Yes. We are moving-----

Deputy Catherine Connolly: No.

Mr. Kevin McCarthy: -----to commence a review now.

Deputy Catherine Connolly: No. Why has the review not commenced? I do not wish to place blame. I simply wish to find out the reason. Was there a shortage of staff? I am not giving answers. I would like Mr. McCarthy to give me the answer. Why was it not completed?

Mr. Kevin McCarthy: I can only speak for where we are at the moment.

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: Certainly, the review should have happened in line with the statutory requirement.

Deputy Catherine Connolly: Why did it not happen? My question is “why?”. If Mr. McCarthy cannot answer-----

Mr. Kevin McCarthy: I cannot say why it did not happen before December 2016. I can say that the Department which had this responsibility at the time consulted other Departments in drawing up a new scheme. It may have formed the view that this was sufficient to meet the requirement.

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Deputy Catherine Connolly: No, just a second, there is something seriously wrong here. This has been the Department's responsibility since last July. One of my colleagues asked about the problems that were identified during the handover. Did the officials in the outgoing Department say that this was at the top of the list? Was that said?

Mr. Kevin McCarthy: I am-----

Deputy Catherine Connolly: Was this at the top of the list when Mr. McCarthy and his colleagues took over this responsibility? Were these problems highlighted?

Mr. Kevin McCarthy: Certainly for me, the Comptroller and Auditor General's report would have highlighted it.

Deputy Catherine Connolly: That is not my question. Were these serious issues of under-spend highlighted when responsibility for this area was handed over?

Mr. Kevin McCarthy: I do not know-----

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: -----what was highlighted as part of the handover discussions.

Deputy Catherine Connolly: All right.

Mr. Kevin McCarthy: I am simply not in a position to comment on that.

Deputy Catherine Connolly: That is fine. The Comptroller and Auditor General came along then. The Department has accepted his major recommendation. I suggest it is not really a recommendation - it is an obligation under legislation. When is the date for that to be completed? Who is carrying it out?

Mr. Kevin McCarthy: A first meeting has been established for 21 February.

Deputy Catherine Connolly: The first meeting is going to take place on 21 February. With whom?

Mr. Kevin McCarthy: With the Departments that will be parties to the review. The NTMA will also be invited to participate.

Deputy Catherine Connolly: Who is carrying out the review? When is it going to be completed?

Mr. Kevin McCarthy: As a Department, we will be leading on that review.

Deputy Catherine Connolly: Yes.

Mr. Kevin McCarthy: We will be conducting the review with the involvement of each of the Departments that have an interest in it.

Deputy Catherine Connolly: What is the date of completion?

Mr. Kevin McCarthy: The second quarter.

Deputy Catherine Connolly: Sorry, what does that mean?

CHAPTER 7 - DORMANT ACCOUNTS FUND

Mr. Kevin McCarthy: By June.

Deputy Catherine Connolly: Why was there no action plan? Maybe the answer will be the same. There were no action plans in 2015 or 2016 because-----

Mr. Kevin McCarthy: 2015.

Deputy Catherine Connolly: 2015. The previous one in 2014 was late and it was felt that there was no need for one in 2015.

Mr. Kevin McCarthy: Again, I am speculating.

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: That seems to have been the reason behind it.

Deputy Catherine Connolly: All right.

Mr. Kevin McCarthy: Certainly, there should have been an action plan.

Deputy Catherine Connolly: There was no such plan.

Mr. Kevin McCarthy: We have said that there should have been an action plan.

Deputy Catherine Connolly: Without an action plan, one cannot see what projects are identified. Is that not right?

Mr. Kevin McCarthy: Except that the Departments were still operating off the 2014 action plan at that point, given the lateness of the production of that plan. I think it is an issue generally in terms of the calendar activity. It is an issue that individual Departments have identified-----

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: -----as a factor in the underspend.

Deputy Catherine Connolly: These issues are coming to our attention because of the Comptroller and Auditor General's report. They are not coming to our attention proactively from the various Departments. This is extremely worrying because there should be an inbuilt review of what is going on to facilitate the distribution of this money. I would like to clarify something. If an account pertaining to the list of the various institutions is dormant for 15 years, that money goes into the dormant accounts fund, but the owner is allowed to retrieve it at any point.

Mr. Kevin McCarthy: That is correct.

Deputy Catherine Connolly: Okay. The credit unions have never come into this.

Mr. Kevin McCarthy: No.

Deputy Catherine Connolly: Mr. McCarthy has no view on that because it is a policy decision.

Mr. Kevin McCarthy: That is a policy matter for the Government.

Deputy Catherine Connolly: That is okay. How much of the money that goes in has to be

kept in reserve in case people come back in the future?

Mr. Kevin McCarthy: My colleagues from the NTMA might want to comment on that.

Deputy Catherine Connolly: Yes.

Mr. Kevin McCarthy: The current value of the reserve is €80 million.

Deputy Catherine Connolly: I know what the current value is.

Mr. Kevin McCarthy: Yes.

Deputy Catherine Connolly: I just want to know what has to be kept in reserve. How much money would be available for disbursement if there was a full team disbursing the money?

Mr. Stephen Judge: I will provide some background information. As Mr. McCarthy has said, there was €217 million in the fund at the end of last year and there was a reserve fund of approximately €80 million. That really represents the reserve fund for potential future reclaims.

Deputy Catherine Connolly: The NTMA has a formula for coming up with-----

Mr. Stephen Judge: Yes. It is roughly-----

Deputy Catherine Connolly: It is okay. I just want to know the mechanics. The NTMA keeps that much in reserve and everything else can be given out.

Mr. Stephen Judge: Everything else is in what is called an investments and disbursements fund for investment and disbursement.

Deputy Catherine Connolly: That money can be given out by the various Departments if they are able to do so. Some €80 million is kept in reserve.

Mr. Stephen Judge: Yes.

Deputy Catherine Connolly: I will move on to the social enterprise schemes. I would like to put this in perspective. Last night, I took a phone call from an organisation in Connemara, Teagmháil na nÓg, which has just received a letter from the local ETB - I keep calling it the VEC - to tell it that it is going to close. This is a special centre for children who drop out of school and it has been told it is going to close. I am looking at massive amounts of funds here. I just heard about it last night and I am going to get more details on it. Last year, all the politicians in Galway were called to a meeting because the youth federation, or an organisation like that, was about to close due to a lack of money. Two weeks ago, we got a call about an essential service where access takes place in time. It is about to close at the end of March. Various social enterprise ideas are coming forward. One example involves repairing bicycles. It cannot get a leg in to get help. That is just the background. I have mentioned a minute sample. Comhlachas na gComharchumainn, which represents all the co-operatives in the Gaeltachts and islands throughout Ireland, has made presentations to all of us. It is struggling to exist. There is something seriously wrong here. I do not wish to blame Mr. McCarthy individually. Is there any feedback? Is there any mechanism? We will take the co-operative movement. Has the Department engaged with Comhlachas na gComharchumainn? When its representatives were in Buswells Hotel and in the Dáil, they told us that a tiny amount of money would make such a difference. Has the Department engaged with them in relation to the dormant accounts?

Mr. Kevin McCarthy: I do not know what engagement there has been with specific named

organisations, but I can certainly say that under our dormant accounts action plan, there is a measure that involves supporting social enterprise.

Deputy Catherine Connolly: Yes.

Mr. Kevin McCarthy: In the period under examination, the spend has been slow.

Deputy Catherine Connolly: Yes.

Mr. Kevin McCarthy: Over 2015 and 2016, some €974,000 was drawn down. There has been a gathering momentum under that. In February 2017, there was a separate call for proposals. As a result of that, €1.648 million was allocated in 2017 to 42 social enterprise projects around the country.

Deputy Catherine Connolly: Okay. Has the Department developed its policy on social enterprise or is it still working on it?

Mr. Kevin McCarthy: Yes. Just to complete it out, there is a separate current call-out for dormant account funding under Social Innovation Fund Ireland.

Deputy Catherine Connolly: Yes.

Mr. Kevin McCarthy: This is also to support social enterprise. That is a €1.6 million fund.

Deputy Catherine Connolly: There is a huge underspend on that as well.

Mr. Kevin McCarthy: That is only out for an invitation of expressions at this point, under Social Innovation Fund Ireland.

Deputy Catherine Connolly: Social Innovation Fund Ireland saw a huge underspend.

Mr. Kevin McCarthy: That is right. It has been slow to get off the ground, but it has gathered momentum.

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: There was a significant increase in spending in 2017. It was over €2 million in 2017. To be fair, I would like to mention a particular feature of that.

Deputy Catherine Connolly: Yes

Mr. Kevin McCarthy: Social Innovation Fund Ireland is required to source matching funding from private philanthropists. That is a constraint on its capacity to gear up. We understand that at this point, it has identified a potential €10 million pipeline of private philanthropist donors. That will allow it to continue to gear up.

Deputy Catherine Connolly: Okay.

Mr. Kevin McCarthy: It is a new organisation that has been getting off the ground. It has staffed itself up. We expect it to have more activity. Between the two social enterprise funds that are currently spending, there is a separate commitment to a further 2018 call under the social enterprise measure. As the Deputy indicated, we are developing an overall policy on social enterprise.

Deputy Catherine Connolly: When will that be ready? Who is developing it? Is it being

developed in-house?

Mr. Kevin McCarthy: It is in-house. We are relying on some of the same people to develop that as the managerial scheme.

Deputy Catherine Connolly: When will it be ready?

Mr. Kevin McCarthy: That will be the end of quarter one. That is the target.

Deputy Catherine Connolly: The end of March.

Mr. Kevin McCarthy: Yes.

Deputy Catherine Connolly: It will be available and we can see it.

Mr. Kevin McCarthy: I speak in terms of the work done on it. Proposals will have to come to the Minister and so on in the usual way. It is certainly our intention to publish that in the early part of this year.

Deputy Catherine Connolly: When would it be, roughly?

Mr. Kevin McCarthy: Our work will be concluded in quarter one, which is the end of March.

Deputy Catherine Connolly: All right.

Mr. Kevin McCarthy: We have also taken on more responsibility for the community services scheme, as the Deputy probably knows.

Deputy Catherine Connolly: What is that?

Mr. Kevin McCarthy: The community services scheme. Again, there is a social enterprise dimension to that and all of it will feed into the social enterprise policy. I am not familiar with the precise detail of the issues or needs of the individual organisations mentioned by the Deputy-----

Deputy Catherine Connolly: They are not individual organisations.

Mr. Kevin McCarthy: No, I know that.

Deputy Catherine Connolly: It is the representative organisation for the co-ops on the islands, Connemara and throughout the Gaeltachts. They set out very clearly what is necessary and I would have thought this would be the first point of engagement.

Mr. Kevin McCarthy: We are happy to engage with them as an input to the development of the social enterprise policy. It is an area where we see significant potential to grow our activity.

Deputy Catherine Connolly: The Chairman is being very polite with me as I am sure my time has finished. It is essential that the review should look back and learn but it must also look forward and change the *modus operandi*. There must be a focused team with full-time employees looking at this. This money must be given out and it is clear the Department cannot do it, with the best will in the world. The two or three people identified are not assigned solely to this. It seems extraordinary that it takes the Comptroller and Auditor General's report to make the Department reflect on this. There is no sense of urgency and the response to the Comptroller and Auditor General's report is that this is part of the work programme rather than something

that needed an urgent review in order to see where this was going. If I thought it would come from today's proceedings, I would be delighted. It would be worthwhile.

Mr. Kevin McCarthy: I assure the Deputy that we recognise the importance and urgency of this. Even in preparing our 2018 action plan, we want to be able to draw on the lessons of what has worked and has not worked. We are exercised to do that.

Deputy Catherine Connolly: Pobal has an administrative role but does it have a feedback role for the Department? Does it indicate what is needed on the ground?

Mr. Kevin McCarthy: It does. It produces reports on individual schemes.

Deputy Catherine Connolly: No, that is not my question. Is there feedback generally on what is needed in an area? For example, would it indicate gaps or what is missing?

Mr. Kevin McCarthy: Is that with regard to administration of schemes-----

Deputy Catherine Connolly: No, it is not with regard to schemes. Does it identify gaps and needs in an area or function outside the limited scheme being administered? Is it simply-----

Mr. Kevin McCarthy: I am not sure that is a formal part of its responsibility. Certainly, in the dialogue with Pobal we would draw on its experience in managing schemes, the demand being presented and the unmet demand for schemes. That forms part of the dialogue with Pobal, as opposed to a formal feedback responsibility.

Chairman: You ran through some figures with Deputy Burke and I would like you to go through them again slowly. I would say you have the schedule for each year from 2012 to 2017, so what were the payments?

Mr. Kevin McCarthy: What figures are they?

Chairman: They are the payments out.

Mr. Kevin McCarthy: How far back?

Chairman: It is to 2012.

Mr. Kevin McCarthy: In 2012, it was €4.159 million.

Chairman: It is approximately €4.2 million.

Mr. Kevin McCarthy: In 2013, the figure was €1.486 million; in 2014, it was €1.989 million; in 2015, it was €8.939 million; in 2016, it was €12.041 million; and in 2017 it was €15.652 million. There are expenses and compliance costs in each year as well. Those figures relate to disbursements.

Chairman: What were the payments to Pobal for each of those years?

Mr. Kevin McCarthy: In 2012, it €750,000; in 2013, it was €645,000; in 2014, it was €400,000; in 2015, it was €750,000; in 2016, it was €200,000; and in 2017 it was €425,000.

Chairman: It varies quite a bit in some years it can be 20% or 30% of payments referred to by the Comptroller and Auditor General. That excludes the costs of the Department and the National Treasury Management Agency.

COMMITTEE OF PUBLIC ACCOUNTS

Mr. Kevin McCarthy: That is correct.

Chairman: Last year approximately €16 million was paid out.

Mr. Kevin McCarthy: Yes.

Chairman: What were the costs or expenses associated with that?

Mr. Kevin McCarthy: The Chairman is referring to 2017.

Chairman: Yes.

Mr. Kevin McCarthy: There was €425,000 paid in respect of Pobal.

Chairman: That is fine.

Mr. Kevin McCarthy: I should mention, for completeness, that there are other costs in a year. The total expenses and compliance cost in 2017 would have been €660,000, which includes the Pobal figure.

Chairman: Okay. That is fine. There was a figure in the briefing material of committed funds to be distributed by the NTMA on foot of existing approvals. It is €70.86 million. Will the witnesses give a breakdown of that figure by scheme and county? It does not have to be now.

Mr. Kevin McCarthy: We can seek to do that. We do not have it broken down in that way.

Chairman: I did not expect it now. That is the amount committed based on plans, etc.

Mr. Kevin McCarthy: It is based on commitments in annual action plans that have not yet been disbursed.

Chairman: How long is some of that in the system? How much of the amount might relate to an action plan not paid out for longer than four years, for example?

Mr. Kevin McCarthy: It is one of the exercises we are attempting now in engaging with individual Departments.

Mr. Kenneth Jordan: This is in the Comptroller and Auditor General's report, by and large. Currently, there are-----

Chairman: Is this in the Comptroller and Auditor General's report?

Mr. Kenneth Jordan: It is extracted from the report, as such.

Chairman: Okay. We have that.

Mr. Kenneth Jordan: I can summarise it for the committee. There is a €12.4 million underspend for the former Department of the Environment, Community and Local Government. Part of the issue in the 2018 action plan is to work out each of those schemes and draw a line under them if they are not going to progress. The Department dealing with housing has a €6 million underspend and the Department dealing with rural, regional and Gaeltacht affairs has an underspend of €3.8 million. Our Department has €11.5 million in its underspend. Much of that is the Social Innovation Fund Ireland, SIFI, and it is technically not an underspend as the €10 million commitment was planned over three years. The Department of Children and Youth

Affairs has an underspend of €7.5 million, as does the Department of Justice and Equality. The Department of Health figure is €4.5 million. The other most significant figure is for the Department of Education and Skills at €3.4 million. The aggregate underspend in 2012 was €4 million and in 2013 it was €6.5 million.

Chairman: That is 2012. What is it in 2013?

Mr. Kenneth Jordan: In 2013, I have an aggregate underspend of €6.5 million.

Chairman: That is money which is approved on foot of action plans but is not yet paid out.

Mr. Kenneth Jordan: Exactly.

Chairman: It is €4 million for anything before 2012.

Mr. Kenneth Jordan: At the moment, because action plans were not in place before 2012, it was the disbursement board. We are left with a figure of €9 million in difference. There is €61 million for the action plans and €9 million-----

Chairman: Prior?

Mr. Kenneth Jordan: -----outstanding prior to 2012.

Chairman: So how much is there pre-2012?

Mr. Kenneth Jordan: Some €9 million. We have to go back over the detail of these figures but this is the initial take.

Chairman: Would any of those files go back a decade at this stage? Do they exist?

Mr. Kenneth Jordan: The most important thing for us is to get the commitment that this money is not required so that we can bring it forward to future action plans.

Chairman: If the Department gives a commitment in writing without a sunset clause, does it have an entitlement to withdraw the money? It is obvious that it is not happening but the Department does not have-----

Mr. Kevin McCarthy: The reality is that it is more likely to relate to measures that never got off the ground rather than groups that were approved for funding not having got it. It may have been that a measure did not reach the level of activity that might have been originally projected. For example, either the level of demand or level of uptake did not reach the initial projected level or, in some cases, a measure simply did not get off the ground in the way that was originally planned.

Chairman: What was the figure in 2013?

Mr. Kenneth Jordan: For underspend? Some €6.5 million.

Chairman: What was it in 2014?

Mr. Kenneth Jordan: Some €4.3 million.

Chairman: Approximately €25 million has been committed and has been sitting in an account for up to eight years while organisations cry out for this money. It gives a whole new meaning to “dormant”. At least some people can get money out of that account even if they

come back but this seems to be more dormant than the dormant account the National Treasury Management Agency, NTMA, manages. We will be doing a periodic report. I do not think this system works. I do not think it needs a review. There has been €25 million sitting there for years with nothing happening, with organisations crying out for it which serve the most deserving groups of people in society with regard to people with economic and social disadvantage, educational disadvantage and persons with disabilities. That €25 million has been sitting there for nine years and the witnesses do not even know its position. That is woeful.

One of the problems, though not caused by the witnesses since they are the people administering it, is that the chart from the Comptroller and Auditor General indicates that there are schemes being administered by ten different Departments. That is on page 105, chart 7.3 in the Comptroller and Auditor General's report. The Department of Environment, Community and Local Government had a major underspend, as did the Department of Children and Youth Affairs, the Department of Justice and Equality, the Department of Transport, Tourism and Sport, the Department of Health, the Department of Housing, Planning, Community and Local Government, the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs which spent only 6% of what was approved, the Department of Education and Skills which spent 25%, the Department of Employment Affairs and Social Protection which spent half of it, and the Prison Service which spent only a fraction of it. It is no wonder that this system does not work when it is spread across ten different Departments. There is a fund managed by the NTMA and it is a good idea to have it. The witnesses make a provision to have some money to go back. They engaged Pobal to administer it, having come up with the policy, and then there are different schemes across ten different Departments. How could anybody know where to go for this money? It is no wonder it is lost in the system.

I have to contrast this. How much has the Department of Rural and Community Development paid out over the years? Some €275 million. We have to look at this with regard to value for money and good public administration. We all look at what we call the sports capital programme. It hands out that type of money every time there is a round. The applicants know what to do. It is well publicised. They get their forms in. The level of detail they have to get in is extraordinary. There is a sunset clause and the Department, without having to go to Pobal or ten other Departments, is able to administer it, make sure it functions properly, get the documentation in after approval is given and pay for the works when they are done, subject to audit, verification and so on. That system works well. This system is not working at all. The Department would be better off asking the Department of Transport, Tourism and Sport if it would second half a dozen staff to the Department of Rural and Community Development, and getting rid of Pobal and the ten different Departments. It is not just a question of the three people. They are probably busy drawing up schemes and policy statements for ten different Departments, and ten Departments are drawing up schemes to implement it. It is the worst level of duplication across Departments that I have encountered in my time as Chairman here. None of it is the witnesses' fault. They inherited this last year. I would be of a mind, when we are issuing our interim report, to state that the system as it operates has to be called to a halt. It is not transparent. It is all over the place. Nobody can follow it. The Department even has trouble following it. There is money as much as nine years old with no sunset clause. We all have sight of one Department or another which would administer a scheme of this scale and nature with its hand tied.

Maybe people will utterly disagree with me but I am amazed at how poorly this system operates. I have no confidence that it will be any better next year. This matter of calling it a timing difference and aligning funding coming from the Dormant Account Fund versus the annual Estimates is, as just mentioned, something done by the Department I just mentioned. It gets an

Estimate for a programme and we know it will be a couple of years before some of the funding will be drawn down for the sports capital programme. There is a prototype in the public service of how to administer a fund like this. One of our jobs is, when we find something working well, to try to replicate it in other areas which do similar work in a very cumbersome manner. This is designed to be cumbersome. It involves ten different Departments and ten different types of scheme and there is probably a variety of different schemes within those Departments. It would be impossible for people to deal with. Without going into further detail, I think the witnesses understand our frustration. Deputy Burke started on the matter and other people have spoken on it. I do not think this system is working well and the public service is capable of getting a far more streamlined and effective service to deliver the money. When we are back in our constituency clinics tomorrow, we will all have people from groups suffering from economic and social disadvantage, educational disadvantage, and persons with disability, coming to us to seek funds. If we tell them that there is €25 million which has not been spent for those years, they will give out to us and ask if we are not doing our job. Our job is to highlight when we see that a system is broken. It is almost irredeemable in its current format. I stress that it is not an issue for the NTMA side of the house. It is probably doing its end of it fine. The rest of the system is not working and there is a simple way to make it work in the interests of the citizens that we should be serving.

That was a bit of a speech as well as a question. I call Deputy Murphy.

Deputy Catherine Murphy: The witnesses made a statement earlier that a scheme may never have got off the ground and never reached the level of activity or uptake envisaged. I think that goes to the heart of the matter. This is not designed for the kind of uptake and profile of how things happen at community level. My understanding is that it is so cumbersome to apply for that there are people and organisations that looked at it and simply dismissed it. These are not organisations that do not need money or where €1 million would not make a difference. There could be 25 such organisations around the country if that was the case. How many of the years we are talking about are years when the troika was here? We were told that we were bankrupt. People scrapped for every single shilling. Some of those communities were among the most impacted. This is not designed for the people it is supposed to benefit. How many people from disadvantaged communities said this would work for them and this is what they needed? I am not saying there should not be oversight and good accounting for things. However, much of our community exists in a very informal way. Some organisations have to exist in that kind of informal environment, yet we are looking at a very rigid system where it is difficult to access funding for worthwhile things. Some of projects brought forward do not get the uptake because they are not what the community requires. If they were in place and the community required them, it would use them. It tells us something about who is designing the system for whom.

If there is going to be a redesign, the witnesses will have to engage the communities that are going to be the beneficiaries of this scheme in that design. It has to be designed in such a way that it is flexible enough for people to engage with it and not spend a lot of administrative time they do not have applying for it or drawing it down. There is a big deficiency. I agree with the Chairman about it not just being a review but a redesign. I do not think Pobal can be blamed for administering a scheme it did not design. The administration of it should be flexible enough.

I want to ask about a few of the schemes. There was about €500,000 of an underspend in the community-based model for people with dementia. Has that been spent? In respect of training and support services for homecarers, there was €500,000 but up to 2016, nothing was spent. Has that been spent? On the Arts in Education initiative, €50,000 was drawn down from

€280,000. Has the rest of it been drawn down?

I refer to €1 million allocated to establish a monitoring programme under the Department of Justice and Equality. A value of €798,000 was approved but nothing was drawn down by 2016. Have these all been drawn down now or is there outstanding money in those particular categories? If so, why is that the case?

Mr. Colm Desmond: In respect of the dementia programme, all the funding has been drawn down, bar one particular project of the five. That project was a review built-in to assess how the other projects would be completed and how they had fared. However, the national strategy for dementia arrived and overtook it. That review is being done within the encompassment of that strategy. The answer is that project on dementia has been drawn down.

Deputy Catherine Murphy: What was the outstanding amount?

Mr. Colm Desmond: About €78,000.

Deputy Catherine Murphy: The €78,000 was to do a review. That seems like an awful lot of money.

Mr. Colm Desmond: I think perhaps it would have been used in that year for another project and, therefore, put to good effect. However, because the dementia strategy-----

Deputy Catherine Murphy: Do not tell me it was used to good effect. I want to know for what it was used. Some €78,000 is a large amount of money. Is it more than a review? Has it been subsumed into another review taking place?

Mr. Colm Desmond: No. The national dementia strategy would have allowed for overall review of spending in the dementia area. Therefore, it was logical that that was felt the most likely place to carry out assessment of dementia spending overall. Funding for the dementia project was one of three in the 2016 action plan. Many of these were multi-year projects. Funding was spent on establishing a mobile health screening unit and, separately, for an intercultural health project for refugees. The funding for the intercultural health project for refugees has largely been spent. The mobile screening unit is going on until 2019, so the dementia funding was transferred into that project.

Deputy Catherine Murphy: Okay. Who would carry out a review for €78,000?

Mr. Colm Desmond: I would have to check exactly what the plans were as I do not have those facts in front of me. I think a provision for that task would have allowed an outside amount for that. It would have been kept-----

Deputy Catherine Murphy: A consultant.

Mr. Colm Desmond: Not necessarily. I do not have the facts as to who was planned to do that review of the other projects. However, because the other projects were doing so well, and the dementia strategy was in place, it was felt that funding could be decommitted in favour of the other project.

Deputy Catherine Murphy: Will Mr. Desmond come back to us and tell us who did the review?

Mr. Colm Desmond: The amount was set aside to review the other projects and assess how

well they were doing. When the dementia strategy was put in place there was a framework for assessing spending in that area. The review was not done in that context, therefore I will revert to the Deputy about the plans within the dementia strategy for reviewing dementia spending, which would encompass this.

Chairman: The witness can send that the secretariat.

Mr. Colm Desmond: I certainly will.

Deputy Catherine Murphy: I referred to training services for homecarers and the Arts in Education initiative. Can somebody come back to me on those?

Mr. Kevin McCarthy: We will get 2017 updates. We do not have representatives here from the Department.

Deputy Catherine Murphy: Does Mr. McCarthy have any idea?

Mr. Kevin McCarthy: I do not have that information in respect of 2017.

Deputy Catherine Murphy: Would the witnesses have expected when they came here to-day that we would focus on underspends or where no money was drawn down? Why would the witnesses not have anticipated that one of the first questions we would have asked was whether that money had been spent?

Mr. Kevin McCarthy: I accept we should have that information and I apologise that we do not have it for the Deputy today. We will get that information to her quickly.

Deputy Catherine Murphy: What about the monitoring programme under the Department of Justice and Equality?

Mr. Deaglán Ó Briain: It is part of the overall youth justice initiatives for which funding was being provided. We were given an allocation in December 2014. It took most of 2015 to get it up and running. The mentoring programmes were established in the course of 2016 and 2017. I gave figures earlier that we are now spending figures close to our full allocation under the Dormant Accounts Fund.

Deputy Catherine Murphy: However, it was not spent up to the end of 2016; none of it.

Mr. Deaglán Ó Briain: Some of it was spend in the course of 2016 but it takes time to get projects-----

Deputy Catherine Murphy: I know but why would it not show up here as some money disbursed?

Mr. Deaglán Ó Briain: The funding went to Garda youth diversion projects. We worked with particular projects that provided a mentoring service. It is part of that overall package of activity that we were working on. We are now, as I said, from 2017 onwards, spending the full allocation for Garda youth justice initiatives.

Deputy Catherine Murphy: I understand funding was allocated in December 2014 and it was up and running in 2016. No money was disbursed in 2016. Is it paid in arrears?

Mr. Deaglán Ó Briain: No. The mentoring programmes are run by individual Garda youth diversion projects, so it is part of the funding package that they get. We pay on a quarterly basis.

We negotiate an annual business plan and an annual budget, and we keep that under review. Projects do not get funding if they cannot spend it. Conversely, if there is a need, and projects can demonstrate there is an increasing caseload or opportunities, they can get extra money.

From our point of view, it is part of the work of the Garda youth diversion projects. We have partnered with a number of projects to provide mentoring initiatives. We will be looking at those and reviewing where we go, starting from 2019, in terms of the type of work that is undertaken by the Garda youth diversion projects. Mentoring is potentially really important in combatting recidivism and-----

Deputy Catherine Murphy: How is that evaluated? Is the review simply a monetary review or is it about outcomes? Who carries it out?

Mr. Deaglán Ó Briain: It is for the future. I have recently taken responsibility for this and Minister of State, Deputy Stanton, is really interested in the area. We are proposing a review of the work we are doing in the course of 2018. The focus is very much on outcomes. It is challenging in terms of articulating how those are measured but clearly recidivism is a particular issue. We do quite well in international comparisons. I do not have the precise figures before me, but the overall recidivism rate in terms of people coming back to projects is about 17%. There is a particular issue with burglary, so there is work to be done. The review of strategy and how the projects operate will take place in 2018, which the Minister of State, Deputy Stanton, announced at a recent event.

On the Irish Prison Service, clearly the system is cumbersome but I would not wish to give the impression that there has been an underspend on the Irish Prison Service initiatives. Taking the plans for 2014 and 2016 together, an allocation was committed from Dormant Accounts Fund of approximately €579,000. All that was spent in the 2015 to 2017 period. From our perspective, it is about the sequencing of approval and then the expenditure. There is an issue about alignment with the annual estimates process and the Dormant Accounts Fund but there is not an underspend.

Chairman: Will Mr. Ó Briain send us a detailed note on this matter?

Mr. Deaglán Ó Briain: I will do that.

Deputy Catherine Connolly: I have one or two specific questions. I do not think that the Chairman meant it, but I do not think that the comment on Pobal - to get rid of it - is acceptable. It is doing considerable work on the ground. The questions are appropriate in terms of analysing what is happening but it is premature to make those kinds of comments.

Chairman: It is the design.

Deputy Catherine Connolly: No, but Pobal was mentioned and it is struggling. The difficulties it has experienced should be part of the analysis. If it is helping applicants and filling in application forms, as my colleague mentioned, it demonstrates that there is something wrong with the complexity of the thing. Pobal is key to asking about problems on the ground.

On Pobal, some of the moneys are administered directly from the Departments, and then Pobal administers a certain amount of the funds. What is the breakdown? How much of the funds does Pobal administer compared to the Department? What is the percentage?

Mr. Kevin McCarthy: I am not sure that we have done that breakdown but we can seek that

information from Pobal. Pobal may have given some detail on the funds that it administers as part of its own response to the Comptroller and Auditor General.

Deputy Catherine Connolly: The witnesses would know that because they commented here that the Department administers it directly and then I think there was a figure of 29 in respect of the Dormant Accounts Fund. The Department must have a breakdown. Would Pobal do 50% of the work? Is it 30%?

Mr. Kevin McCarthy: I will see if I can locate information on that.

Mr. Deaglán Ó Briain: The Department of Justice and Equality manages all the initiatives directly with the exception of the initiative of migrant integration, so from our perspective, it is one thing out of the entire package. Pobal costs money and the costs are visible. I would make the point that it costs Departments money because we must employ staff to manage programmes and those costs are not visible, so we must be careful about comparing like with like.

Deputy Catherine Connolly: I understand that and they have not been included. The Department bears its own costs.

Mr. Kevin McCarthy: I have material before me which was generated by Pobal itself. It says that between 2005 and 2016, Pobal administered 42 Dormant Accounts Fund measures, 20 of which had multiple funding strands.

Deputy Catherine Connolly: My question is how that compares with what the Department is doing.

Mr. Kevin McCarthy: I am not sure that I have an overall figure. We will return to the Deputy with that information, if that is okay. I understand the question.

Deputy Catherine Connolly: It is an important question.

Chairman: Will Mr. McCarthy include not only the number of schemes but also their monetary value? Some are big and others are not.

Mr. Kevin McCarthy: Yes, the value of the schemes administered by Pobal and those which it does not administer-----

Deputy Catherine Connolly: Yes, please provide us with the number and the value for each year.

How many of the projects must struggle with matching funding? The area based childhood, ABC, project was mentioned earlier. In regard to the Department and Atlantic Philanthropies, I have difficulties with saying the word, perhaps it is an adverse reaction-----

Mr. Kevin McCarthy: It is not a feature generally. It is not a requirement in the administration of the scheme. For example, Social Innovation Fund Ireland was established as a vehicle to try to encourage philanthropy. The commitment from Government was that it would 50:50 match philanthropic donations that Social Innovation Fund Ireland was in a position to generate. In that case, a 50:50 commitment is required and that has been a constraint.

Deputy Catherine Connolly: It is not a general feature.

Mr. Kevin McCarthy: No, it is not a general requirement.

Deputy Catherine Connolly: It is only for specific projects on occasion.

Mr. Kevin McCarthy: I am not sure. I cannot speak for all the measures as to whether a contribution is required.

Deputy Catherine Connolly: Maybe we could get clarification on that too because it is also very important.

Specifically in regard to ABC, which subsequently became something else, I do not know why or what analysis was done. Later it became the QCBI, quality and capacity building initiative. Quality and capacity building is something that needs to be done to the Dormant Accounts Fund. What was the effect in regard to the philanthropic money? What was the breakdown for the ABC programme, in terms of the philanthropic money and the funds from the Dormant Accounts Fund? When the ABC programme changed, were there implications for the philanthropic funding?

Mr. Conor Rowley: To clarify, the ABC funding did not come through Dormant Accounts Fund. It is mentioned in the report because the original pitch for funding referenced the ABC programme and a possible extension to 12 additional sites. The ABC programme has continued with joint funding until about 16 months ago, since then the Department has carried the cost of full State funding because of the cessation of Atlantic Philanthropies.

Deputy Catherine Connolly: The ABC programme received no Dormant Accounts Fund funding

Mr. Conor Rowley: No, and it is continuing as it is.

On the QCBI, over €200 million has gone into the children and youth sector in the last decade which was co-funded by Atlantic Philanthropies and Government. That is the prevention and early intervention programme-----

Deputy Catherine Connolly: Is this voted money?

Mr. Conor Rowley: No, it is co-funded money. Some is from the State under the ABC programme, the prevention and early intervention programme and the rest is from Atlantic Philanthropies. Considerable money went into the youth sector.

Deputy Catherine Murphy: How much of that was from Atlantic Philanthropies?

Mr. Conor Rowley: The majority of it was from Atlantic Philanthropies. I think the State would have paid between 30% to 40%. I will clarify those figures and come back to the Deputy with an answer.

Deputy Catherine Connolly: Yes, do that, please. Has that funding stopped now?

Mr. Conor Rowley: Yes, that funding has stopped. A considerable amount of money has gone into the children and youth section, into certain locations and certain parts. It has not had an equitable spread across the country.

The thinking around QCBI was to harness the things we have learned from the prevention and early intervention programmes, through very high-end research, very interesting community and voluntary services, learning about interventions and showcasing that, and try to bring it back to the system rather than continue to create parallel systems. That is where we are with

the QCBI. It focuses on four areas: data; evidence knowledge; training capacity; and quality. It might seem as though we have taken a long time developing it but we have not been sitting on our hands. It has undergone a very thorough-going design process. It is different from the usual projects that are approved under the Dormant Accounts Fund. It should be recognised that the complexity of some of the projects require more design and development time. They are not shovel ready.

Regarding consultation on this, we have had EU peer review from ten member states, from the Commission stakeholders in Ireland. We have an open policy debate on it. Our Minister has been very involved and we have international experts. In addition, we have consulted and have input from 85 of our key structures and key groupings through the national advisory council for children and young people, the national steering group for young people service committees and so on.

Deputy Catherine Connolly: Where does that relate to the Dormant Accounts Fund?

Mr. Conor Rowley: That is what I am saying, that is, that the extended process of development is based on the thorough going consultation. As I told Deputy Catherine Murphy at the outset, we are now ready to expend the money we have for this year in coming weeks. That will take the form of an innovation fund that will be advertised and a number of projects which will be request for tender issues.

Deputy Catherine Connolly: I do not think we need to jump into a solution but one needs to be found. The review is key to that as are its nature and time limits. It needs to dawn on people very soon that we need to communicate with the public and for there to be a strategy of saying that the State has money, and they ought to come forward, because we know they are struggling. That must be a huge part of it. I regret that there has been change so often and that experience has been lost. Experience has been utterly lost along the line. I do not blame the witnesses for that. Decisions were made that resulted in a loss of experience.

Mr. Colm Desmond: I wish to clarify the position on dementia for Deputy Catherine Murphy. The overall programme has about €1 million for a number of pilot projects, including Living Well with Dementia Stillorgan-Blackrock, Kinsale Community Response to Dementia, Community Action on Dementia Mayo, and assisted technology libraries. All of these have very substantial amounts of funding, in the region of €300,000 each. The Mayo programme receives €100,000. An evaluation of those pilots, costing €50,000, in respect of which I want to correct myself, was built in from the beginning to see how they would do, because of the nature of this particular measure.

The national dementia strategy is currently being evaluated. It was decided that the €50,000 was not needed and that the evaluation of the dementia strategy could cover the relevant pilot projects.

Deputy Catherine Murphy: What happened to the €50,000?

Mr. Colm Desmond: We allocated more funding to a very successful project, the mobile health screening unit for refugees and other new arrivals to the country. That is a multi-year project that is to continue until late 2019. Funding has been decommitted within our overall envelope - therefore, within our voted allocation - for that project. It was slightly late in starting due to the refurbishment of a mobile screening unit for the purpose of the project.

Chairman: Do members agree to disposing with chapter 7 of the Comptroller and Auditor

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General's report for 2016? Agreed.

On behalf of the Committee of Public Accounts, I thank the witnesses from all the various Departments and the Comptroller and Auditor General for attending today and for the information supplied. We expect to see the follow-through on the few specifics. The secretariat will confirm the details for the witnesses.

The witnesses withdrew.

The committee adjourned at 12.35 p.m. until 9 a.m. on Thursday, 15 February 2018.