

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 17 Meán Fómhair 2020

Thursday, 17 September 2020

The Committee met at 4.30 p.m.

MEMBERS PRESENT:

Deputy Colm Burke,	Deputy Paul McAuliffe,
Deputy Jennifer Carroll MacNeill,	Deputy Marc MacSharry,
Deputy Matt Carthy,	Deputy Imelda Munster,
Deputy Cormac Devlin,	Deputy Catherine Murphy,
Deputy Alan Dillon,	Deputy Verona Murphy,
Deputy Neasa Hourigan,	Deputy Duncan Smith.

DEPUTY BRIAN STANLEY IN THE CHAIR.

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

Business of Committee

Chairman: I would like to begin by welcoming you all to the first meeting of the Committee of Public Accounts of the Thirty-third Dáil. I want to introduce Mr. Martin Hughes, who is the clerk to the committee. I am honoured to be selected as chairperson of this committee, which focuses on ensuring public services are run efficiently and taxpayers' money is spent effectively. I welcome back those members who served on the previous committee and I acknowledge their contribution to achieving greater accountability and transparency in public finances. While we are working in unprecedented times, this does not diminish our collective responsibility to ensure that the committee is effective in fulfilling its remit. That remit, as delegated by the Oireachtas, includes more than 300 organisations that are audited by the Comptroller and Auditor General and are accountable to this committee.

It is important to say that there is a lot of good work done in the public sector and we should recognise that where it is in evidence. It has been pretty much in evidence for the past seven months. However, our focus must be on ensuring that our citizens get the best services and best value possible from public money. While past mistakes cannot be corrected, they must be learned from. As part of our role, we must demand that bodies examined by this committee recognise where things could have been done better, but more important, they should demonstrate the capacity to improve.

As a committee, I hope that we will work together in a spirit of co-operation and I look forward to hearing members views as we progress. Before we proceed with the rest of the meeting, members are reminded of the long standing practice and ruling of the Chair to the effect that they should not comment on, criticise or make charges against a person outside the House or an official by name or in such a way as to make him or her identifiable.

I now invite the Comptroller and Auditor General, Mr. Seamus McCarthy, whom I had the privilege of meeting a number of weeks ago, to address the committee, following which I will open the floor to members who might have questions.

Mr. Seamus McCarthy: There is a problem with the audio coming to me. I hope the audio is clear in the Seanad Chamber as I am speaking. The Chairman might indicate if there is a problem.

I am happy to have the opportunity to provide members with a general overview of my role and of how I and my office work with the committee. I do not propose to get too technical, but I will mention some of the legal boundaries within which we operate.

As members may know, the role of Comptroller and Auditor General is established under Article 33 of Bunreacht na hÉireann. This defines the role as being independent of, and separate from, the Legislature and the Executive and broadly sets the functions of the role. The Comptroller and Auditor General (Amendment) Act 1993 elaborates the main functions, and this is the core legislation under which I and my office operate.

The comptroller function relates to the release of money from the Central Fund of the Exchequer. It is a straightforward process. The Department of Finance or the National Treasury Management Agency applies to my office for what is called a "credit" for a specific amount

of Exchequer funds. They have to satisfy us that there is a basis approved by Dáil Éireann for them to receive the funding and that the amount specified in the request is required to meet expenses arising immediately or in a defined period. When we are satisfied on these points, we agree to the release of the money from the Exchequer. The Exchequer control function does not take a large part of the resources of the office. It probably works out at somewhere between a half-time and a whole-time equivalent staff member per year.

The auditor general function is where most of my office's efforts are directed. It involves the statutory annual audit of around 285 sets of accounts and financial statements produced by public bodies. We follow the international standards on auditing in doing so. Separately, I have the discretion under section 9 of the 1993 Act to carry out value for money, VFM, examinations of bodies that I audit. The scope of our VFM work is defined in the Act. It includes examination of economy and efficiency, but excludes examinations of effectiveness of spending. Instead, we can look at how bodies evaluate their own spending effectiveness. We have a good degree of freedom around the methodologies we use and any benchmarks we feel are appropriate and relevant. I also have discretion under section 8 of the Act to carry out inspections of the financial records of certain bodies in receipt of grant funding from public bodies. However, this is a narrowly defined function. For example, it only applies to bodies that receive more than half their funding in a year through grant funding arrangements.

The 1993 Act also sets out the ways I am required to report to Dáil Éireann on the audits, examinations or inspections I carry out. Members may wish to note that I am specifically prohibited under the Act from questioning or expressing an opinion in any of my reports on policy matters or on the merits of policies.

I issue a report on each annual audit we carry out. This is in the form of the audit certificate attached to an individual set of financial statements. The public body receiving the report presents the financial statements and the audit certificate to the relevant Minister, who in turn presents it to the Oireachtas. These then become available for the committee to examine.

There is a different arrangement for the appropriation accounts of central government Departments and offices, which are funded directly as voted for by Dáil Éireann. In that case, I am required to present the appropriation accounts directly to Dáil Éireann, together with a report on any matters arising from the audits. This year, we will publish 42 appropriation accounts and the accompanying reports on Wednesday, 30 September.

I can also issue special reports but these must relate either to value for money examinations or inspections or to general matters that arise from the audits we conduct, for instance, on a common theme or concern across a number of public bodies. When these special reports are finished, I submit the report to the relevant Minister, who then has three months within which to present it to the Oireachtas.

The committee might wish to note that there are two specific sets of bodies that are excluded from my audit remit. The first is commercial semi-State bodies and their subsidiaries. Irrespective of the level of State funding they receive, I do not audit companies such as CIÉ, Coillte, Bord Gáis, Irish Water or RTÉ. These appoint their own auditors, drawing on the services of commercial audit practices. The other area where I do not have a remit is local authorities. These are audited by the Local Government Audit Service, which reports directly to the relevant elected local authority. Apart from not being the auditor of the financial statements of these bodies, the 1993 Act specifically excludes them from my value for money or inspection remit.

Organisationally, I am supported by the Office of the Comptroller and Auditor General. Legally, I am not part of the office and operate as an individual in carrying out my functions but, of course, I could not fulfil my role without the support of the office. The office is established as an independent office of central government, funded under its own Vote. It is staffed by civil servants and is headed by Colette Drinan, who is the Accounting Officer for the Vote. She also acts as a director of audit and is involved in carrying out and overseeing audits, along with two other directors of audit.

The office employs a total of about 180 whole-time equivalent staff. In terms of the breakdown, some 71% of the staff are engaged mainly in financial audit work, about 15% are engaged in reporting work, and about 14% are engaged in the provision of support services, including technical support, ICT, the finance unit, HR and so on. Within the staff complement, 65% are qualified accountants and a further 31% are pursuing accountancy studies at the moment. Due to Covid-19 restrictions, most staff work from home most days, with very limited attendance at the office's premises and then on a needs-must basis only. This is operating reasonably well and will continue for the foreseeable future, but we keep the situation under constant review.

I have sent the committee a copy of the office's annual performance report for 2019, which outlines in more detail how we operate. I have also provided a copy of the report of an independent peer review of the office carried out in spring this year. This is one of the key inputs we sought to assist in developing a new statement of strategy for the office for the period from 2021 to 2025.

Over many years, we have seconded a staff member to the Committee of Public Accounts to assist as a technical liaison officer. I propose that Shane O'Connor will be the liaison officer for the next two years or so. He will report to the clerk to the committee. The core function of the liaison officer is to provide the members with timely briefings on the key points in my reports or in the financial statements that are presented for the committee to examine. I am happy to hear from members about how we can best get the key information to them in advance of meetings. On a one-to-one basis, we are also happy to provide any more detailed orientation or briefing that members would like on the work of the office generally.

I thank the members for their attention this afternoon. I expect Ms Drinan will join the meeting and we will both be happy to take any questions on the matters that I have outlined or on other areas of our work that are of interest to the committee.

Chairman: I welcome to the meeting Ms Colette Drinan, secretary and director of audit at the Office of the Comptroller and Auditor General. We have a two-hour restriction because of the Covid regulations and unfortunately we will have to finish by 6.30 p.m. We will try to accommodate everybody as much as we can. Does anyone have questions or comments for Mr. McCarthy or Ms Drinan following the presentation? As they do not, we will now deal with the business of the committee in private session.

The committee went into private session at 4.45 p.m. and adjourned at 6.10 p.m. sine die.