

Progress Report

Interim Audit Report - Financial Procedures in the Garda College

27th March 2017

Background

The Garda Executive accepts the findings of the Interim Audit Report presented by Head of Internal Audit in September, 2016. There are several aspects to the implementation of the recommendations some of which involve the retention of legal and other advices, others require further consideration to ensure that there is a full understanding of the extent of the issues identified and the implications of the actions required to put the appropriate governance structures and financial and operational processes and procedures in place in the College to address fully the recommendations and the future development of the College.

The Garda Executive recognise the gravity of the issues raised and accept that while a number of individual recommendations have been progressed the substantive recommendations around the operation of facilities in the College need to be addressed in a more proactive way.

Management Approach

Following receipt of the Interim Audit Report, An Garda Síochána sought the advice of independent external governance experts and initiated the following actions to expedite the recommendations in the report.

1. Appointed a high-level Steering Committee chaired by the Chief Administrative Officer and a Project Team to oversee the implementation of the recommendations;
2. Appointed external accountants to provide the specialist accounting services required to support the Steering Committee and Project Team ;
3. Appointed an Interim Administration Team to the Garda College;

Steering Committee

A Steering Committee was established in December 2016 to oversee the implementation of the recommendations under the stewardship of the Chief Administrative Officer.

The Steering Committee comprises of the following members;

- The Chief Administrative Officer
- Executive Director Human Resources and People Development (HR&PD)
- Executive Director Finance & Services
- Director of Training
- Head of Legal Affairs
- Representative from the Department of Justice & Equality
- Members of the Project Team

The Steering Committee is governed by an agreed Terms of Reference (Appendix 1), in line with An Garda Síochána's Corporate Governance Framework. The Committee has met on the following dates;

12th January 2017

19th January 2017

9th February 2017

1st March 2017

14th March 2017

The Project Team provide regular progress updates and minutes of Steering Committee meetings to the Head of Garda Internal Audit Section (GIAS).

Project Team

A Project Team has been assigned to assist the Steering Committee in its work. The Project team is in place for an initial period of six months, it has a dual function that will run in parallel and will involve a retrospective review of operations of facilities at the College and a prospective analysis of appropriate governance structures in operation in other Higher Institutes of Education. This will be validated by the knowledge and experience of accounting specialists who are familiar with the Code of Practice for the Governance of Universities 2012 and have previous experience working with other third level Institutes of Education.

The Project Team consists of two teams, one based in the Garda College documenting the current financial processes and procedures and the other working in the office of the Chief Administrative Officer co-ordinating the progression of the implementation of all of the 19 recommendations in the Interim Audit Report. The team will be supplemented with additional skilled resources as required.

Appointment of Specialist Accounting Services

An Garda Síochána have appointed external accounting services through an open tender competition using the existing Government Procurement Office Frameworks to provide advice and assistance to the organisation in the implementation of the recommendations of the Interim Audit Report. The company have been briefed on the findings and recommendations of the Interim Audit Report and requested to submit a detailed proposal and plan of action covering three broad areas as follows;

1. Advise on the requirement for a Voluntary Disclosure to the Revenue Commissioners;
2. Advise and assist in the development of Governance Structures for the management of ancillary services and the administrative functions of the Garda College;
3. Advise and if required, assist in the winding up of Garda College Sportsfield Co. Ltd.

Progress on the Implementation of the Recommendations

Recommendation 1

It is recommended that all of the recommendations in this report are implemented immediately or as soon as possible thereafter. In April 2008 a report was completed by the Finance Directorate that identified many of the issues of concern also highlighted in this audit and recommended remedial action. The College management responded in March 2010 rejecting many of the recommendations of the Finance Directorate's Report. Some of the issues were addressed by College Management however the structural issues in the College Governance were not addressed and over the years some of the improvements in financial controls have now been reversed.

Action 1

The Garda Executive have accepted the findings and recommendations of the Interim Audit Report

Recommendation 2

The issues as to whether a report should be made to the Minister per section 41 of the Garda Síochána Act 2005 is essentially a legal issue that the Garda Internal Audit Service (GIAS) is not competent to advise on. GIAS would however advise that the issues identified in this report are serious and present considerable risk to the organisation and should be dealt with in an open and transparent manner.

Action 1

A copy of the Interim Audit Report has been provided to all relevant Stakeholders and has been published on the Garda Website (www.garda.ie).

Action 2

The findings of the Interim Audit Report have been recorded on the Garda College's Risk Register and on An Garda Síochána's Corporate Risk Register.

Recommendation 3

The Statement of Internal Financial Control in relation to the Appropriation Account 2015 should be amended to reflect the fact that the financial controls at the Garda College are not compliant with the Public Financial Procedures. The wording of this amendment should be discussed with the Office of the Comptroller and Auditor General.

Action 1

The Statement of Internal Financial Control has been amended.

Action 2

The Head of the Garda Internal Audit Sections (GIAS) has provided the Comptroller & Auditor General with a copy of the Interim Audit Report.

Recommendation 4

Garda Staff assigned to administrative roles in the College had no training in or experience of administration and had no knowledge of Public Financial Procedures (the blue book) and associated governance codes including, Public Procurement Procedures, Risk Management Guidance for Central Government Departments and Offices, Corporate Governance and associated Circulars and Directives for Department of Public Expenditure and Reform (DPER), Government Accounting Unit.

It is recommended that the role of College Administrator should be filled by a Principal Officer with experience in Public Financial Procedures instead of a Garda Superintendent. The Principal Administrator in the Garda College should have the same grade/rank and status as the Chief Superintendent acting as Director of Training. Both of these Officers should report directly to the Executive Director of Human Resources and People Development (HR&PD).

The Principal Administrator and the Executive Director (HR&PD) should have primary responsibility for the implementation of the required changes recommended.

Action 1

An Garda Síochána is developing a structure for the management of all administrative functions in the Garda College.

Action 2

An Interim administration team is in place in the Garda College

Recommendation 5

The Garda College should engage with the Institute of Public Administration (or other service provider) to provide training in relation to the Public Financial Procedures and associated legislation, guidelines and standards. This should also be included in CPD courses for Superintendents, Chief Superintendents and equivalent grades.

Action 1

The Institute of Public Administration has been engaged to develop and deliver training as outlined in the Interim Audit Report. Training will commence in the coming weeks.

Action 2

The Garda College currently provides training in financial and procurement regulations as part of promotion and development courses. Refresher training will be provided as required.

The Finance & Services Directorate provides training on the administration of District and Divisional finances.

Recommendation 6

All bank accounts under the control of the College Management should be closed with the exception of the College Imprest Account. Permission should be sought from the Minister for Justice to open one additional account namely a College Restaurant Imprest Account. All Payments and receipts for the College should be administered through these two accounts with the exception of payments made centrally by Finance Directorate. These two accounts should report monthly to the Finance Directorate in the normal manner. The College Restaurant Imprest Account should include all transactions for the Restaurant, Bar, Shop and vending machines at the College to insure that adequate controls are in place.

Action 1

A review has been undertaken of all bank accounts in the Garda College and they have been streamlined in line with the recommendation.

Action 2

External accountants have been recruited to assess the adequacy of the existing financial processes and procedures and advise on appropriate operational structures and governance arrangements for the management of ancillary services including the restaurant, shop, bar. They will also advise on how best to implement any proposed arrangements, in line with the current processes for the management of the Garda Vote and within the context of Public Service Governance Standards.

The outcome of the above will be cognisant of the recommendations of the Interim Audit Report.

Recommendation 7

All revenue from the Garda Restaurant, Shop (including vending machines) and Bar should be brought into the Garda Vote through Appropriations in Aid and reported in the Appropriation Account. This may require a Vote in the Dáil to allow this revenue to offset other expenditure within the Garda Vote. The advice of the Department of Justice and Equality and the Public Expenditure and Reform (DPER) should be sought in this regard.

Action 1

An Garda Síochána is developing revised cash management procedures.

Action 2

An Garda Síochána will seek the advice of the Department of Justice & Equality and the Department of Public Expenditure & Reform (DPER), if required.

Recommendation 8

All Purchases for the College including the Restaurant should be strictly in accordance with Public Procurement legislation. Advice should be sought from the Public Procurement Office in Garda H.Q. and the Office of Government Procurement in this regard.

Action 1

The Project Team is liaising with An Garda Síochána's Procurement section and the Office of Government Procurement to develop a Framework for Procurement for the Garda College.

Recommendation 9

The Principal Administrator in the College should have three specialist staff reporting to him/her namely;

- (a) An accountant with responsibility of putting in place the recommended accounting systems and to continually review and report on the financial position of the College***
- (b) A staff member from Human Resources and People Development Directorate to resolve the issues relating to the restaurant and other staff identified in this report, once these issues are addressed there may not be a continuing full time need for this position***
- (c) A Facilities Manager to manage the facilities in the College***

Action 1

An Garda Síochána is documenting the current financial management processes and procedures in the Garda College.

Action 2

An Garda Síochána is also developing a structure for the management of all administrative functions and ancillary services in the College as outlined in this recommendations which includes structures for Financial Management, Human Resources and Facilities Management.

Action 3

An Garda Síochána is developing role profiles for positions identified in the new structure.

Action 4

An Garda Síochána is seeking legal advice on the status of employees.

Recommendation 10

The Garda College Sportsfield Co. Ltd should be wound up. An accounting firm should be contracted from the Office of Government Procurement panel of firms to undertake this work. All assets including all associated assets such as the Sportsfield land and Golf Course land should be taken into State Control. All bank accounts and investment accounts linked to the College should be closed and balances surrendered to the central fund.

Action 1

Research has been conducted to assess the capacity required for the Director of Garda College Sportsfield Co. Ltd to undertake the duties associated with the windup of the Company.

Action 2

An Garda Síochána is working on the mechanisms to seek the winding up of the Garda Sportsfield Co. Ltd. The timing of this winding up needs to be managed to avoid any land issues (see recommendation 11).

Action 4

An Garda Síochána will consider the appointment of a second Director by Garda College Sportsfield Co. Ltd to assist with the transfer of assets to the state and the windup of the Company, if required.

Action 5

All of the financial investments of Sportsfield Co. Ltd have been liquidated and used to finance the operation of the Restaurant.

Recommendation 11

All lands and buildings should be transferred to the Control of the Office of Public Works (OPW)

Action 1

An Garda Síochána has sought advice in relation to the lands owned by the Garda College Sportsfield Co. Ltd currently occupied by the Templemore Golf Club.

Action 2

Representatives from An Garda Síochána and the Department of Justice and Equality met with representatives from the Office of Public Works (OPW) to discuss the process for the transfer of lands from Garda College Sportsfield Co. Ltd. to the OPW.

Action 3

An Garda Síochána is currently compiling an inventory of lands and liabilities for the OPW.

Action 4

An Garda Síochána is examining the requirement to recruit a company to conduct an 'encumbrance' search to complete the inventory of lands for the OPW.

Recommendation 12

The status of the Restaurant Employees should be considered by Garda HRM and Legal Affairs Section. This is not an area where GIAS would have competence to offer advice

Action 1

An Garda Síochána is seeking legal advice on the Status of the employees in the Restaurant. Detailed information on individual employee's terms and conditions including pension arrangements has been obtained.

Recommendation 13

The rents collected €124,903 for the rental of Dromad Farm for years 2009 to 2013 should be transferred to the OPW who are the legal owners of the land. This should be paid from the Garda Vote

Action 1

An Garda Síochána is liaising with the OPW to agree a process for the transfer of any money owed.

Recommendation 14

Garda Staff who were Directors of the Garda College Sportsfield Co. Ltd should take immediate steps to correct the public record and retrospectively make declarations under the Ethics in Public Office, Standards in Public Office Legislation, Garda HRM should remind these staff of their legal obligations and provide appropriate legal advice to help them retrospectively report to the Standards in Public Office Commission.

Action 1

An Garda Síochána will provide assistance to individuals if required.

Recommendation 15

The € 15,964 collected in the interest payments received from placing money related to European Funded projects and CEPOL funding in deposit accounts should be returned to the European Commission if it has not already been deducted from claims

Action 1

An Garda Síochána is currently documenting the existing process for the management of the CEPOL programme.

Action 2

The Finance & Services Directorate is now responsible for the management of European funded projects. This will be considered as part of the implementation of financial processes and procedures for the management of the European funded projects.

Recommendation 16

A separate sub-head of account should be set up in the chart of accounts for the Appropriation Account for Grants to College Clubs and Societies. An annual budget should be set up for disbursement from this sub-head. Applications from College Clubs and Societies should be evaluated by a panel and decisions on funding made in a transparent manner.

Action 1

An Garda Síochána is developing a structure for the management of all administrative functions in the Garda College

Recommendation 17

A HQ Directive should be issued stating that where the word 'audit' is used in any context in An Garda Síochána that GIAS should be informed and copied with any reports.

Action 1

The Head of Garda Internal Audit Section (GIAS) will draft a HQ directive for publication within the organisation.

Recommendation 18

A review of insurance costs should be undertaken at the Garda College to consider whether this expenditure is necessary given the principle that the 'State insures itself'.

Action 1

An Garda Síochána is undertaking a review to determine the extent of insurance cover required in the Garda College. An Garda Síochána will seek the advice of the State Claims Agency in this regard.

Recommendation 19

The Report is entitled 'Interim Audit Report' further auditing is required particularly in the period 2002-2008 and to further examine some issues in the period 2009 to 2016.

Action 1

The Head of Garda Internal Audit Section to advise the Commissioner of any future audits.

Appendix 1

Terms of Reference

Steering Committee for the Implementation of the recommendations of the Interim Audit Report - Financial Procedures in the Garda College

The establishment of this Steering Committee has been approved by the Garda Executive. The group will convene to provide oversight of the implementation of the recommendations of *the Interim Audit Report on the Financial Procedures in the Garda College* by ensuring that all of the relevant managers provide the required input and expertise to ensure all of the recommendations are fully implemented regularising the operations while considering future governance structures for the Garda College. The Committee will discharge its functions in line with the governance principles and arrangements outlined in An Garda Síochána's Corporate Governance Framework.

Membership

The Chief Administrative Officer shall act as Committee Chairperson.

Membership shall consist of the following senior managers:

- Executive Director Human Resources & People Development
- Executive Director Finance & Services
- Head of Legal Affairs
- Director of Training
- Ms. Fiona Delaney 'Interim' Administrator
- Ms. Gail Malone, Strategic Transformation Office (STO)
- Mr. Paul McDonnell, Policing Division, Department of Justice & Equality
- Ms. Helena Reddy, Secretariat

Role and Responsibilities of the Chairperson

- schedule, facilitate and chair Committee Meetings;
- approve the agenda;
- ensure that procedures are in place to provide the committee members with relevant and timely information to ensure they can deliberate and consider properly all agenda items;
- ensure the committee can implement the recommendations of the Interim Internal Audit Report and provide the necessary direction in developing appropriate Governance Structures for the Garda College;

Role and Responsibilities of the Committee

- Oversee phase 1 & 2 of the work of the project team;
- Oversee the implementation of any recommendations that require implementation during phase 1 & 2;
- Oversee the preparation of a tender for the acquisition of specialised accounting services to;
 - Advise on the status of the wind-up of Sportsfield Co. Ltd
 - Identify any potential outstanding Tax/VAT liabilities

- Advise and prepare for a Qualifying Disclosure to the Revenue Commissioners
- Any other matters that may arise
- Prioritise short/medium/long term recommendations for implementation;
- Oversee the development of appropriate governance structures for the Garda College;
- Provide strategic direction in the development of all relevant policy as required;

Secretariat to the Committee

Ms. Helena Reddy, Office of the Chief Administrative Officer will provide secretariat to the Steering Committee

Procedures

- The Committee will meet on a bi-monthly basis or more frequently as required
- The Committee will operate on the basis of papers provided by the members of the Committee and any other relevant sources.
- Meeting agendas, working papers and minutes will be retained by the Office of the CAO.
- Members are expected to attend all meetings and contribute to discussions.
- Decisions of the committee shall be made by consensus. Where consensus cannot be reached, the Chairperson will recommend a course of action.

Reporting

The Steering Committee will provide progress reports to the Garda Executive, the Garda Commissioner and the Department of Justice and Equality through the Office of the CAO, as required.

Committee meeting minutes will also be circulated to the Head of Internal Audit.

Review

The Committee will review these Terms of Reference after the first three months of establishment.

