

Revised Instructions for Preparing Material for Inclusion in Minutes of the Minister for Finance on Reports of the Committee of Public Accounts (PAC)

A Dhuine Uasail

1. I am directed by the Minister for Finance to issue revised instructions for preparing material for inclusion in Minutes of the Minister for Finance on Reports of the Committee of Public Accounts (PAC). This Circular replaces Circular 13/2007.

Responding to PAC Reports

2. Every PAC report requires a formal response prepared by the Department of Finance in consultation with relevant Department(s) and Office(s). This response, known as the *Minute of the Minister for Finance* (Minute), responds briefly to each recommendation in the Report and is approved by the Minister for Finance before being issued to the PAC.

PAC Response to Minutes of the Minister for Finance

3. The PAC may consider Minutes in public session. If it is not satisfied with the response to a recommendation, it may pursue the matter further with the Minister for Finance. The PAC may also seek a Dáil debate on the matter. It may also raise the matter with the relevant Accounting Officer in writing or on the next occasion on which he/she is before the Committee.

Drafting material for inclusion in the Minister for Finance

5. On receipt of a PAC report, the Department of Finance will contact relevant Departments/Offices for material for reply. The response should be to the Committee's *recommendations* – the conclusions are included for information only. Instructions for drafting material for inclusion in Minutes are set out in **Appendix 1**. It is essential that all relevant officers are aware of these instructions, which supersede all previous instructions on the matter.

Clearance of Material

6. Accounting Officers should ensure that all material transmitted to the Department of Finance is cleared at the appropriate level in accordance with the table below:

Type of Recommendation	Response to be cleared by
(1) Accounting or operational matters	Accounting Officer for the relevant Appropriation Account
(2) Policy or legislative matters	Minister with political responsibility
(3) Accounting of operational matters applicable or relevant to the Public Service generally	Secretary General of the Department of Finance
(4) Policy or legislative matters applicable or relevant to the Public Service generally	Minister for Finance

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David Moloney

Asst. Secretary

To: All Accounting Officers

Appendix 1

Instructions for drafting material for inclusion in Minutes of the Minister for Finance

Material required includes (i) response to recommendations, (ii) other material as considered necessary or appropriate by the responsible Department/Office/Section and (iii) material for further reply, as outlined below. Sample responses are provided at point 3 below.

1: Recommendations by the Committee

- a) **Every Recommendation:** Respond to every recommendation, stating whether the recommendation is accepted or not and the reasons why. *Note: the conclusions of the Committee are for information only.*
- b) **Recommendation Accepted:** When a recommendation is accepted, the response should explain how it has been, is being or will be implemented.
- c) **Recommendation Rejected:** When a recommendation is rejected, the response should go on to explain convincingly why it is being rejected.
- d) **Concise Material:** Material should provide direct and concise answers to the recommendations.
- e) **Time References:** As some time may elapse between the issue of the Minute to the PAC and the PAC's consideration of the Minute, material should not contain undated time references, e.g.: "currently" or "the latest position is". Time references should be dated, e.g.: "up to", or "as at", a specific date.
- f) **Referencing:** Recommendations are numbered according to the chapter number of the PAC report and the subsequent order in which they appear; e.g., the second recommendation in chapter five of a PAC report should be referred to as recommendation 5.ii.

2: Other points raised by the Committee

- a) **Additional Material:** Material should be provided on other points raised by the Committee only where the responsible section feels that it is necessary; e.g. when the Committee expresses concern or dissatisfaction, requests information or when it is absolutely necessary to update any statistics referred to by the Committee.
- b) **Further Response to the PAC:** In cases where the PAC is dissatisfied with a response in a Minute of the Minister, it will write to the Minister for Finance or the Department of Finance, as it considers appropriate. In such circumstances, the Minister for Finance will respond by means of a covering letter with an attachment.

3: Sample Response

Sample extracts from Circular 26/2009 Minute of the Minister for Finance on the Committee of Public Accounts - Final Report on Appropriation Accounts 2006; Annual Report of the Comptroller and Auditor General 2006; and Special Reports of the C&AG.

Chapter 1 - Recommendation No. 1

A comprehensive review of the effectiveness of oversight checks on the emergence and operation of phoenix type companies should be undertaken by Revenue.

The Minister for Finance is informed by the Office of the Revenue Commissioners that it accepts this recommendation.

The Minister is further informed by that Office that:

- phoenix type companies are those that existed in previous manifestations and were liquidated or abandoned leaving significant tax debts behind. Revenue has in place a comprehensive process to identify such cases:
 - at registration stage;
 - while trading [local knowledge, case working experience, including where Revenue is dealing with a significant tax debt]; and
 - at the stage of write-off of a tax debt;
- cases representing significant risk, once identified, are subject to ongoing intensive monitoring and review by Revenue; and
- an evaluation of the effectiveness of these checks and monitoring to prevent accumulation of debt in the new entity will be undertaken by Revenue in line with this recommendation.

Chapter 2 - Recommendation No. 1

Further analysis of the causes of sick leave is required given the ongoing high level of absences in the Prison Service.

The Minister for Finance is informed by the Department of Justice, Equality and Law Reform that it and the Irish Prison Service accept this recommendation.

The Minister is further informed by that Department that improved procedures in relation to the management of sick leave were introduced during 2008 to address the high level of absences. The approaches adopted include:

- rigorous sanction where there is evidence of malingering; and
- focussing on cases of long term sick leave with a view to:
 - (i) facilitating return to work;
 - (ii) ill health retirement; and
 - (iii) dismissal, as appropriate.

The Minister has also been assured by that Department that the causes of any ongoing high level of sick absence will be analysed and addressed.

Chapter 5 - Recommendation No. 3

The Department should explore with local authorities measures that would enable sites required for schools building projects being purchased and retained.

The Minister for Finance is informed by the Department of Education and Science that it accepts this recommendation.

The Minister is further informed by that Department that:

- it is in negotiations with the City and County Managers Association to agree on the terms of a Memorandum of Understanding in relation to the acquisition of sites by local authorities for school accommodation purposes - the objective being to build on local authority expertise in site purchase and to have recourse, if necessary, to their statutory Compulsory Purchase Order powers; and

- the Planning and Development Bill, 2009, Section 24 of which provides for the extension of the definition of public infrastructure for development contribution purposes to include school sites, should, upon enactment and implementation, have a positive contribution in reducing site costs.

Chapter 9 -Recommendation No. 2

The Department of Finance should clarify the scope available to Departments and to bodies under the control of Departments on the award of incremental credit.

The Minister for Finance notes that, in keeping with current guidelines, there is an established practice which continues to operate between the Department of Education and Science and the National Education Welfare Board whereby applications for pay alterations may be made by the Board to the Department of Education and Science in respect of individuals where such consideration is warranted. Sanctions for any alterations to pay are issued to the Board in written format by the Department of Education and Science in response to any such application and on foot of sanction received from the Department of Finance.

The Department of Finance will be writing to all Government Departments re-stating the position with regard to the awarding of incremental credit and requesting that the letter be brought to the attention of all bodies under their aegis.

Chapter 10 - Recommendation No. 1

The Minister for Arts, Sport and Tourism should appoint a member of staff at the Department to the Board of Bord na gCon as soon as possible

This is a policy matter for the Minister for Arts, Sport and Tourism in the first instance. The Minister for Finance is informed, however, by the Department of Arts, Sport and Tourism that this recommendation is noted.

The Minister is further informed by that Department that:

- appointments to the Board are made by the Minister for Arts, Sport and Tourism;
- since the PAC hearing, the term of office of one member of the Board expired on 22 May 2009. That member had only been appointed in April 2008 to fill a vacancy on the Board and was reappointed on 22 May 2009 to allow him the opportunity to complete a full three-year term on the Board;
- the Minister for Arts, Sports and Tourism is currently considering legislation to give effect to a number of the recommendations of the Dalton Report including the statutory provision for the expansion of the Board from the existing number of six ordinary members plus chairperson to eight ordinary members plus chairperson;
- as vacancies arise on the Board, the Minister for Arts, Sports and Tourism will have regard for the recommendation of the Committee along with gender balance issues.

Chapter 10 - Recommendation No. 2

Voluntary retirement/redundancy packages in the wider commercial state bodies should be sanctioned by the Department of Finance before implementation

The Minister for Finance notes this recommendation and would point out that:

- Voluntary Early Retirement (VER) schemes generally involve improvements to the normal terms and conditions of pension schemes (or the creation of supplementary schemes);
- the legislation governing most commercial State companies requires the approval of the Minister for Finance for the creation of superannuation schemes or for changes in terms and conditions of the pension schemes and, accordingly, Department of Finance approval is required for VER schemes in most commercial State companies;
- when considering whether or not to give such approval, the parent Department and the Department of Finance examine:
 - the business case for such a scheme, as proposed by the Board and management of the company; and
 - the terms and conditions attached to the VER to ensure that they conform to existing policy and norms; and

even in cases where the formal sanction of the Department of Finance is not required, it would be expected that State-Sponsored Bodies would consult parent Departments and the Department of Finance regarding any proposed VER.

Chapter 13 - Recommendation No. 1

The Committee endorses the recommendations contained in the 19 conclusions of Special Report 61 of the Comptroller and Auditor General.

The Minister for Finance is informed by the Department of Environment, Heritage and Local Government that it notes the Committee's recommendations.

The Minister is informed by the that Department that it is working with Ballymun Regeneration Ltd and the local authorities involved to ensure that the recommendations of the Comptroller and Auditor General are fully responded to in the context of the continuing regeneration of the Ballymun area with particular focus on achieving best value for money.

The Minister is further informed by that Department that:

- the recommendations arising from the Comptroller and Auditor General's Special Report 61 - "Ballymun Regeneration" cover a broad range of issues, including a number of relatively minor changes in administrative practices already implemented, with several more currently in the process of being implemented; and
- major recommendations that relate to the social and economic fundamentals of the regeneration programme over the medium to long term are also being addressed.