



Opening Statement to the Public Accounts Committee by Sean Ashe CEO, County Kildare Vocational Education Committee.

Chairman and Members

I would like to express my thanks to you for inviting me to attend here today and afford me the opportunity to provide both detail and context to the findings of the Comptroller and Auditor General. It will also offer me the opportunity to confirm that the shortcomings identified have either been addressed through procedural changes or new practices.

It is important that I set the context for you under which Kildare Vocational Education Committee has operated over the past ten years. County Kildare Vocational Education Committee has experienced rapid growth over the past ten years due to significant demographic changes within the County. In 2002, County Kildare had a population of 163,944 and this has increased to 209,955 (2011), a population increase of over 28% in ten years.

This dramatic change in terms of the growth in population in Kildare, resulted in the urgent need to provide for the additional educational needs of local children and to plan to meet those needs immediately. The imperative was to ensure that every child in Kildare had access to education when required at the relevant level.

The table in **Appendix 1** gives some indication of that growth in terms of the scale of the business we manage and how it has impacted on our operations. The key metrics from that table are:

- ✓ A growth of 125% in student numbers
- ✓ A growth of 32% in our teaching staff
- ✓ A sanctioned increase of nearly 1500% in the size of our capital budget with a trebling of that budget to €30m over the next two years
- ✓ A growth of 120% in our annual expenditure
- ✓ A decrease of 28% in our head office administrative staff

To provide for this growth in student numbers, our strategic plans in 2002 clearly identified the urgent need for new schools and facilities to educate the young people of Kildare. County Kildare Vocational Education Committee having reviewed all options developed an innovative and exciting campus model to deliver modern educational infrastructure for Naas. This approach was approved by the Minister for Education & Skills of the day and by subsequent Ministers. The campus structure that was ultimately developed in Naas is now the blueprint for the provision of new educational facilities nationally.

This Campus at Piper's Hill, Naas that opened its doors in September 2008, consists of:

- A 1000 pupil second level college with an enrolment of 800 plus students (in 2008 it had less than 400 students) opened in 2009.
- A New Community National School (CNS) that started in September 2010
- A 16 classroom Gaelscoil opened in 2008
- A National Headquarters and Training Centre for the IVEA which opened September 2011
- A replacement 6 Classroom Primary School for the Church of Ireland currently at design stage
- At a future date a permanent school for the CNS

It should also be noted that during this period the VEC system underwent radical change due to the introduction of the 2001 VEC Amendment Act and a raft of changes to employment and procurement law. These changes under normal circumstances would place significant additional workload on administrators, however our office had to adjust to a 28% reduction in its staffing allocation.

The VEC Governance Structure also changed during this period, however even though Kildare VEC is one of the larger VECs in the country its staffing structure is that of a Category 3 VEC resulting in the lack of an IT pillar and senior management posts.

Valuable lessons have been learned during this period resulting in an increased commitment to good corporate governance and an increased awareness of risk assessment. At all times during this period the VEC and the Department of Education and Skills were kept informed of our strategic plans and both sanctioned the key deliverables of that plan. As CEO I have a dual role as an education provider and the manager of a substantial organisation. To ensure these roles operate effectively I report monthly to the VEC and in addition to Finance and Audit subcommittees and acquire the relevant sanctions as appropriate.

There are two distinct issues addressed by the C&AG in his Report and I am happy to deal with both. The first relates to the manner in which certain goods and services were procured by Kildare VEC during the period under review. Some of the issues relate to the procurement of ICT materials and support, while others concern the project support advisors engaged for the Campus Project. I accept that there were deficiencies in respect of the procurement of goods and services, but I can confirm that we have taken strong actions to address the shortcomings identified in the Report's findings, including;

- All purchases at school and centre level require additional documentation to accompany the official order form that will ensure verbal, written or e-Tender procurements are associated with the V11.

- At Head Office, new Standard Operating Procedures (SOPs) are being developed to cope with the increased capital procurement being undertaken by the VEC, currently estimated at €30 million
- Also at Head Office, new tracking systems are being implemented to ensure compliance on a range of functions and to eliminate risk to the VEC.
- A Risk assessment committee has been put in place since 2010

We would like specifically to update you on the findings outlined in Figure 1 of Mr. Buckley's report. See **Appendix 2**. At the time of audit, I certified from my examination of the files that procurement rules were followed. However all relevant backup, which dates back to 2006, was not readily available at that time as the procurement exercised in each case was not conducted directly by Kildare VEC head office, but by schools and centers and other agencies on behalf of the Department of Education and Skills. We have since sourced in the majority of cases the required backup, which confirms that procurement rules were followed in respect of these purchases. In a small minority of cases the relevant backup is not available, but I have no reason to believe that proper procurement rules and processes were not followed in these cases. An ex post review has confirmed that the prices at which the goods and services were supplied were competitive and value for money.

On the procurement of advisory, project management and design services associated with the development of the Campus in Naas, this was a factor of the manner in which the development project proceeded, with extensions at different levels beyond the initial scope. I accept that at each stage of contract extension, there should have been a reassessment of the basis on which the services were procured but given the pace and manner in which the project proceeded this did not happen. I regret this, but have put systems in place to ensure that this will not happen again. Having reviewed the sums expended on such services after event, I believe that Kildare VEC and the taxpayer did receive value for money for such expenditure. I do of course fully accept the point expressed by the C&AG that the process must not just deliver value, but be demonstrably open and transparent. I can confirm that lessons have been learned across the VEC from this project and new guidance has been rolled out to strengthen the procurement processes involved.

The second aspect addressed in the Report of the C&AG relate to property transactions undertaken by the VEC to support the funding of the new campus. Again this needs to be understood in the context of the time.

As is normal for capital developments in education, the funding for major projects is centrally allocated by the Department of Education and Skills. In this case the Exchequer has provided funding for the new campus development of € 29.9m. It had been intended that the Exchequer contribution in this case would have been largely off set by the proceeds of sale of a property that that VEC had owned in Naas and which Superquinn had agreed to purchase. Regrettably having paid a deposit to the VEC (which has been retained), Superquinn went

into receivership and could not complete the contact. This was unforeseeable and unfortunate, but we did retain their deposit and still have control of the asset involved, which is now used as a school in Naas.

The bottom line on the Piper's Hill Campus project is the total cost to the Exchequer is €29.9 million while the assets are valued at €56.9 million resulting in a net gain to the State of €27 million. What we were unable to deliver was an additional €20 million saving to the State as a result of events outside our control. Had we succeeded, it would have been the "icing on the cake" for this project.

The Comptroller and Auditor General's review identified a potential risk to the Exchequer in that an element of the funding for the campus project was reliant on the sale of an asset. I would like to assure you, Chairman and Members, that County Kildare Vocational Education Committee carried out due diligence on each element of the project to ensure all risks were minimized and the Department of Education and Skills were kept apprised at all times.

I should also like to record, Chairman, that in the course of developing the Piper's Hill Campus in Naas significant and valuable lessons were learned. These lessons have influenced the VEC and the Department of Education and Skills to develop the Campus model for the future. I am pleased to report that Kildare Vocational Education Committee have led the way in the development of the Campus model of integrated educational provision. We have recently, together with the Department of Education and Skills, developed the new educational Campus in Athy consisting of a Second Level VEC school and three National Schools under different Patronages.

We are currently developing a design brief for a new 2000 pupil second level campus for Maynooth. This will bring together in the one location Primary, Secondary and Tertiary Education with the associated infrastructure for community and recreational use. I can confirm that in respect of both the Athy and Maynooth projects, that the lessons of the Piper's Hill project have been learned and applied.

County Kildare Vocational Education Committee is managing devolved projects valued €30m on behalf of the Department of Education and Skills. It is managing these projects within its current staffing allocations, but with up-skilling and new work systems has the capacity to deliver. This is an example of the public sector delivering in keeping with the objectives of TPS.

Chairman, I wish to state that County Kildare Vocational Education Committee has and continues to operate within the Financial and Staffing allocations as sanctioned by the Department of Education and Skills.

I am happy to answer any questions the Committee may have.
Thank you

Appendix 1

Kildare VEC	2002	2010	Growth	% Change
Actual Ordinary Expenditure	€22,578,014	€40,452,583	€17,874,569	79.17%
Actual Capital Expenditure	€690,844	€10,897,099	€10,206,255	1,477.36%
Total Expenditure	€23,268,858	51,349,682	€28,080,824	120.68%
Student Numbers:				
Day	3327	4294	967	29.07%
PLC	357	359	2	Capped
Night	2175	2523	348	16%
FE	1500	9400	7900	526.66%
Total	7359	16576	9217	125.24%
Teaching Staff	264	371	107	32%
Executive and Administrative Staff	Pre Moratorium	Current	Change	
School & Centers	11.83	11.83	0	0%
Head Office	25.01	17.8	-7.21	-28.82%
Total	36.84	29.63	-7.21	-19.57%

Appendix 2

Ref.	Centre	Company	Invoice	Amount	C & AG comment	Kildare VEC Comment	CEO Comment Items marked Green are in order Items marked orange explanation offered
Under €5000							
13	ATL	BUSINESS & SCIENTIFIC SERVICES LTD.,	9483	€636.23	No evidence provided of quotes	Laptop bought under main quote for BBS/Toshiba - framework . See no. 10.	These laptops were bought under the framework -July 2007. (laptops for teachers)
22	CDS	SOS GROUP	92898	€419.18	Some evidence of quotes - dated 6 months after date of invoice and dispatch note. Also quotes provided did not match invoice.	Not ICT. Previous quotations were attach in error. Correct quotations attached now.	The quotations attached at time of audit were incorrect. The correct quotations are now available for inspection.
29	KMK	GALMAC COMPUTERS	104008	€938.96	No evidence provided of quotes	Under 1K - no quote necessary per VEC policy at that time. See attached.	At the time County Kildare VEC's policy was that written quotations were not necessary for purchases under €1000. Verbal quotations were sought but not recorded.
27	NAS	GALMAC COMPUTERS	101892	€1,271.71	No evidence provided of quotes	Quotations now available.	Due to admin staff on sick leave, the quotations were not available at time of audit. The school has located them and they are now available for inspection.
5K to 50K							
1	NAY	GEMINI BUSINESS SYSTEMS LTD	240	€17,617.00	Indications (correspondence and box on order ticked) that quotes were received but not provided for audit examination.	Quotes were sought and received but mislaid. See letter from Co-ordinator.	Quotations were sought at the time of purchase. Due to move to new offices, they were mislaid and are not available.

3	CDS	DYNAMIC BUSINESS SYSTEMS LTD.	3055B	€3,133.25	Only evidence of one quote provided.	Only one quote available - file mislaid.	Due to refurbishment work in the school, the original file was mislaid. Only the successful quotation is available.
5	RAS	SOS GROUP	85546	€18,878.58	Indications that quotations were checked but not quotes were provided on audit.	Only one tender reply was received. attached.	Tenders were sought but only one company replied.
9	KDS	DELL COMPUTERS (IRL) (BRAY)	3600108738	€15,301.76	One quote sought (note that supplier recommended by Dept.)	DCG - tender process carried out by Dept as it was a national project. Dept. letter attached.	Tendering was carried out by the Department of Education as this was a national project. (DCG)
12	ADM	BUSINESS & SCIENTIFIC SERVICES LTD.,	9330	€7,986.00	No evidence provided of quotes.		This company was successful under the framework for supply of laptops (130K) and offered a special deal for projectors. File possibly destroyed in arson attack on stores
16	PRS	SORD DATA SYSTEMS LTD.	030230	€6,678.00	No evidence provided of quotes.		At the time of audit tender documentation was not available. Following the return of key personnel from sick leave, they are now available for inspection.
17	NAS	BUSINESS & SCIENTIFIC SERVICES LTD.,	8311	€6,000.00	No evidence provided of quotes (only proforma invoice provided).		This company was successful under the framework for supply of laptops (130K) and offered a special deal for projectors and smartboards. File possibly destroyed in arson attack
19	RAS	SORD DATA SYSTEMS LTD.	031651	€14,739.34	No evidence provided of quotes.	Tender analysis attached & Dept sanction. All Tender documentation now available.	At the time of audit tender documentation was not available. Following extensive building works they were temporarily mislaid, but are now available for inspection.
28	ADM	TYPETEC	7119813	€16,019.92	No evidence provided of quotes.	No framework for Apple products. See note.	There was no framework for apple products. County Kildare VEC has developed its own framework for apple products. Apple operate a standard

							wwp for all products, obtained added value from supplier
15	RAS	BUSINESS & SCIENTIFIC SERVICES LTD.,	9484E	€5,366.35	No evidence provided of quotes.	Part of order for €74K. See no 17	This company was successful under the framework for supply of laptops (130K) and offered a special deal for projectors and smartboards. File possibly destroyed in arson attack
Over 50K							
15	RAS	BUSINESS & SCIENTIFIC SERVICES LTD.,	9484E	€5,366.35	No evidence provided of quotes. Part of invoice for 74K		This company was successful under the framework for supply of laptops (130K) and offered a special deal for projectors and smartboards. File possibly destroyed in arson attack

Appendix 3

VEC SERVICES THROUGHOUT COUNTY KILDARE

