



PAC-R-290

Correspondence 3.12
Meeting – 09/02/2012

Cllr. Humphrey Deegan
85 Lady's Cross
Clonakilty
Cork

Dublin 2

6th February 2012

Ref No: S1109267

Reference: Correspondence dated 16th January 2012, from Brigid McManus, Secretary General, Dept. of Education to Ms. Eimear Lavelle, Committee Secretariat, Committee of Public Accounts and EMAIL with attachments forwarded to Humphrey Deegan on 25th January 2012

Dear Ms. Lavelle,

I wish to respond to your email dated 25th January 2012.

At the Audit Committee meeting dated 19th September 2011, I stepped down as Chairman of the Audit Committee of Cork County VEC to highlight a very serious breach of procedures within Cork County VEC. At this Audit Meeting, the Audit Report completed by the VSSU had been sent to me by the VSSU and it was discussed by the Committee. On 3 separate occasions, I requested a meeting with the internal auditor and on each occasion the Acting CEO asked why I wished to meet with the VSSU Auditor and did not facilitate my request.

Towards the end of this meeting the CEO instructed me that there was a 'proposer' and a 'seconder' and hence the document had to be adopted. I argued that the report could not possibly be adopted as it was incomplete as stated in the covering letter (Pages 1 and 2 of the Audit Report). The CEO insisted that I as Chairman must adopt the report. I refused and subsequently resigned as Chairman as I felt I was unable to fulfil my role as Chairman in these circumstances.

To clarify, I remained on as a member of the Committee.

In her letter, the General Secretary states that I was removed in full from the Committee at the Main Committee Meeting of the 27th September 2011. In fact, this was a Special Meeting that was called by the Committee Chairman, Mr. G. Kelly for the 30th September 2011 (and not the 27th September as stated in the Secretary General's Letter).

There were 3 specific items on the agenda for this meeting:

1. Legal advice regarding the propriety of furnishing a copy of the Internal Audit Report (relating to Macroom Youthreach Centre) to each Member of CCVEC.
2. Appointment of Chairperson of the Audit Committee
 - *The VEC Chairman and the CEO conceded that they were not entitled to appoint a Chairperson to the Audit Committee as this was in fact a function of the Audit Committee (Refer to Circular F/11/05) which I raised with them.*
3. Consider the breach of confidentiality for Audit Committee business

- *This was in direct reference to my forwarding of this report to you at the Public Accounts.*

At this meeting, I was removed from the Audit Committee by the Chairman and Members of the Committee for a perceived breach of procedures. This breach entailed forwarding the document (Audit Report) to the Minister for Education, Minister for Children and the Public Accounts Committee.

With reference to paragraph 9, the Secretary General has received clarification that *"the VEC is satisfied that the matter has been dealt with in the most appropriate and cost effective manner possible, which will ensure that these issues do not recur"*. In light of all the findings in the Audit Report, it is difficult to have confidence in this statement. In addition, it states *"The Department has sought clarification from the CEO on any possible losses arising."* At this point in time and on reflection perhaps it would be in the taxpayer's interest to seek clarification directly from the internal auditor to quantify and itemise any and all losses. I would also like to suggest that all audits previously completed on Youthreach Macroom be collated and reviewed by the Public Accounts Committee.

With reference to paragraph 10 in this letter - *"I note also that the Committee of Public Accounts has been provided with details of a number of meetings of the VEC's audit and main Committees at which this matter was considered"*. I wish to point out that the only documentation provided by me to the Public Accounts Committee and Ministers was the Audit Committee Report itself. No other documentation was forwarded by me.

Before I conclude one further issue for your investigation is highlighted on page 26 of the Audit Committee Report where you will see a number of ***serious child protection breaches and system failures whereby no Garda vetting and clearance was undertaken and staff were being paid through local bank accounts.*** One can only conclude that there are serious PAYE/PRSI issues outstanding. I have been informed that no provisions for this have been made in the returns to the Department and to the C&AG.

Finally and in conclusion, I resigned as Chairman of the Audit Committee as I was hindered in my efforts to deal with this report in an open, transparent and accountable manner and as a result I felt my position was no longer tenable.

Yours sincerely

Cllr. Humphrey Deegan

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