

**DUN LAOGHAIRE VOCATIONAL EDUCATION COMMITTEE  
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL**

*This report has been prepared pursuant to Section 7(4) of the Comptroller and Auditor General (Amendment) Act, 1993.*

**Community Employment Projects**

Dun Laoghaire Vocational Education Committee (VEC) sponsor seven Community Employment projects approved and financed by An Foras Áiseanna Saothair (FÁS). Participants on the projects receive weekly allowances from the VEC. The amounts paid in weekly allowances are recouped from FÁS. The VEC is also entitled to a grant to cover the cost of materials and supervision.

The financial transactions of the VEC with FÁS during 1995 can be summarised as follows:

	£
Amount due by FÁS at 1 January	181,101
Programme expenditure in the year	<u>1,463,040</u>
	1,644,141
Recouped from FÁS	<u>1,146,539</u>
Amount due by FÁS at 31 December	<u>497,602</u>

During the 1995 audit of the VEC it was noted that

- claims for the recoupment of costs (weekly allowances, materials and supervisory costs) were not made by the VEC on a timely basis
- a co-ordinator in charge of one of the projects tendered his resignation in or around the time when the regularity of a payment made in connection with a Community Employment project came into question.

I asked the Chief Executive Officer (CEO) why claims for the recoupment of allowances and expenses were not made on a timely basis and the steps taken by the VEC to address the backlog of claims. I also sought information on the nature and extent of the alleged irregularity and the measures subsequently introduced to improve the integrity of the system.

***VEC's Response***

The CEO attributed the delay to a shortage of administrative staff and stated that recoupment claims were submitted to FÁS in line with available staff resources. Difficulties in staffing levels arose because the required involvement of permanent staff in the administration of the projects is neither funded by FÁS nor recognised by the

Department of Education in determining the permanent staffing level of the VEC. There was also an unusually high level of staff absences in 1995.

In 1996, a restructuring of the administration process resulted in the earlier recoupment of expenditure and there has been an improved cash flow from this activity since mid-1996. In addition, the VEC sponsorship of Community Employment projects was reviewed and a decision taken to close one project, seek alternative sponsors for four others and to continue sponsorship of the remaining two projects which provide direct benefit to the VEC. The exposure of the VEC in respect of its sponsorship of Community Employment projects should significantly reduce when these measures are implemented.

The VEC became involved in Community Employment projects out of a wish to abate the unemployment problem in the area and because there are benefits to the VEC from its sponsorship of projects. One of the projects provides services directly to VEC schools. These schools could not operate without the additional resources involved. The annual cost of this project is £120,000. The value of the services provided to the VEC from the various projects is approximately £175,000.

In regard to the alleged irregularity on one project, the CEO informed me that a sum of £3,040 was the subject of investigation. The investigation focused on the following

- invoices submitted for the securing of payment for work allegedly done on behalf of the project
- funding for an individual who was trained on the project
- petty cash payments.

Following a Garda investigation a file has been prepared for the Director of Public Prosecutions. On legal advice the VEC has decided to defer the matter of a civil case until the outcome of the criminal case is known. The VEC insurers have been notified of a possible claim under the fidelity guarantee policy.

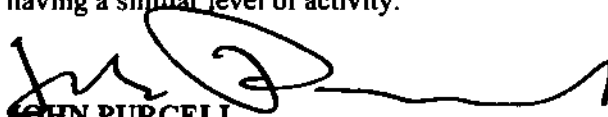
The CEO informed me that measures have been taken or are in hand to improve the control and monitoring of expenditure on projects including the

- requirement of two signatures on each recoupment claim
- integration of purchasing for Community Employment materials with mainline VEC procurement operations
- independent weekly review of claim forms and related accounting records to ensure that the recoupment documentation is correctly prepared and submitted on a timely basis
- introduction of review and briefing meetings which are held regularly.

In addition, a proposal has been submitted to the Department for the appointment of a part-time internal auditor.

*Department's Comments*

The Accounting Officer stated that the VEC is responsible for ensuring that its management and financial controls are adequate and that the Department has no function in relation to the approval or funding of Community Employment projects. He further stated that the staffing levels of the VEC compare favourably with other VECs having a similar level of activity.

A handwritten signature in black ink, appearing to read 'John Purcell', is written over the printed name.

**JOHN PURCELL**  
**COMPTROLLER AND AUDITOR GENERAL**

**11 JUNE 1997**