

## **COUNTY KILDARE 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 Act, 1993 and refers to matters arising on the 1996 audit of the accounts of County Kildare Vocational Education Committee (VEC).*

### **Borrowing**

Vocational Education Committees are required, under Section 49 of the Vocational Education Act 1930, to obtain the consent of the Minister for Education and Science to borrow funds by means of a bank overdraft or otherwise. Ministerial sanction was neither sought nor obtained for five loans obtained by the VEC in the years 1993 to 1996. The total amount borrowed was £74,000. Loan repayments in 1996 amounted to £13,283 which included interest of £3,026. Three of the loans were fully repaid in 1996. The capital sum outstanding on the remaining two loans was £44,479 at 31 December 1996.

Information was sought from the Chief Executive Officer (CEO) as to the level of approval within the VEC to borrow the funds in question and whether procedures have been introduced to ensure that Ministerial sanction will be obtained for any future borrowing by the VEC.

### *VEC's Response*

The CEO stated that the loans were taken out by the principals of certain schools operated by the Committee and that his approval to borrow had been sought and given. The Committee did not discuss seeking the sanction of the Minister for the loans in question. The Committee acknowledges that this was an omission and have put procedures in place to ensure that such sanction is sought and obtained prior to any future borrowing.

### *Department's Comments*

The Accounting Officer stated that the Department was concerned at the reported breaches by the VEC of Section 49 of the 1930 Act. He confirmed that, following an examination of the financial files relating to the Committee for the years 1993 to date, there was no record of any application for sanction to borrow having been made to the Department by the Committee.

In view of the departure from the statutory requirements reported in this case, an explanation was sought from the CEO concerning the circumstances which gave rise to borrowing without the appropriate sanction together with an assurance from the CEO of the VEC's intention to adhere to its legal obligations in the future in this regard.

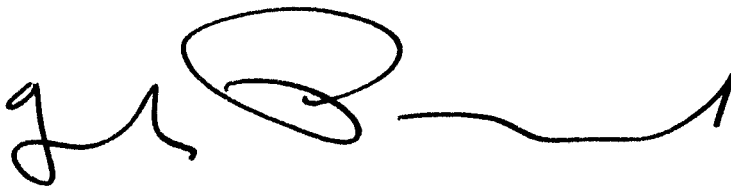
The Accounting Officer informed me that the CEO had indicated to him that

- Four of the loans were for the purpose of buying computers for schools (total value £55,000) following pressure from the schools involved.
- The other loan (£19,000) was for the installation of an energy efficient system in one of the Committee's schools which would give energy savings in the future. In the Committee's view this represented an efficient use of resources and was not viewed as a

loan.

- The loans identified represent the full borrowing by the Committee in the period 1993 to date.
- One of the loans (£4,000) was from a religious order and was interest free.
- Repayments of capital and interest are met from the VEC's non-pay allocation.

Having considered the response from the VEC and in view of the assurances given that in future the VEC will adhere to its statutory obligations in relation to any future borrowing requirements, the Department has granted retrospective sanction for the loans in question.

A handwritten signature in black ink, appearing to be 'John Purcell', with a large loop and a long horizontal stroke ending in a small upward flick.

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

**19 FEBRUARY 1998**