

County Tipperary North Riding Vocational Education Committee

Report of the Comptroller and Auditor General under Section 7(4) of the Comptroller and Auditor General (Amendment) Act 1993

ECDL Courses

In 1993 County Tipperary North Riding VEC established a Vocational Training Opportunities Scheme (VTOS) at a centre in Thurles. The centre subsequently moved to new accommodation which was renamed Coláiste Éile. In more recent years as part of the VTOS Programme and the self-financing adult education programme the centre offered courses in the European Computer Driving Licence (ECDL) qualification.

In September 2001 the VEC became aware that certain ECDL courses at Coláiste Éile were being run in a manner which did not conform to the VEC's procedures and that receipts and payments related to these courses were being transacted through a bank account which had not been authorised by the VEC. This current account had been opened in February 1999 and the co-signatories were the then manager of the centre and a part-time tutor at the centre. During subsequent enquiries the VEC also became aware of a Credit Union account which had been opened in October 2001. The co-signatories for this account were the part-time tutor at the centre and a Community Employment Scheme secretary.

From a review of transactions through the two accounts and other records relating to the provision of these courses the VEC has established that in the period 1999 to 2002 total receipts from the courses amounted to €123,821 and total payments relating to the running of the courses amounted to €109,470. The balance remaining of €14,351 in the accounts was transferred to the VEC account in March 2002 and the two unauthorised accounts have been closed down.

The receipts included

- A sum of €10,158 (£8,000) which was provided by a local charity in June 1999. The precise nature and purpose of this payment is not known. In January 2002 a sum of €5,080 was refunded to the charity.
- The payment of some €45,400 by a local factory following its closure to cover the cost of providing training for staff who had been made redundant.

The VEC's review of the records indicated that three tutors had been paid fees through the ECDL accounts for a total of 1,629 hours of tutoring of which 1,425 hours were paid to the part-time tutor. In addition, he also supplied script correction and technical support services under a business name. Total payments to the part-time tutor for ECDL related work over the period were €59,310.

The review also showed that the fees paid to the tutors in respect of these ECDL courses were £20 per hour rising to £25 per hour from October 2000. Corresponding tuition fees paid by the VEC were £17.57 per hour rising to £19.09 per hour in November 2000.

The review carried out by the VEC also found that

- The regulations relating to the deduction of income tax and PRSI from tutors' fees had not been complied with. Details of the payments were supplied by the Chief Executive Officer (CEO) to the Revenue Commissioners in February 2003 and the individuals involved were notified.

- VEC financial and reporting procedures were not followed and registers were not maintained in all cases in respect of courses run
- Statistical information on the courses was not provided to the VEC as required for the preparation of the VEC's Annual Report.

I asked the CEO for his observations on

- how it had been possible to run these courses over an extended period of time without the CEO or the VEC being aware of them
- whether he was satisfied that all income and payments relating to the operation of these courses had been fully and properly accounted for and that there had been no loss to the VEC arising from these activities
- whether it was intended to recover the excess tuition fees paid to tutors involved in these ECDL courses.
- the steps he had taken to prevent a recurrence.

The Chief Executive Officer's Response

The CEO informed me that these self-financing courses were run without his knowledge during the period September 1999 to September 2001 because the money was not being lodged to the VEC account, registers were not being provided as requested for all self-financing courses and information was not provided on such courses when sought from each centre for the VEC's Annual Reports for 1999/2000.

Only the manager, the part-time tutor and possibly the Community Employment secretary at the centre were aware of the funding arrangements and running of these ECDL courses. The permanent teacher at the centre only became aware of these activities when she took up the post of Acting Co-Coordinator in September 2001 in the absence of the manager on long-term sick leave, and was being briefed on procedures. The CEO became aware of what had happened on receiving the report of the Adult Education Officer. He then ended all self-financing courses at the centre other than those where the VEC had a contractual obligation to complete courses which had already started. He also stated that he believed that the motives of the manager in running these courses were sound and that the difficulty was caused by the failure to follow VEC procedures and to keep the VEC informed.

As regards accounting for receipts and payments relating to these courses, the CEO stated that the signatories of the bank accounts had informed him that records relating to individual transactions for these courses had been maintained. However, the file of the data on the transactions could not be located when the VEC began examining the accounts. The CEO decided that, in the circumstances, the only alternative was to reconstruct the accounts *ab initio*. He sought the support of the Vocational Support Services Unit, which provides internal audit services to VECs, in reconstructing accounts and the advice and support provided was valuable and provided an independent view.

The analysis of payments was based on

- Bank statements
- Copies of cheques

- Copies of invoices
- Course data
- Correspondence
- Telephone conversions and internal meetings.

The CEO said that, based on these records, it was possible to identify most of the payments made and details of the transactions involved and that the data on payments reflects the transactions that took place. In addition, he had an independent review of the equipment carried out which showed that all of the equipment purchased was in stock.

The CEO stated that reconciling receipts was more difficult because of the nature of the operation where course fees and the receipts for skills cards and ECDL books were received in instalments from the start of a course, and where receipts were a combination of cash and cheque payments. The information on receipts is based on bank statements, copies of some of the lodgment slips, correspondence and meetings, registers where these existed, and attendance lists prepared by the VEC following research. The CEO has stated that, having regard to the number of courses run and skills cards and ECDL books purchased, the overall receipts figures are consistent with the expected income from the activity. However, it had not been possible to reconcile the number of skills cards purchased with the number of scripts corrected.

The CEO informed me that there is no evidence of any funds being misappropriated and from the analysis of the transactions he believes that no misappropriation occurred.


Recovery of Excess Fees

As regards the recovery of excess tuition fees paid to tutors involved in these ECDL courses, the CEO informed me that the fees had been agreed by the manager of the centre on behalf of, but not with the approval of the VEC. He was of the view that, in these circumstances, it is not possible to recover the excess fees.

Steps Taken to Prevent Recurrence

The CEO informed me that

- the VEC has adopted the VSSU guidelines on school/centre accounts
- he has stressed the importance of keeping registers of all courses run by the VEC and abiding by the VSSU guidelines at meetings of managers responsible for second-level and lifelong learning programmes
- spot checks on Adult Education Programmes through visits have been initiated
- reporting and monitoring systems for lifelong learning programmes will be improved
- administration has been restructured with additional staff and regrading as provided for in the Rochford Report
- a new coordinator was appointed in an acting capacity to the centre in February 2002 and permanently from September 2002. In addition, a board of management was put in place from September 2002.



John Purcell
Comptroller and Auditor General

31 May 2004