



Comptroller and Auditor General

Special Report

## **Department of Education and Skills**

Strategic Innovation Fund

Monitoring School Attendance

Capital Development at Cork Institute of Technology

Early Retirement Scheme in FETAC

Royal Irish Academy of Music – Remuneration and Expenses

Residential Institutions Redress Scheme

September 2010

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This report was prepared on the basis of information, documentation and explanations obtained from the public bodies referred to in the report. The draft report was sent to the Department of Education and Skills. Where appropriate, the comments received were incorporated in the final version of the report.

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Abbreviations used are explained at the end of the report.

# Report of the Comptroller and Auditor General

## Department of Education and Skills

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out examinations of

- payments from the Strategic Innovation Fund
- the arrangements to monitor attendance in primary and secondary schools
- the causes of an overrun on a capital development project at Cork Institute of Technology
- the operation of an Early Retirement Scheme by FETAC
- certain remuneration and expenses in the Royal Irish Academy of Music
- the current status of the Residential Institutions Redress Scheme and related matters.

I hereby submit my report on the above examinations for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

A handwritten signature in black ink, appearing to read 'John Buckley', with a stylized flourish at the end.

**John Buckley**  
**Comptroller and Auditor General**

1 September 2010



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# Introduction

This report examines a range of issues arising out of recent financial audits. The common feature of the reviews is that they involved administration by universities, institutes of technology and other bodies, in circumstances where those bodies received substantial State funding, ultimately borne on the Vote for the Office of the Minister for Education and Skills.

The audits reviewed, *inter alia*, the following

- the application of the first cycle of funding allocated from the Strategic Innovation Fund
- the extent to which the National Educational Welfare Board responds to the educational welfare needs of students and is positioned to evaluate the effectiveness of its operations
- the factors that gave rise to cost and time overruns on a capital development project at Cork Institute of Technology
- the granting of an early retirement scheme by FETAC without the approval of the Minister for Education and Skills and the Minister for Finance
- the remuneration and expenses paid in the Royal Irish Academy of Music
- the current estimate of the cost of redress to victims of abuse in residential institutions and the extent to which the State indemnity has been invoked.

The key conclusions are as outlined below.

## ***Strategic Innovation Fund***

The limited identification of expected outputs and outcomes of projects funded by the Strategic Innovation Fund impacted on the capacity of the Department of Education and Skills and the Higher Education Authority to monitor and evaluate the programme results. The funding should have been more directly linked to upfront identification of measurable outputs and outcomes.

A number of similar projects were funded under the programme leading to a risk of overlap. The mid term evaluation of the Strategic Innovation Fund has recommended an aggregation of similar type projects and future funding will be contingent on viable proposals being developed.

One aim of the programme was to induce a greater level of collaboration between institutions. A good practice example of collaboration is the shared procurement service developed by the Shannon Consortium. However, overall, the full impact of collaboration in terms of improved efficiencies and shared resources has yet to materialise.

Going forward, if the third level sector and the State is to get maximum value from these investments it is essential that the results be assessed and the opportunities for better practice identified, mainstreamed and shared under the guidance of the Higher Education Authority and the sectoral representative bodies.

## ***Monitoring School Attendance***

In 2008/09, primary school students missed 11.5 days and post-primary students missed 13 days, on average. 15% of absences reported to the National Educational Welfare Board (NEWB) in the course of the year were for students who missed 50 days or more. However, it is estimated that only 61% of absences of over 20 days in 2008/09 were reported in the course of the year. Currently, there is a gap between the number of pupils for whom intervention is required and the

capacity of NEWB to respond. In 2008/09, taking account of cases already on hands, NEWB dealt with just over 6,000 cases in the course of the year.

Information derived from periodic reporting is inadequate to focus NEWB activity because that reporting is neither comprehensive nor validated. A planned move to prioritisation based on real-time referrals should help to address the effective identification of 'at risk' pupils.

The overall services relating to school attendance and participation are being reconfigured. This represents an opportunity to achieve a more joined-up approach to school participation and in particular improve

- the process by which those at risk of early school leaving or who have a pattern of poor attendance are identified
- the development of local and national responses to tackling attendance and early school leaving
- the coordination of resources at local, regional and national level.

### ***Capital Development at Cork Institute of Technology***

There was a 45% uplift in the cost of the construction of an Administration Building and a Student Centre in the main Cork Institute of Technology campus at Bishopstown and there are outstanding claims of €1.2 million in respect of the works.

The form of contract used at the time left considerable risk with the Institute. A new form of contract which has been introduced, generally, since 2007, places an onus on the contractor to price for risks relating to necessary design changes and the relocation of utilities to facilitate the works as well as bear the cost of additional measures to address unforeseen ground conditions. This should reduce the risk to the State in these types of cases.

### ***Early Retirement Scheme in FETAC***

To facilitate the amalgamation of three bodies – NQAI, HETAC and FETAC into a single entity, certain pension arrangements were entered into. The actuarial value of additional superannuation benefits granted to four FETAC staff who took early retirement was of the order of €800,000. The additional benefits did not have the required approvals from the Council of FETAC or the Minister and did not conform to the statutory authority governing them.

It would be preferable if this type of restructuring was carried out as part of an overarching plan approved by the Department which sought to achieve both process efficiency and operational synergy in the combination and integration of the amalgamating entities.

### ***Royal Irish Academy of Music – Remuneration and Expenses***

In the case of the Academy, the remuneration of the Director is determined by the Academy's Governing Body.

While the Governing Body acted within its legal competence, the Director's overall remuneration package as agreed by the Academy covered a range of separate functions, and was higher than that of benchmarked post holders when account is taken of the agreed time commitment.

The Academy is a body in receipt of substantial State funding. This gives rise to an expectation that its expenditure should be broadly in line with public sector norms and that departures from

public sector pay policy should be agreed with its overseeing Department before contractual arrangements are concluded.

A single clear contract of employment would bring greater clarity to the arrangements.

### ***Residential Institutions Redress Scheme***

The likely cost of the redress scheme for victims of abuse in residential institutions is now put at €1.1 billion. The bulk of the contribution of religious congregations agreed with the State has been provided by way of cash or property. While final title to 28 properties is still being established the transferees are in possession of them and all but seven properties have been brought into use.

The indemnity has cost the State €8 million in cases finalised to date. However, there is a contingent liability arising out of the fact that 157 cases are still awaiting resolution. The Accounting Officer stated that the majority of those cases are likely to be resolved through the Redress Board process or have been inactive for a long period.

It is estimated that in the region of €34 million has been paid by way of assistance to voluntary survivor groups and €9 million has been disbursed out of an Education Fund mainly by way of assistance to survivors and their families.



# **Chapter 1**

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## **Strategic Innovation Fund**



1.1 The Strategic Innovation Fund (SIF) was established in 2006 as part of a programme of investment and reform in the higher education sector. The objectives of the SIF were broadly aligned with the priorities and the strategic goals for higher education as set out in the National Development Plan and which are set out in Annex A to this chapter.

1.2 An OECD<sup>1</sup> review of higher education in Ireland in 2004 stated that

*“Irish universities and institutes of technology have been transformed through extremely rapid growth over the last 15 years but their internal structures have not been much modified to adapt to the new pressures they find themselves under and their governance and management now need to be reformed in order to be able to compete not just with one another but in broader international settings”.*

1.3 The SIF formed part of the Government’s policy response to the findings of the OECD. It was conceived as an alternative and additional higher education funding mechanism that would be explicit about the expectations and the general purposes of the investment and allow for more targeted investment in priority areas. Specifically, it was conceived as a means to

- enhance the delivery of core activities of education and research
- prepare for the expansion and development of postgraduate education
- support innovation and quality improvement in teaching and learning
- support access, retention and progression.

1.4 A further aim of the SIF was the creation of a funding model that would encourage greater effectiveness through the development of inter-institutional collaborations.

1.5 The cost of the projects is ultimately borne on Subhead E.15<sup>2</sup> of the Vote for the Department of Education and Skills (the Department). The fund is managed and administered on behalf of the Department by the Higher Education Authority (HEA).

1.6 Allocations to institutions are made on a competitive basis based on project proposals related to the objectives of the fund. Projects were awarded funds after considering four key principles. These were

- the extent of collaboration between higher education institutions with potential benefits for the higher education system as a whole as well as individual institutions
- the extent to which the proposals presented and the outcomes expected were enhanced through innovation demonstrated by for example, enhanced quality of learning and research, improved efficiency in the use of existing resources and greater value for money
- the degree of alignment of proposals with institutional strategies and national policy objectives and national and regional social and economic needs
- the overall quality of the proposal reviewed by reference to its objectives and targets, the proposed additional value and capacity created, its success indicators, the extent of matching funding, value for money and sustainability of the proposal.

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<sup>1</sup> Organisation for Economic Co-operation and Development.

<sup>2</sup> Subhead E.16 in 2006 and 2007. Subhead E.15 in 2008 and 2009.

1.7 Proposals are assessed by an independent assessment panel largely made up of individuals with international expertise and chaired by a member of the HEA. The recommendations of the assessment panel are submitted to the Minister for Education and Skills (the Minister) for approval.

### **Audit Focus**

The audit sought to review the alignment of the projects with overall programme objectives.

It focussed on the first cycle of SIF funding although reference is made to Cycle II projects where appropriate for evaluation purposes.

Reviews were carried out in five institutions that received funding - two universities, two institutes of technology and the representative body for the university sector, the Irish University Association. Each review focused on one or more projects. In addition, meetings were held with the HEA and the Department and project files and documentation provided by the HEA were reviewed.

The chapter also draws on the results of an evaluation commissioned by the HEA which was reported in February 2010<sup>3</sup>. Its general recommendations are set out in Annex B.

It also reviewed the results at programme level.

### **State Funding**

1.8 A total of €143.6 million has been allocated to SIF projects up to the end of December 2009. This has been done through two cycles of funding. The first occurred at the end of 2006 when approximately €42.3 million was allocated to 59 projects under SIF Cycle I. The second occurred in early 2008 when a further €101.3 million was allocated to 41 projects under SIF Cycle II.

1.9 A further €8 million was earmarked for management information systems (MIS) projects in 2008 under SIF Cycle II pending completion of a technical MIS validation process. The services of an expert were procured in August 2008 at a VAT exclusive cost of €60,000 following a public procurement competition. No subsequent allocation of funding was made to MIS projects due to changed budgetary circumstances.

1.10 Of the total amount of €143.6 million allocated to SIF projects to date, approximately €8 million or 40% has been paid out by the HEA at 31 December 2009. The remaining commitment was therefore, €85.6 million at that date. Figure 1.1 outlines the allocations and payments to 31 December 2009 under both funding cycles.

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<sup>3</sup> Report of SIF Evaluation – Dr. Gordon K. Davies. Referred to throughout this report as the ‘mid term evaluation’.

**Figure 1.1 Funding Allocation and Payments to the Institutions 2006 - 2009**

	<b>Funding Allocation</b>	<b>Payments to the Institutions</b>	<b>Outstanding Commitment</b>
	€m	€m	€m
SIF Cycle I	42.28	32.00	10.28
SIF Cycle II	101.33	25.97	75.36
<b>Total</b>	<b>143.61</b>	<b>57.97</b>	<b>85.64</b>

Source: Higher Education Authority.

1.11 The amount and percentage of funding allocated to key themes is set out in Figure 1.2 below.

**Figure 1.2 Allocation of Funds by Theme under SIF Cycle I – 2006**

<b>Theme</b>	<b>Funding</b>	<b>Percentage of Total Funding</b>
	€m	%
Supporting Institutional Restructuring	12.75	30.2%
Enabling Fourth Level Education	8.49	20.1%
Enhancing Teaching and Learning	10.66	25.2%
Improving Access and Lifelong Learning	10.38	24.5%
<b>Total</b>	<b>42.28</b>	<b>100.0%</b>

Source: Higher Education Authority.

1.12 Due to budgetary constraints, the funding available for the SIF programme was reduced from 2008 onwards.

1.13 The Report of the Special Group on Public Service Numbers and Expenditure Programmes<sup>4</sup> concluded in July 2009 that the SIF was no longer an affordable priority and recommended that it should be wound down. As a result, funding for the programme was further reduced in 2010. The report of the mid term evaluation of SIF, is being used by the HEA as the basis for informing the reduction of allocations over the next two years. The mid term report identified the most strategically important projects and it is intended that funding will continue to be provided to these projects. The report also recommended the termination of a number of projects that are not performing and it is envisaged that no further funding will be provided to these projects. Finally, the report identified areas where the consolidation of similar type projects would ensure greater value for money.

1.14 The HEA is liaising with institutions in relation to these projects and further funding will be contingent upon the demonstration of viable project plans to mainstream or to merge with other project consortia.

1.15 An amount of €12.75 million was allocated to supporting institutional restructuring covering 21 projects led by five universities and the two representative bodies for the sector –

<sup>4</sup> Also referred to as 'The McCarthy Report'.

IOTI<sup>5</sup> and the IUA<sup>6</sup>. Projects led by the university sector were allocated approximately 70% of the funding with 30% being allocated to the institute of technology sector.

1.16 €8.49 million was allocated to enabling fourth level education covering 19 projects led by six institutions and the IUA. Approximately 97% of the funding was allocated to projects led by the university sector and 3% to projects led by the institute of technology sector.

1.17 Projects aimed at enhancing teaching and learning were allocated €10.66 million covering nine projects led by seven institutions. Approximately 77% of the funding went to projects led by the university sector and 23% to projects led by the institute of technology sector.

1.18 €10.38 million was allocated towards the aim of improving access and lifelong learning covering ten projects led by seven institutions and the IUA. Approximately 65% of the funding under this theme went to projects led by the university sector and 35% to projects led by the institute of technology sector.

## Programme Expenditure

1.19 While individual projects have recorded over or under spends, on an aggregate basis expenditure at local project level up to 31 December 2009 was €59.2 million (€34.3 million in respect of SIF Cycle I and €24.9 million in respect of SIF Cycle II). This was approximately €1.2 million greater than the funding provided up to 31 December 2009. Expenditure incurred on SIF Cycle I projects is approximately €2.3 million in excess of the funding provided for it up to 31 December 2009 while expenditure on SIF Cycle II projects is approximately €1.1 million short of its funding provision up to that date.

## Mid Term Evaluation

1.20 The HEA commissioned mid term evaluation of the SIF, which was finalised in February 2010, concluded that overall SIF has produced very positive results. It also acknowledged however, that there has been some problems. Its general conclusions are set out in Annex B. In particular, it noted positive results in the following areas

- restructuring had modernised graduate education and research and had laid the groundwork for more flexible and accessible approaches to higher education in general
- mechanisms to ensure increased access were in place with provisions for socially and economically disadvantaged persons, those with special needs and workers who needed re-training in order to keep their jobs or find new ones
- institutions were learning that collaboration with one another could lead to stronger academic programmes and research, increased operating efficiency and significant cost savings.

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<sup>5</sup> IOTI is the representative body for 13 institutes of technology.

<sup>6</sup> IUA is the representative body for the seven universities.

## Achievement of Objectives and Value

1.21 In order to achieve best value for the State spend the overall programme would need to

- align with institutional strategies
- have clearly specified outputs and outcomes
- focus on innovation and sustainable change
- avoid proliferation of similar projects
- foster collaboration and sharing of services
- be transferable within the sector.

### *Strategic Alignment*

1.22 Strategic alignment was one of the criteria under which project proposals were assessed prior to the allocation of funding. Out of a cumulative possible score of 350 marks for strategic alignment, successful institutions scored 258 marks. The top individual score was 20 marks out of a possible 25. Nine out of 14 institutions scored 20 marks.

1.23 The HEA observed in September 2007 following an analysis of proposals received that there were concerns around institutions lacking focus. Large numbers of projects were submitted of varying size and collaboration, weakening the strategic coherence of proposals. In addition, most proposals focussed on creating new capacity, rather than maximising existing capacities.

1.24 Audit review of the assessment process indicates that in some cases, the evaluation of proposals may have been concentrated at too high a level without examining the detailed components making up the overall project proposal. This is evidenced by the scoring process that awarded marks on an institutional basis rather than an individual project basis notwithstanding that proposals for funding comprised in many cases several sub-projects.

1.25 One project approved which appeared more appropriate to core funding was noted in UCC. An amount of €50,000 was allocated to UCC to replace its outdated financial management system under the theme ‘supporting institutional restructuring’. Another example is Tallaght IT and partners who were allocated €2 million for their ‘Collaborative Network for Teaching and Learning’ project. Part of the funding provided appears to have been spent on the general training needs of staff – for example, training sessions on ‘Introduction to Moodle’, ‘Powerpoint’ and ‘Advanced Excel’.

### **Conclusion – Strategic Alignment**

While SIF has enabled institutions to bring about reform in areas of identified strategic interest, such as access policies, development of fourth level and flexible modes of provision, a sharper focus at allocation stage on the objectives for which SIF was established and on the development potential of each individual project within a proposal may have helped to ensure greater strategic coherence.

### **Specification of Outputs and Outcomes**

1.26 The initial decision on the allocation of funding was based on an assessment of project proposals. Institutions were required to subsequently submit detailed plans in respect of each project identifying the activities that would be undertaken, the interim targets, overall outputs and expected outcomes. A template was provided by the HEA when requesting the submission of project plans in November 2006 including sample activities, suggested interim targets, outputs and outcomes in respect of each theme. With regard to outcomes, institutions were expected to set a benchmark figure and to identify expected target improvement rates. Suggested outcomes included improvements in enrolment, participation, progression and retention rates.

1.27 Projects funded under Cycle I were examined to establish the extent to which outputs and outcomes were identified in the initial proposal or in the more detailed plan submitted after funding had been granted. The result of this examination is outlined in Figure 1.3.

**Figure 1.3 Output and Outcome Specification - SIF Cycle I**

	Outputs				Outcomes			
	Proposal	%	Plan	%	Proposal	%	Plan	%
Good Identification	15	26%	26	44%	3	5%	3	5%
Some Identification	29	49%	27	46%	15	25%	14	24%
Little or No Identification	15	25%	5	8%	41	70%	41	69%
Documentation Not Completed	0	0%	1	2%	0	0%	1	2%
<b>Total</b>	<b>59</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>59</b>	<b>100%</b>

Source: Analysis by Office of the Comptroller and Auditor General.

1.28 By way of example, following the examination of project proposals, it was noted in the letter of success which issued to TCD in late 2006, that the Assessment Panel considered that there was a need for TCD to demonstrate the outcomes of its proposals in terms of enhanced learning or more effective administration rather than simply in terms of changed internal processes. Audit examination of the subsequent project plan submitted shows little evidence of any improvement in the definition of outcomes.

1.29 The project outcomes submission at the proposal stage by LIT as a partner in the Shannon Consortium projects led by UL, provides a good practice example of the definition of project outcomes. In their submission (separate to main proposal from UL) benchmarks and targeted improved outcomes were provided in respect of each strand of the proposal. In most instances however, these related to LIT only and did not cover all partner institutions. The detail provided in the project proposal was not however reciprocated in the subsequent project plan which in general gave only vague indicators of the type of outcomes expected.

## Conclusion – Output and Outcome Specification

The identification of expected project outcomes was poor. There was limited identification of expected measurable project outcomes in approximately 70% of project proposals and project plans. Only 5% of projects clearly identified expected measurable outcomes.

The identification of project outputs was somewhat better. However, good identification of project outputs was only evident in respect of 26% of projects at the proposal stage rising to 44% at the planning submission stage.

The audit noted that the distinction between outputs and outcomes was often confused within proposals. This was evidenced by a failure to properly categorise outputs and outcomes in plans submitted to the HEA.

Greater focus should have been given to ensuring that institutions had properly identified target outputs, milestones and outcomes in their project plans before allowing for the drawdown of funds. Without clear measurable targets in place, subsequent project monitoring is extremely difficult.

1.30 In regard to the specification of outputs and outcomes, the HEA acknowledged that while outputs and outcomes could have been better specified, there are specific objectives and deliverables associated with each project and these are reported against on a biannual basis. The HEA noted that SIF was conceived as a mechanism by which very large, complex and autonomous institutions—with missions covering teaching, research, and civic engagement—could improve the quality of their strategic planning and steering by being more focused on outputs and outcomes in all of their activities. One of the key deliverables of the SIF overall has been a system-wide improvement in focus on outputs and outcomes.

### ***Innovation and Sustainable Change***

1.31 It is essential to take account of sustainability when investment is being made in new developments or changed practices.

1.32 Some of the ways in which institutions intended to sustain their proposals included

- embedding projects as part of mainstream provision
- the redeployment of core grant expenditure
- increased funding as a result of expected increases in student numbers
- increased cost effectiveness from the pooling of resources and linking of services
- a rationalisation or redeployment of posts
- the development of critical mass, improved performance and greater synergies
- use of other public monies, private donor support, external research income from industrial partners and project self generating finance.

1.33 Despite setting out their intentions for sustainability in broad terms in project proposals, institutions did not in general provide specific details of the amount of ongoing funding which would be required or how it would be realised. For example, specific details were not provided of any expected increase in student numbers and the associated funding which would be realised, the number of posts proposed to be rationalised, where and how this would occur and the associated

savings expected to be realised, what improvements in performance were expected and the associated cost savings.

1.34 Just two institutions put an estimate on the ongoing funding that would be required to sustain the proposals after SIF investment ceased. UCC identified €3.6 million per annum as the ongoing funding that it would be committing to ensure the continued viability and success of their proposals. This would be derived from an expansion of income, further strategic re-investment and savings resulting from enhanced efficiencies. UCD envisaged that €1.6 million per annum would be required for ongoing liabilities arising out of its projects. This would be met from core UCD funds.

1.35 At institution level, the level of innovation does not appear to have been particularly high. Out of a cumulative possible score of 350 marks for innovation at the project assessment stage, successful institutions scored 175 marks (50%). The highest individual score was 20 out of a possible 25 marks for innovation.

1.36 The assessment panel's view given at a HEA briefing session prior to launch of the second cycle of SIF in September 2007, was that the level of innovation displayed in institutional proposals was disappointing. Many proposals were a continuation of existing activities or developing established policy areas. It had not been easy to identify particularly innovative proposals.

1.37 In progress reports submitted to the HEA, institutions did not generally report efficiency savings arising as a result of their projects. Instead, some projects reported difficulties in sustaining the work.

1.38 In relation to project mainstreaming, the mid term evaluation completed in February 2010 stated that it was too early to establish with certainty whether project activity would continue after funding was exhausted. However, it saw reasons for optimism noting that for some projects, such as those dealing with restructuring, internal change, leadership, new management and human resource practices, the changes have become embedded in the institutions and mainstreaming has become a reality. Others were seed projects that provided the groundwork for larger SIF II projects that are currently underway.

1.39 In relation to other projects, the mid term evaluation found significant evidence of mainstreaming activity and an awareness by project managers that funding would not be available for an indefinite period and that new funding sources would be required either from within the institutions or outside in order for activities to continue.

1.40 The latter was borne out in the course of audit discussions with project staff that surfaced concerns that the sustainability of projects post implementation is a real concern in many cases. Funding cutbacks and to a greater extent the Employment Control Framework in the higher education sector<sup>7</sup> which restricted the creation and renewal of employment contracts, appears to be impacting on the mainstreaming and sustainability of projects. Particular instances where mainstreaming or continuity were at risk included

- A course leading to a Certificate in Music and Dance which had been developed through the Shannon Consortium and was being delivered to travellers and children from non-traditional backgrounds. The Shannon Consortium reported that this certificate could only be sustained through the use of student fees and the sourcing of external funding.

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<sup>7</sup> The Employment Control Framework was introduced in July 2009 to give effect in the higher education sector to the Government's moratorium on recruitment and promotion in the public service.

- A Certificate in General Studies (FETAC Level 5) developed by the Shannon Consortium for delivery at their downtown centre in Limerick City which provides a flexible entry route to specific programmes at partner institutions and is aimed at mature students and those who may not have obtained a leaving certificate. The Shannon Consortium reported uncertainty with the continuation of this course which was costly to deliver and hadn't progressed to a truly shared service between the partner institutions.
- The Centre for Teaching and Learning at Tallaght IT which supports academic staff development and provides student academic support. The Employment Control Framework was hindering the retention of staff engaged on fixed term contracts to work in the centre.
- The Centre for Service Learning and Volunteering at UCD which was reported to have ceased formal operations on 30 October 2009 due to the current financial situation and staff recruitment embargo. UCD were one of the partners in the NUIG led 'Civic Engagement, Student Volunteering and Active Citizenship' project.

1.41 On the likelihood of sustainability of the developments, the HEA drew attention to the generally positive assessment in the mid term evaluation of SIF and noted that notwithstanding the difficult and uncertain environment institutions have demonstrated substantial commitment to the objectives of their SIF proposals in the face of substantial funding cuts and have managed to leverage permanent change in key areas of activity. The recent economic downturn has resulted in a growing importance of some of the core objectives for which the SIF was developed and has given an impetus to the progression of these projects. This is particularly the case in relation to the up-skilling, flexible learning, and access objectives of the SIF programme, which are becoming increasingly vital in how the higher education system contributes to national economic renewal. The HEA also noted that SIF is still a relatively new programme and many projects are still in development, especially those approved under the second cycle of funding.

## **Conclusion – Innovation and Sustainable Change**

Innovation and sustainability were key conditions attached to SIF proposals. However, the projects examined reported concerns about sustainability and some initiatives have ceased.

A significant number of projects have already been mainstreamed and the mid term evaluation is generally optimistic about the extent to which the projects will embed changed practices and procedures. However, factors which will militate against sustainability include the contraction in core budgets and restrictions on recruitment and roll over of contracts.

1.42 In regard to the extent to which the initiatives were improving the innovative capacity of institutions, the HEA stated that although the international panel assessing SIF I applications regarded the level of innovation as not particularly high from the international perspective of leading higher education systems, the range of activities funded under the SIF reflected the stage of development of the Irish higher education system in 2006 and the projects were innovative in an Irish context. The interpretation of innovation varied from institution to institution and this is/was reflective of a system with a diversity of institutions, missions, purpose and stage of development. Furthermore, proposals under SIF II, which were assessed in late 2007, scored 66% of the available marks under innovation. This demonstrates the progress made by institutions in terms of their innovative capacity, even over the short period since the first cycle.

### ***Avoiding Proliferation of Similar Projects***

1.43 The audit noted a number of projects dealing with leadership and management development that had been funded under the first cycle of SIF. These occurred at NUIM, UCD, the IUA and IOTI. The objectives of the leadership projects funded at those entities have a strong similarity - the development of a cadre of future leaders.

1.44 In commenting on the leadership projects the mid term evaluation stated that this was an important topic for a set of institutions that had recently modernised their administrative structures and procedures but that the projects could be merged and a limited number of models developed.

1.45 The same evaluation also raised concern about the unnecessary duplication of graduate education reform efforts and stated that the HEA or the IUA and the IOTI working together, should develop a plan to consolidate the graduate education projects (about 25 in number over the two SIF cycles) for greater efficiency.

1.46 Another example concerning the funding of similar type projects was in relation to access projects and the use of assistive technologies for disabled/disadvantaged students. In commenting on the AIT led 'Regional Assessment and Resource Centre' project, the mid term evaluation stated that there was evidence of similar work taking place at other institutions across the country. It recommended that the IOTI determine whether this work be incorporated into a sectoral project or simply sustained by AIT and its partners to the extent possible.

1.47 In regard to the proliferation of similar projects funded under SIF, the mid term evaluation of SIF has recommended an aggregation of similar type projects to ensure greater efficiencies. The HEA has written to institutions seeking proposals for suitable mergers and funding will be contingent on viable proposals being developed.

### **Conclusion – Avoiding Duplication**

There was considerable funding of similar projects which in a pilot type development programme can be wasteful. The assessment panel might have given greater consideration to the risks involved in funding similar type projects.

### ***Collaboration***

1.48 Collaboration between institutions across sectoral and other barriers was expected to deliver greater effectiveness and efficiency and was a key criterion on which SIF project proposals were assessed. With some exceptions, in general the projects funded involved two or more institutions.

1.49 Some examples of the extent of collaboration which emerged through SIF include the following

- The Shannon consortium is a collaboration led by UL and involving LIT and IT Tralee. It also includes Mary Immaculate College, Limerick. The consortium was awarded €6.6 million in funding for a range of projects including means to broaden access, widen participation, enhance teaching and learning and research, and support life-long learning.
- NUIG, UCC and TCD formed a collaborative partnership to undertake internal institutional restructuring.

- CIT led a project to enhance participation in ongoing education and training of those already in employment. The project was a collaboration of 9 institutions – 7 institutes of technology and 2 universities.
- The National Academy for Excellence in Teaching and Learning under the NAIRTL<sup>8</sup> project led by UCC and involving NUIG, TCD, CIT and WIT. The academy now has linkages to 38 institutions worldwide.

1.50 A number of sectoral projects were also funded which were managed by the IUA and IOTI respectively, involving all the universities and institutes of technology. Examples of sectoral projects include

- the joint development of academic professional development programmes under the Learning Innovation Network (LIN)<sup>9</sup> of the IOTI
- the development of a national online repository for Irish research through the RIAN<sup>10</sup> initiative of the IUA.

1.51 A SIF II project of the Shannon Consortium is worth highlighting as a good practice example of true collaboration having real financial benefits. This is the 'Procurement Network Project' which was allocated €73,000 through SIF Cycle II.

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<sup>8</sup> National Academy for the Integration of Research and Teaching and Learning in Higher Education.

<sup>9</sup> Previously known as 'Improving Services to Students – Learning and Teaching' project.

<sup>10</sup> RIAN is the outcome of the 'Open Access to Research Output' project of the IUA.

## Best Practice Collaboration

The project involved the establishment of a shared services procurement network with the aim of streamlining procurement services and achieving efficiencies. Up to the end of December 2009, the project had been involved in central tendering for the following types of goods and services – electricity, mobile phones, couriers and office supplies. In respect of 2009 alone, the network report savings of approximately €480,000 in electricity charges across the original partners – that is an average saving of 17%.

Following a HEA efficiency workshop at which the achievements of the project were outlined, a further eight higher education institutions joined the network for the specific purpose of tendering for electricity. Annual savings in electricity costs across the enlarged network are estimated at €50,000 representing approximately 25% of annual costs.

The network intends to develop a strategic plan and roll out a training program in order to increase procurement awareness and skills among staff. It also intends to develop a web site for communicating value for money and supplier and contract information to staff in the partner institutions.

With the cutbacks in available SIF funding in 2009, UL diverted the funding from this project to other SIF Cycle II projects. The success of the project can be gauged from the fact that the network is now being sustained through an annual contribution from the partner institutions to UL for the procurement service.

In relation to this project the mid term evaluation stated that it demonstrated not only the cost saving benefits but also the additional benefits for institutions through

- the centralisation of complex tendering procedures
- a reduction in the administrative burden particularly for smaller institutions
- an increase in purchasing power by larger volume purchases.

It also demonstrated that opportunities for local arrangements could be maintained even in a shared procurement system.

1.52 The mid term evaluation stated that one unexpected but logical outcome of SIF is that it raises the possible benefits of consolidating institutional managements into a single entity. The collaborative sectoral projects of the IUA and IOTI had demonstrated the ability of the universities and institutes of technology to work together as sectors. The Shannon Consortium joint purchasing system had shown that a single system could be shared successfully by several institutions. It stated that cost savings and management efficiencies could be achieved by adopting common systems that could be used by all or all within a region. Other opportunities for shared services could include information technology and management information systems, human resources, maintenance and operations and other administrative functions.

1.53 The collaborative nature of projects has caused some difficulties too. In their December 2009 progress report on the 'Regional Assessment and Resource Centre' project, AIT reported difficulty with inter-institutional collaboration due to the number of departments involved and the multiple layers and structures of management resulting in time lapses and difficulty with agreement and sign off and reporting to the lead partner. The mid term evaluation also noted in relation to this project that the main activity had been within AIT with insufficient evidence of active participation by other partners (GMIT, ITS, LYIT and NUIG). The SIF Cycle II follow on project involved only AIT and LYIT and this too was of concern.

1.54 CIT reported difficulties in their December 2008 progress report associated with the allocation of resources to work on the 'Education in Employment' project at some partner institutions. They reported that in some cases, despite their having signed up to the project, partner institutions were not able to identify or maintain resources committed to one or more strands of the project. While these difficulties led to early operational issues, decisions were taken at Steering Group level to ensure that the funding would follow the activity and would be allocated only where resources were clearly in place and actively contributing.

1.55 In another project led by NUIG, 'Outreach/Access Initiatives across BMW and Co. Clare', it was reported in the December 2009 progress report that four of the seven partners (DKIT, GMIT, AIT and St. Angela's College, Sligo) had not made any commitment to sustaining the project. The mid term evaluation stated in relation to this project that although it was producing greater access, failure to create links with further education and other local resources made it very expensive and probably unsustainable. The evaluation report stated that stronger commitments by partners and alternative means of delivering instruction and services were needed to overcome the geographic diffusion. It also referred to unnecessary expenditures on travel which had occurred (since curtailed) which were due to uneven participation by partners and lack of the links mentioned above.

### **Strategic Change Management Team – Trinity College Dublin**

Reference has been made earlier to the collaborative project involving TCD, UCC and NUIG on internal restructuring. While this partnership was viewed by the HEA as collaborative, in effect, each institution received an individual allocation of funding. This was in contrast to all other collaborative projects. The collaboration was not as substantive as might have been expected. Collaboration between the three universities was expected to occur through collaborative workshops involving senior academic and administrative leaders and thematic meetings once a term of key personnel involved in discrete areas of change management in partner institutions. A December 2009 progress report on the change management forum from TCD indicates that the formal workshops and meetings did not take place in 2009 – the collaboration consisted of informal discussions and the sharing of information and advice on specific aspects of change. The 2009 forum funding was re-directed to cover SIF I pay costs in TCD. In addition, a key outcome of the forum was to be the publication of guidelines on change management. These have not been developed as it was not considered appropriate to develop guidelines which would be applicable across all institutions given that the collaborating partners were at different stages of restructuring with different local conditions.

1.56 Issues also arose on some collaborative projects around the arrangements for reporting and accountability. Under SIF Cycle I, funding was provided to the lead institution for disbursement among the partner institutions as appropriate. The lead institution was responsible for the periodic reporting on project progress and on project expenditure in all partner institutions. However, some institutions have reported delays or difficulty in obtaining the required information from collaborating partners.

1.57 For example, in their June 2008 progress reports, Tallaght IT reported a lack of co-operation by one of their partners in sharing financial and other information. As a result the progress report submitted for that period excluded the required information in relation to that partner. IT Sligo also reported difficulties in obtaining timesheets from two collaborating partners in their June 2008 progress report.

## **Conclusion – Collaboration**

Although not without difficulties, one impact of the programme was to induce a greater level of collaboration between institutions and in general, this can be considered a key success of the programme.

The extent of collaboration created however, has been highly variable ranging from examples such as regional procurement with clear payoffs for all partners to nominal collaboration driven by an assessment process that awarded grants on the basis of collaboration.

1.58 The HEA stated that SIF has broadened and deepened collaboration in the higher education sector, building on a trend first supported by the PRTL<sup>11</sup>. The effective provision of higher education will depend on collaboration within the sector and SIF has played an important role in progressing this objective. This collaboration, sharing of successful practice and development of shared services will contribute to higher quality and efficiency. The collaborations developed under SIF will also assist in the rationalisation of course provision and other system-level efficiencies that will be necessary into the future.

### ***Sharing and Transfer of Learning***

1.59 Dissemination of lessons learned and outcomes achieved from the pursuit of SIF projects should be a key element of overall programme management.

1.60 Examples of instances where there has been a sharing of learning include

- Education in Employment project led by CIT
- Fourth Level Support Network project of the IUA
- Learning Technologies - from Pilot to Mainstream project led by NUIG.

### ***Education in Employment Project***

1.61 Arising out of the 'Education in Employment' project led by CIT, a paper based on the challenges of the work based learning (WBL) strand of the project was presented to the Irish Academy of Management Conference in September 2009. This project also reports having been invited to contribute to seminars and symposia related to their report on 'Recognition of Prior Learning – A Focus on Practice' which was published in December 2009. DIT are involved in the planning and managing of a WBL Symposium in 2010. Activities such as these tend to promulgate the learning from the project so that the benefits can be spread across the sector.

### ***Fourth Level Support Network Project***

1.62 The 'Fourth Level Support Network' project of the IUA organised conferences in 2008 and 2009 as part of a commitment to establish a forum for the higher education sector, its funders and industry.

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<sup>11</sup> Programme for Research in Third-Level Institutions.

### *Learning Technologies - from Pilot to Mainstream Project*

1.63 The NUIG led ‘Learning Technologies - from Pilot to Mainstream’ project reports in its December 2009 progress report that a virtual learning environment it had implemented has led to the development of a community of practitioners, sharing of experience and dissemination of best practice. Indications from the report however are that this may have been confined to the partners within the collaboration.

1.64 On the other hand, the mid term evaluation points to a number of instances where the sharing of information may not have occurred to the extent necessary. For example, in relation to the ‘Open Access to Research Output’ project, the evaluation stated that the universities and the HEA should promote the project to overcome its low visibility. Commenting on this project and two SIF Cycle II projects of the IUA, the mid term evaluation report stated that they should be actively marketed by the HEA and the institutions. It is not profitable to create valuable tools and then wait passively for them to be used.

1.65 The evaluation stated in relation to the ‘Widening Participation’ project at UCD that UCD should share its results more widely, including within the DRHEA. This was a project to carry out a quantitative evaluation of the New ERA Access Initiative<sup>12</sup> in order to measure its effectiveness as regards increased access from disadvantaged schools, retention rates and overall examination performance.

1.66 The mid term evaluation noted the need to improve communication of SIF activities and achievements. For example, project managers and institutional administrators stated that many of their colleagues did not know about the programme. Institutional staff working on projects were not necessarily aware of similar projects in other institutions that may offer opportunities for sharing ideas.

### **Conclusion – Sharing and Transfer of Learning**

Despite the numerous projects which had been funded under SIF, there is little evidence of a formal mechanism for the sharing of information and lessons learned between institutions. The design of SIF does not appear to have provided for such a mechanism.

While various informal networks operate within the university and IOT sectors, there is scope for having a more structured approach to sharing good practice information and lessons learned. The HEA are probably best placed to lead this activity. It may involve use of intranet, good practice guides and presentation fora.

1.67 On the arrangements for sharing and transfer of learning, the CEO of the HEA stated that the Department and the HEA have identified the promotion of SIF outcomes to the wider higher education system as a priority. The HEA noted that projects must reach a certain stage of maturity before the sharing of good practice can be meaningfully pursued. Projects, especially those funded under SIF I, are now at this stage. During the last year, there has been considerable activity in the sharing of good practice through a broad range of meetings, publications, conferences and on-line resources. The HEA website includes links to SIF project websites and provides a thematic overview of projects to facilitate the exchange of best practice by thematic areas. The HEA will

<sup>12</sup> The New ERA Access Initiative is an equal rights to access programme which encourages and facilitates increased participation in higher education by students who for economic or social reasons are under represented in university.

continue to work with institutions to ensure appropriate mechanisms are developed for the sharing of information.

## Project Management and Control

1.68 The 59 projects approved under SIF Cycle I were categorised under four themes as set out in Figure 1.4 below. The projects falling under each theme, their status at 31 December 2009 and the rating given to each project in the mid term evaluation completed in February 2010 are outlined in Annexes C, D, E and F to this chapter.

**Figure 1.4 Type of Activity Funded under Key Themes SIF Cycle I – 2006**

Theme	Type of Activity
Supporting Institutional Restructuring	Change management activities aimed at structural change, staff, management and leadership development projects, activities associated with the assessment or implementation of management information systems.
Enabling Fourth Level Education	Development and enabling measures for the establishment of new graduate school structures, the restructuring of doctoral programmes and the development of capacity and quality for fourth level provision in the institutes of technology.
Enhancing Teaching and Learning	Supports for learners and teachers including systems for identifying students at risk, providing dedicated clinics and mentoring systems and establishing dedicated support centres for maths, science and writing skills, initiatives for recognising and rewarding excellence and innovation in teaching, establishment of a network of advisors on best practice teaching methods and the use of new learning technologies.
Improving Access and Lifelong Learning	Projects aimed at improving access and retention in areas with traditionally low participation rates and providing innovative methods of delivering education to part-time or distance learning students.

### **Matched Funding**

1.69 Institutions were required to match the SIF funding allocation with other funding sources, though borrowing was not permitted. The amount of claimed matched funding recorded up to 31 December 2009 is €1.4 million and represents approximately 122% of the SIF funding allocated to Cycle I projects. Staff costs account for approximately 63.4% of matched funding, overheads 19.5 % and ‘other’ costs 17.1%. The matching staff costs are in general a reallocation of existing staff resources.

1.70 Although institutions reported on the extent of matched funding contributed, there is no evidence to suggest that the matched funding requirement was monitored in detail and no audits or inspections were carried out.

1.71 The manner in which staff time is costed for matched funding varies between institutions. No guidance appears to have been issued by the HEA in this respect. For example, in Tallaght IT a standard hourly rate of €70.48 is applied to all staff regardless of grade. In the IUA, five different staff costing grades are used. The rates are based on the mid-point of a relevant post’95 payscale adjusted for employers PRSI and employer pension contribution. A standard 1,540 hours per annum is used to calculate the hourly rate. The hourly rates vary between €25 for an executive assistant to €125 for senior university management. In UCC, the gross salary costs inclusive of employer PRSI and pension costs where relevant, are used.

1.72 Some of the items claimed as matched funding stretched the matching funding boundary beyond the expected and have not been fully substantiated. For example, an amount of €17,500 was claimed as matched funding in 2008 by UL in relation to the ‘Shannon Regional Learning Gateway’ project. The audit was informed that this figure represented the difference between the commercial rates for the rent of accommodation for a downtown centre in Limerick city and the actual rates charged to UL for that property. No supporting documentation or calculation has been provided to date. Amounts relating to the rent of the downtown centre had been included in the matched funding budget submitted to the HEA in 2006. However, the rent was subsequently paid through SIF.

1.73 In regard to matched funding, the HEA stated that existing resources were applied to SIF in the context of a significant and sustained increase in student admissions and research outputs. The extent to which the SIF has leveraged the re-orientation of existing core funding is to be welcomed and is a measure of the success of the programme. Given the objectives of the programme in terms of innovation, the transfer and re-orientation of existing staff was precisely an outcome to be encouraged and supported.

1.74 In regard to audits of SIF expenditure, the HEA stated that it is in the process of preparing a programme of audits based on the first set of final reports submitted in June 2010. In addition, it noted that SIF expenditure as with all funding channelled through higher education institutions is subject to annual validation and regular monitoring.

### ***Progress of Projects***

1.75 In general, at the outset, projects had a three-year life cycle. This meant that projects approved under the first cycle of funding were expected to be completed by the end of 2009. Following the receipt of project progress reports in 2007, it became apparent to the HEA that projects initiated in December 2006 were not spending to schedule. Institutions had difficulties in assigning staff to these projects as the academic year had already commenced when projects were approved. In response, the HEA, in discussion with the Department, re-profiled SIF expenditure based on project plans and updates requested from institutions at that time. As a result, SIF I timelines were formally extended into 2010.

1.76 The status of each project at December 2009 is outlined in the tables in Annexes C – F at the end of this chapter. With some projects, it was difficult to determine their exact status. Those projects have been classified as ongoing in the analysis.

### ***Project Monitoring***

1.77 The monitoring of project expenditure which can occur through financial reports alone is limited. Its usefulness is greatly increased where it is supplemented by ad hoc audits or inspections. The monitoring of SIF expenditure by the HEA was paper based. With the exception of some auditing of SIF expenditure in the BMW region as part of an ERDF claim, no audits or inspections of SIF expenditure or of the matched funding requirements appear to have been carried out by the HEA.

## **Conclusion - Project Management and Control**

Most projects are still ongoing at the end of December 2009 – in general, at the outset of the programme, it had been anticipated that projects funded under Cycle I would be completed by the end of 2009.

An allocation of the cost of existing staff resources to projects makes up the majority of matched funding provided by institutions.

Institutions captured and costed staff time in different ways. No guidance was provided by the HEA. Consideration should be given to introducing a simplified system while still meeting the requirement.

The treatment of some elements as matched funds is questionable.

The extent of audits or inspections of SIF expenditure or matched funding carried out was limited.

## Overall Conclusions

Most projects funded under SIF Cycle I were still ongoing at 31 December 2009. In general, at the outset of the programme, it had been anticipated that projects funded under that cycle would be completed by the end of 2009.

A sharper focus at the funding allocation stage, on the objectives of individual projects comprised in overall institutional proposals, may have helped to ensure greater strategic coherence.

The identification of expected project outputs and outcomes was limited. This impacted on the subsequent project monitoring and evaluation which could occur. The drawdown of funding should have been more forcefully linked to the upfront identification of measurable outputs and outcomes.

While a significant number of projects have already been mainstreamed, the sustainability of some projects may be affected by the contraction in core operating budgets and restrictions on recruitment and roll over of contracts.

A number of similar projects were funded under the programme leading to a risk of overlap. The mid term evaluation of SIF has recommended an aggregation of similar type projects and future funding will be contingent on viable proposals being developed.

The programme aimed to create a greater level of collaboration between institutions. The shared procurement service emanating from SIF Cycle II funding in one geographic region is a good practice example of true collaboration. However, overall, the full impact of collaboration in terms of improved efficiencies and shared resources has yet to materialise.

The programme would have benefited from more defined processes for sharing of good practice and lessons learned from project activity. This is particularly relevant in providing comparisons and learning points for those projects which overlap in objectives. The promotion of SIF outcomes to the wider higher education system has been identified as a priority by the Department and the HEA.

Matched funding was almost entirely constituted of internal staff resources and recovery of overheads. No audits or inspections of SIF or matched fund expenditure were carried out by the HEA. The validity of some elements claimed as matched funding is questionable.

Going forward, if the third level sector and the State is to get maximum value from these investments it is essential that the results be assessed and the opportunities for better practice identified, mainstreamed and shared under the guidance of the HEA and the sectoral representative bodies.

## General Observations of the Accounting Officer

1.78 The Accounting Officer of the Department stated that the Strategic Innovation Fund was a new initiative that has had a beneficial effect in generating collaboration and incentivising change across the higher education sector. The recent mid term evaluation of the programme highlights the positive results that have already been achieved but it also shows that, as with any new initiative, there are areas that can be improved on. Measures are currently being undertaken by the HEA to improve the effectiveness of the projects, in response to the evaluation's conclusions.



## **Annex A National Higher Education Priorities**

The National Development Plan 2007 – 2013<sup>13</sup> (NDP) set out the priorities for higher education in the following terms

- increase participation and improve access
- encourage a greater flexibility of course offerings to meet diverse student population needs in a lifelong learning context
- promote the quality of teaching and learning
- significantly increase PhD numbers and research activity
- provide for effective technology transfer
- safeguard and re-enforce the many roles of higher education in providing independent intellectual insights and in contributing to a broader social, human and cultural understanding.

The NDP also referred to five broad strategic goals for higher education. These are

- to widen participation and increase student and graduate numbers at third level
- to reform and modernise programme delivery
- to achieve world-class quality in higher education
- to advance institutional and structural reform at third level
- to reform the public funding framework to ensure that institutional strategies pursued by higher education institutions are aligned with national priorities.

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<sup>13</sup> National Development Plan 2007 – 2013 – Transforming Ireland – A better quality of life for all.



## Annex B Mid term Evaluation of SIF 2010

Some of the conclusions and recommendations of the evaluation completed on behalf of the HEA by Dr. Gordon K. Davies in February 2010 have been dealt with throughout this report. In summary, the report concluded that SIF had produced very strong results but that there had been some problems.

Some of the positive results were

- restructuring had modernised graduate education and research and had laid the groundwork for more flexible and accessible approaches to higher education in general
- mechanisms to ensure increased access were in place with provisions for socially and economically disadvantaged persons, those with special needs and workers who needed re-training in order to keep their jobs or find new ones
- institutions were learning that collaboration with one another could lead to stronger academic programs and research, increased operating efficiency and significant cost savings.

The problems were

- many projects in SIF Cycle I got started much too slowly
- collaboration among institutions had sometimes been weak
- some progress reports were vague and unhelpful
- project managers had struggled to keep their projects afloat due to severely reduced funding.

Some of the ways mentioned in the evaluation report in which the programme could have been improved included

- The appointment of a 'SIF manager' at the HEA which might have drawn attention to the slowness with which institutions were spending their funding, distinguished between real and nominal collaboration, and assisted in identifying performance problems more quickly. The management of SIF was taken on by the HEA without any additional operating funds. The panel that evaluated SIF Cycle II proposals had suggested that the HEA be allocated a small portion of SIF funds for oversight and evaluation activities (£95,000). This was not done. The HEA was then left to absorb these key responsibilities into its regular workload without any additional resources for oversight. The report also recommends that HEA senior management be assigned specific responsibility for SIF projects that pertain to their areas of oversight.
- A reporting procedure that would have included a more regular approach to personal meetings. The evaluation report noted that two issues had been raised by institutional representatives about program design and management. These were that the bi-annual reporting requirement had been extremely burdensome and of doubtful utility and that the requirement that SIF funds be matched with institutional resources may have been counter-productive. It recommended that the HEA be mindful of the need to ensure accountability and at the same time not impede efficiency and effectiveness at institutional level.
- Funding of fewer projects. The HEA did try to limit the number of proposals through the imposition of a financial limit but this was not wholly successful because some institutions proposed a large number of small projects within their limit. A more specific range of objectives for which SIF funding would be available would have been helpful. In retrospect, SIF probably was too ambitious in the number of objectives it tried to support.

- The exercise of self-discipline by the review panels in their recommendations. For example, significantly more projects were funded under SIF Cycle I than under SIF Cycle II even though SIF Cycle I funding was less than half of that under SIF Cycle II. More self-discipline would have been possible if SIF objectives were less numerous and if institutions, sectors and associations were limited in the number of projects they could propose.

Other findings noted in the evaluation report are that

- The sectoral and major collaborative projects have been most successful so far. It states that this is an important lesson learned since SIF was a new development for higher education.
- The procedure for awarding funds for SIF Cycle II had been better than for SIF Cycle I. The panel learned from the SIF Cycle I experience and met with institutions to discuss their projects before making recommendations.
- The allocation of SIF funds from the beginning of 2007 to date had been highly erratic. By the time SIF Cycle II activity was ready to commence, the national budget conditions left the HEA and the institutions uncertain whether funding for SIF was delayed or being cut drastically.

## Annex C Institutional Restructuring Projects December 2009

Project	Lead Institution	Funding Allocated €	Status <sup>a</sup>	Mid Term Evaluation Rating <sup>b</sup>
Restructuring of Academic Units	NUIG	2,200,000	●	3
Restructuring of Infrastructure	NUIG	200,000	∅	3
Leadership Training Programmes	NUIM	90,000	○	3
IT Based Self-Service Innovations	NUIM	105,000	●	3
Strategic Change Management Team	TCD	864,000	●	3
Specialist Management and Development Support for New Schools <sup>c</sup>	TCD	1,276,000	●	3
Assessment Stage of e-Strategy <sup>c</sup>	TCD	60,000	●	3
Change Management Team and Process Mapping	UCC	850,000	●	3
Change Management – Management Information Systems	UCC	950,000	∅	3
Data Warehouse	UCC	400,000	∅	3
Institutional Leadership	UCD	1,000,000	●	3
Towards a Full Economic Cost Model	IUA	150,000	○	3
Strategic Planning and Decision Support	IUA	300,000	○	3
Student Feedback System	IUA	300,000	●	1
Towards a Higher Education Leadership Academy	IUA	200,000	○	3
Sectoral Capacity Assessment <sup>d</sup>	IOTI	250,000	∅	3
Improving Services to Students – Learning and Teaching	IOTI	1,000,000	∅	1
Improving Services to Students – Staff Empowerment	IOTI	500,000	●	3
Improving Services to Students – Management Development	IOTI	1,000,000	●	3
Development of the Strategic Management Capacity of MIS. 1) Portal/Data Integration 2) Business Intelligence.	IOTI	1,000,000	▲ ●	3
Evaluation, Measurement, Review and Adjustment <sup>d</sup>	IOTI	50,000	●	6
<b>Total</b>		<b>12,745,000</b>		

### Notes:

- a The following key has been used to report on project status. In some cases the status is unclear.  
○: Complete; ∅: Substantially Complete; ●: Ongoing; ▲: Abandoned.
- b The following rating system was used in the mid term evaluation.  
1: Excellent projects which should be mainstreamed and outcomes disseminated to one of the sectors or system-wide.  
3: Projects progressed satisfactorily and warrant mainstreaming within the relevant institutions and possibly sectorally or system-wide.  
6: Projects that either never commenced, are at an early stage of start-up or were terminated before completion. They should be considered for termination due to changed national circumstances.
- c A re-profiling of TCD's budget was carried out in June 2008 resulting in the re-allocation of €60,000 from the 'Assessment Stage of e-Strategy' project to the 'Specialist Management and Development Support for New Schools' project. The 'Assessment Stage of e-Strategy' project was supported by TCD's own funds.
- d The project 'Evaluation, Measurement, Review and Adjustment' appears to have been combined with 'Sectoral Capacity Assessment' project.



## Annex D Fourth Level Education Projects December 2009

Project	Lead Institution	Funding Allocated €	Status <sup>a</sup>	Mid Term Evaluation Rating <sup>b</sup>
Institutes of Technology Graduate Research Alliance	IT Sligo	295,000	•	3
4 <sup>th</sup> Level Support Network	IUA	1,040,000	∅	1
Attracting International Graduate Students	IUA	450,000	•	3
PhD Quality Assurance	IUA	60,000	▲	6
Open Access to Research Output	IUA	700,000	∅	1
Dean of Graduate Studies	NUIG	300,000	•	3
Building 4 <sup>th</sup> Level Capacity <sup>c</sup>	NUIG	1,500,000 <sup>d</sup>	•	3
Generic Skills Training <sup>c</sup>	NUIG	200,000	•	3
Graduate Studies Office	NUIM	183,900	∅	3
Graduate Schools	NUIM	228,100	∅	3
Student Internships	NUIM	88,000	∅	3
Restructuring of Graduate Studies Office	TCD	293,000	•	3
Generic Skills Training <sup>c</sup>	TCD	207,000	•	3
Building 4th Level Capacity <sup>c</sup>	TCD	Funding allocated through NUIG <sup>d</sup>	•	3
Restructuring of Graduate Studies Office	UCC	293,000	•	3
Generic Skills Training <sup>c</sup>	UCC	207,000	•	3
Building 4th Level Capacity <sup>c</sup>	UCC	Funding allocated through NUIG <sup>d</sup>	•	3
Shannon Consortium Strand 3: Regional Graduate Training Development Network	UL	950,000	•	3
Expansion and Development of Postgraduate Education	UL	1,500,000	•	3
<b>Total</b>		<b>8,495,000</b>		

### Notes:

- a The following key has been used to report on project status. In some cases the status is unclear.  
O: Complete; ∅: Substantially Complete; • Ongoing; ▲ Abandoned.
- b The following rating system was used in the mid term evaluation.  
1: Excellent projects which should be mainstreamed and outcomes disseminated to one of the sectors or system-wide.  
3: Projects progressed satisfactorily and warrant mainstreaming within the relevant institutions and possibly sectorally or system-wide.  
6: Projects that either never commenced, are at an early stage of start-up or were terminated before completion. They should be considered for termination due to changed national circumstances.
- c Collaborative projects between NUIG, TCD and UCC.
- d The allocation was made to NUIG (€1.5 million) and was to be divided equally between the three participant institutions (NUIG, TCD and UCC).



## Annex E Teaching and Learning Projects December 2009

Project	Lead Institution	Funding Allocated €	Status <sup>a</sup>	Mid Term Evaluation Rating <sup>b</sup>
Get Ahead – Student Internships	GMIT	400,000	●	3
Collaborative Network for Teaching, Innovation and Inclusive Education	IT Tallaght	2,000,000	●	3
Learning Technologies from Pilot to Mainstream	NUIG	700,000	∅	3
Civic Engagement, Student Volunteering and Active Citizenship	NUIG	700,000	●	3
Faculty Aligned Teaching and Learning Innovation	NUIM	500,000	O	3
National Academy for the Integration of Research and Teaching and Learning in Higher Education	UCC	3,000,000	●	1
Transforming Student Learning	UCD	377,000	∅	3
Stimulating Innovative Teaching	UCD	282,000	∅	3
Shannon Consortium Strand 2: Regional Approach to Outstanding Teaching, Learning and Learner Support	UL	2,700,000	●	3
<b>Total</b>		<b>10,659,000</b>		

Notes:

- a The following key has been used to report on project status. In some cases the status is unclear.  
O: Complete; ∅: Substantially Complete; ● Ongoing; ▲ Abandoned.
- b The following rating system was used in the mid term evaluation.
- 1: Excellent projects which should be mainstreamed and outcomes disseminated to one of the sectors or system-wide.
- 3: Projects progressed satisfactorily and warrant mainstreaming within the relevant institutions and possibly sectorally or system-wide.
- 6: Projects that either never commenced, are at an early stage of start-up or were terminated before completion. They should be considered for termination due to changed national circumstances.



## Annex F Access and Lifelong Learning Projects December 2009

Project	Lead Institution	Funding Allocated	Status <sup>a</sup>	Mid Term Evaluation Rating <sup>b</sup>
		€		
Regional Assessment and Resource Centre	AIT	900,000	●	3
Education in Employment	CIT	2,600,000	●	1
Widening the Base for High Quality Student Recruitment	IUA	250,000	○	3
Work Based Learning Programmes	LIT	100,000	○	3
Outreach/Access Initiatives across BMW and Co. Clare	NUIG	1,350,000	∅	3
Feasibility Study to develop Irish Language and Irish Medium Education	NUIG	150,000	○	3
Strategic Alliance between NUIM and Institutes of Technology	NUIM	340,000	○	3
Widening Participation	UCD	241,000	∅	3
Shannon Consortium Strand 1: Shannon Regional Learning Gateway	UL	2,950,000	∅	3
Digital Education Information System (DEIS)	UL	1,500,000	●	1
<b>Total</b>		<b>10,381,000</b>		

Notes:

- a The following key has been used to report on project status. In some cases the status is unclear.  
 ○: Complete; ∅: Substantially Complete; ●: Ongoing; ▲: Abandoned.
- b The following rating system was used in the mid term evaluation.
- 1: Excellent projects which should be mainstreamed and outcomes disseminated to one of the sectors or system-wide.
- 3: Projects progressed satisfactorily and warrant mainstreaming within the relevant institutions and possibly sectorally or system-wide.
- 6: Projects that either never commenced, are at an early stage of start-up or were terminated before completion. They should be considered for termination due to changed national circumstances.



## **Chapter 2**

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### **Monitoring School Attendance**



2.1 In 2009, State funding for primary and post-primary education in Ireland came to €6.2 billion. This funding is provided whether or not students are at school. A downside of non-attendance is that absent students fail to benefit fully from this investment in their future.

2.2 The primary responsibility for the education of children rests with parents. All children between the ages of six and 16 or until completion of three years post-primary education, whichever is the later, are required to attend school or register as being in receipt of certain minimum education. In alternative cases, children may be educated in a place other than a recognised school (e.g. in the home or in a private school)<sup>14</sup>.

2.3 School attendance has remained relatively stable over the period 2003/04 to 2008/09. In 2008/09, the average number of days missed per student was

- 11.5 days out of a school year of 183 days at primary level and
- 13 days out of a school year of 167 days at post-primary level.

2.4 Figure 2.1 outlines the level of absence in schools in Ireland using the following bases

- average student days lost which measures pupil absence as a proportion of total school days in the year
- the proportion of students missing 20 days or more.

**Figure 2.1 Irish School Absence Rates**

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
	%	%	%	%	%	%
<b>Average pupil days lost</b>						
Primary	6.3	6.2	6.3	6.2	6.5	6.3
Post-primary	8.1	7.9	7.5	7.6	7.7	7.9
<b>Percentage of pupils missing more that 20 days</b>						
Primary	11.7	11.1	11.5	10.9	12.0	11.8
Post-primary	17.2	17.2	16.0	17.8	16.9	17.3

Source: 2003/04 – 2007/08: Analysis of School Attendance data in primary and post-primary Schools 2006/07 and 2007/08, Educational Research Centre.

2008/09: Analysis by Office of the Comptroller and Auditor General.

2.5 Figure 2.1 reflects the rates for both mainstream and special schools. Non-attendance rates at primary level are similar to those in the UK. At post-primary level, only England has a lower non-attendance rate. The measurement of non-attendance in the UK excludes students in special schools and those in special classes in mainstream schools. The Educational Research Centre has recalculated the non-attendance rate in Ireland along broadly similar lines. The results for 2007/08 are set out in Figure 2.2.

<sup>14</sup> Children not attending a recognised school must be registered with the National Educational Welfare Board (NEWB). Registration involves assessment by NEWB of the education being provided to the child. As of 31 March 2010, 6,779 students were recorded as attending 34 private schools not recognised by the Minister for Education and Skills. In addition, 661 students were registered as being home educated at that date.

**Figure 2.2 International Absence Rates 2007/08, Mainstream Schools**

	Ireland	Northern Ireland	England	Scotland	Wales
	%	%	%	%	%
Primary	5.7	5.2	5.3	4.9	6.7
Post-primary	7.7	7.8	7.3	8.9	9.1
<b>Percentage of pupils missing 20 days or more</b>					
Primary	- <sup>a</sup>	10.4	6.5	-	16.9
Post-primary	16.9	21.0	13.4	-	20.5

Source: Department of Education, Northern Ireland (Table 3 in *Attendance at Grant-aided Primary, Post-Primary and Special Schools 2007/08*, Department of Education, Northern Ireland which gives the percentage of total half days lost) and *Analysis of School Attendance Data in Primary and Post-Primary schools, 2006-2008*, Educational Research Centre.

Note:

a The percentage of Irish primary school students missing 20 days or more was not recalculated to take account of students in special schools.

## Attendance and Disadvantage

2.6 Unsurprisingly, schools categorised as disadvantaged<sup>15</sup> had lower attendance levels than other schools. At primary level, the proportion of students missing 20 days or more in schools designated as disadvantaged (DEIS schools) was almost twice the rate occurring in non-DEIS schools. Figure 2.3 sets out the extent of the variation.

### Educational Disadvantage

Up to 2005, seven individual schemes were in place to address educational disadvantage. Different selection criteria were used to select schools for additional resources under each scheme.

In 2005, a new approach to targeting resources to address disadvantage was adopted. The new approach - Delivering Equality of Opportunity in Schools (DEIS) - comprised two main elements

- A standardised system for identifying and regularly reviewing levels of disadvantage, using available national and international evidence to configure and integrate supports for schools with a concentrated level of educational disadvantage – the first identification process was concluded in 2005 and it is due to be reviewed in 2010.
- A new integrated School Support Programme (SSP) aimed at bringing together and building upon existing interventions for schools with a concentrated level of educational disadvantage. 678 primary schools and 200 post-primary schools were eligible for additional supports under the DEIS system.

<sup>15</sup> This categorisation is based on disadvantage for purposes of Delivering Equality of Opportunity in Schools (DEIS schools).

**Figure 2.3 School Absence Rates by Status of Schools 2008/2009**

	DEIS Schools	Non-DEIS Schools	Total <sup>a</sup>
<b>Primary Level</b>			
Percentage student days lost	8.1%	5.9%	6.3%
Proportion of students missing 20 days or more	19.2%	9.9%	11.8%
<b>Post-primary Level</b>			
Percentage student days lost	9.9%	7.4%	7.9%
Proportion of students missing 20 days or more	25.0%	15.2%	17.3%

Source: Analysis of Annual Attendance Reports by Office of the Comptroller and Auditor General.

Note:

a: Analysis is based upon usable Annual Attendance Reports made by March 2010 from 3,666 schools.

2.7 The proportion of students in a school who miss in excess of 20 days is a useful indicator of the extent of the absence problem. A high proportion of students missing over 20 days signals a significant problem in an individual school.

2.8 Schools designated as disadvantaged comprise 22% of all schools. Figure 2.4 shows the number of schools and the proportion of students missing 20 days or more for schools designated as disadvantaged and those that are not.

**Figure 2.4 Number of Schools by Percentage of Students Missing 20 days or more<sup>a</sup>**

Proportion of students missing 20 days or more	Schools designated disadvantaged		Schools not designated disadvantaged	
	Number of schools	Proportion of schools	Number of schools	Proportion of schools
0% - 10%	224	28%	1,655	58%
10%-20%	244	31%	832	29%
20%-30%	195	24%	270	9%
30%-40%	92	12%	71	3%
40%-50%	31	4%	30	1%
>50%	11	1%	11	—
<b>Total</b>	<b>797</b>	<b>100%</b>	<b>2,869</b>	<b>100%</b>

Source: Analysis of Annual returns to NEWB by the Office of the Comptroller and Auditor General

Note:

a 2008/09 Annual returns have not been validated/checked by NEWB.

2.9 Unsurprisingly, disadvantaged schools had, in general, higher absence levels as measured by the proportion of students in the school missing in excess of 20 days. 41% of these schools had more than 20% of pupils missing for more than 20 days in 2008/09 while the corresponding proportion for schools not designated as disadvantaged was 13%.

2.10 Overall, about a third of students missing 20 days or more attend schools designated as disadvantaged. The National Educational Welfare Board (NEWB) reports that around half of the cases opened related to students attending schools designated as disadvantaged.

## Responsibility for Attendance

2.11 At the level of public administration, responsibility for school attendance actions is divided between

- the Department of Education and Skills (the Department) which is responsible for policy formulation, effectiveness, evaluation and funding
- NEWB which is responsible for intervening in cases where students are not attending school regularly and where there is a concern about the child's educational welfare
- individual schools who record attendance and are the first line of response to attendance issues.

2.12 Related services in the areas of participation, promotion and retention of students in the school system are provided by

- the Home School Community Liaison (HSCL) scheme whose coordinators liaise with parents and teachers/schools in order to maximise active participation of students, in particular those who might be at risk of failure
- the School Completion Programme (SCP) which provides support to individual students who are 'at risk' in order to increase the level of pupil retention in primary and post-primary schools
- the Visiting Teacher Service for Travellers (VTST) which works to promote, facilitate and support the education of the Travelling Community from pre-school up to third level access.

2.13 No overall performance targets have been established in Ireland in the area of school attendance. By contrast, in the UK all Local Authorities (who administer schools there) set school attendance targets as indicators of performance. For example, Cambridgeshire, using 2003/04 attendance data as a baseline figure aim to improve attendance each year by 0.1%. In Ireland, schools designated as disadvantaged are supported in developing school based plans to facilitate self-evaluation against a range of self-determined targets including the setting of targets on school attendance.

## Resources

2.14 In 2009, NEWB had over 100 staff and a budget of €9.7 million. NEWB's expenditure and staff numbers between 2006 and 2009 are set out in Figure 2.5.

**Figure 2.5 NEWB Expenditure and Staff Numbers, 2007-2009**

	2006	2007	2008	2009
	€000	€000	€000	€000
<b>Expenditure</b>				
Wages, Salaries and Pension Costs <sup>a</sup>	6,435	7,003	7,412	7,258
Administration Costs	3,387	3,763	3,929	2,404
<b>Total expenditure</b>	<b>9,822</b>	<b>10,766</b>	<b>11,341</b>	<b>9,662</b>
<b>Number of Staff<sup>b</sup></b>				
Regional Managers	5	4	5	4
Senior Education Welfare Officers	12	11	13	13
Education Welfare Officers	59	61	67	67
Support Staff	16	14	19	19
<b>Total Staff</b>	<b>92</b>	<b>90</b>	<b>104</b>	<b>103</b>

Notes:

- a This includes pension costs in relation to 10 staff. These staff are not included in the staff numbers below.
- b The number of staff is calculated on the basis of total numbers of staff paid a salary in the year as opposed to the number of Whole Time Equivalents.

2.15 The overall resources available to address participation and attendance are set to increase. In an initiative to integrate education services introduced in 2009, four services are being brought under the responsibility of NEWB, the HSCL, the SCP, the VTST as well as the Education Welfare Service bringing together over 800 staff deployed to deliver services at local level to schools, children and families.

2.16 In 2009, work commenced on the integration of the VTST, the HSCL and the SCP under the responsibility of NEWB. This comprises 870 staff. NEWB, the SCP and HSCL each had separate national and regional management teams. The vast majority of these will continue to be employed by local schools or educational structures in the areas they serve. The composition of the staffing of the combined service is set out in Figure 2.6 below.

**Figure 2.6 Sanctioned Posts in Existing Services**

	Management <sup>a</sup>	Administration	Frontline Service	Total
NEWB	6	18.0 <sup>b</sup>	85	109.0
HSCl	6	-	450 <sup>c</sup>	456.0
SCP	6	1.5	256 <sup>d</sup>	263.5
VTST	Included above	1.0	40 <sup>e</sup>	41.0
<b>Total</b>	<b>18</b>	<b>20.5<sup>b</sup></b>	<b>831</b>	<b>869.5</b>

Source: Department of Education and Skills.

Notes:

- a Five vacancies currently exist in the management team at regional and national level and one officer retiring in August.
- b This includes 13 Head Office posts.
- c HSCl posts allocated to schools designated as disadvantaged.
- d Includes local coordinators and full-time project personnel employed directly by the SCP Projects.
- e Formerly managed by the Department of Education and Skills Inspectorate, now managed within the integrated management structure.

## Audit Focus

The audit set out to examine

- the extent to which NEWB is equipped with information to allow it to respond to the educational welfare needs of students and evaluate the effectiveness of its operations
- how NEWB deploys its resources and the adjustments it plans to implement in order to prioritise pupils 'at risk'
- the steps being taken or proposed to create an integrated approach to attendance and participation.

## Information on Attendance

### *Attendance Records*

2.17 Under the Education (Welfare) Act, 2000, the Principal of a school must maintain a record of the attendance or non-attendance on each school day of each registered student. The record should set out the reason for failure to attend.

2.18 Attendance is evidenced in the first instance by way of roll books. These roll books must be available for inspectors. Most schools conduct a roll call each morning.

2.19 Many schools supplement this system with a computerised system. Absences are entered onto the database and updated to reflect the reason for absence on receipt of notes from parents. NEWB estimates that around 50% of schools report online.

### *Returns by Schools*

2.20 Schools are statutorily required to submit an Annual Attendance Report to NEWB not later than six weeks after the end of the school year. The Annual Attendance Report gives high-level information in relation to attendance. In that report, schools are asked to provide information on

- the number of days lost through student absence in the entire school year up to and including the date the school closes
- the number of students who were absent for 20 days or more during the school year
- the number of students expelled in respect of whom all appeal processes have been exhausted or not availed of during the school year
- the number of students who were suspended during the school year.

2.21 Figure 2.7 sets out the rate of return<sup>16</sup> for completion of Annual Attendance Reports over the period 2003 to 2009.

**Figure 2.7 Annual Attendance Report Rate of Return, 2003-2009**

	Primary		Post-primary	
	Compliance Rate	Students Covered	Compliance Rate	Students Covered
2003/04	79%	75%	71%	49%
2004/05	81%	81%	76%	70%
2005/06	95%	93%	88%	85%
2006/07	96%	97%	92%	90%
2007/08	95%	96%	91%	90%
2008/09 <sup>a</sup>	92%	93%	88%	88%

Source: 2003/04 – 2007/08: Analysis of School Attendance data in primary and post-primary Schools 2006/07 and 2007/08, Educational Research Centre.

2008/09: Analysis by Office of the Comptroller and Auditor General.

Note:

- a The Act requires all schools to provide overall attendance data to NEWB on an annual basis. In relation to 2008/09, Annual Attendance Reports were due from primary schools on 26 June 2009 and post-primary Schools on 10 July 2009. This reflects compliance at March 2010.

2.22 The Educational Research Centre reviewed the schools that had not made Annual Attendance Reports in respect of 2007/08. It concluded that the response rate provided for an effective census at both primary and post-primary level. However, at post-primary level there appeared to be a core of schools that were not participating in the collection of this data as a number had not returned data on non-attendance in any of the five years from 2003/04 to 2007/08. It recommended that the particular circumstances of these schools needed to be further investigated by NEWB staff tasked with coordinating the collection of data.

<sup>16</sup> The rate of return is calculated by reference to the numbers of usable returns submitted. The exclusion of non-usable returns does not impact by more than 0.5% on the compliance rate shown in 2008/09.

## Ongoing Reporting of Absence

2.23 The Education (Welfare) Act, 2000, requires schools to notify an Educational Welfare Officer<sup>17</sup> (EWO) in instances where

- a student has been absent from school for a cumulative total of 20 days or more in the school year
- a student's name is to be removed from the school register<sup>18</sup> for any reason
- a student has been suspended for a cumulative total of six or more days in the school year
- a principal is concerned about a student's attendance.

2.24 As a matter of administrative practice, student absences are reported to NEWB by way of periodic returns which schools are requested to provide four times each year. In relation to absence, the school must provide details of the total days missed since the beginning of the school year by category of absence.

2.25 As part of these returns, schools must notify NEWB of the personal details of each student being reported including their name, address, gender, date of birth, Personal Public Service Number, Class/Year and the name and contact details of the student's parent or guardian. NEWB stated that some schools notify its EWOs directly instead of reporting through the periodic returns. NEWB was not in a position to establish the number of pupils missing in excess of 20 days reported on an individual basis and not also included in periodic returns.

2.26 There are concerns over the reliability of the data submitted on periodic reports since there is no validation process in place. These reports do not capture all students who are absent for more than 20 days.

## Reasons for Non-Attendance

2.27 While the periodic returns do not capture all students who are subsequently identified as missing school and there is no established validation of the information supplied by schools they provide some indication of the extent to which reasons for non-attendance are provided to schools and the nature of the non-attendance is captured to the extent that it is supplied by parents. Around 60% of reported absence is explained. Figure 2.8 which is based on returns from 2,844 schools sets out the recorded reasons for non-attendance by pupils.

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<sup>17</sup> An EWO is a field officer of NEWB. They have statutory functions conferred by the Education (Welfare) Act, 2000.

<sup>18</sup> Section 20 of the Education (Welfare) Act, 2000 provides for the keeping of school registers.

**Figure 2.8 Recorded Reasons for Absence 2008/09**

Reason for Absence	Schools designated disadvantaged	Schools not designated disadvantaged	Total
Illness	30%	46%	<b>40%</b>
Other <sup>a</sup>	13%	13%	<b>13%</b>
Urgent family reasons	3%	4%	<b>4%</b>
Transferred to another school	3%	3%	<b>3%</b>
No parental explanation	51%	34%	<b>40%</b>

Source: Analysis of the periodic returns to NEWB by the Office of the Comptroller and Auditor General.

Note:

- a 'Other' includes all other reasons given by parent/guardian such as holidays, religious observance, death of a student, emigration etc. It also includes expulsion which accounts for less than 0.5% of all absences and suspensions which accounts for just over 1%.

2.28 About one-third of absence was unexplained in non-disadvantaged schools as compared with over half in schools designated as disadvantaged.

### ***Absence by Class or Year***

2.29 In regard to the reported pattern by school, class or year in primary school, on average between 6% and 9% of students are reported as missing 20 days or more on the periodic returns with a slightly higher proportion at the beginning (infants classes) and the end (sixth class). This pattern of non-attendance continues at post-primary increasing from 7% of students in first year to 11.4% by the time they have reached third year.

### ***Duration of Absence***

2.30 Out of a total of 56,966 pupils under 16 reported absent in the periodic returns

- over half of these pupils (56%) miss 20-29 days in the year
- 20% miss 30-39 days in the year
- 9% miss 40-49 days a year
- 8,190 (15%) pupils missed 50 days or more.

However, it is estimated that only 61% of pupils who miss more than 20 days from school are reported on periodic returns.

## Conclusion – Information on Attendance

Annual attendance Reports form the basis for overall statistical information on attendance, allowing for patterns to be monitored by county, region and for the State.

While the compliance rate for the submission of the Annual Attendance Report has in the main been increasing, approximately 12% of post-primary schools (88 schools accounting for approximately 43,000 students) and 8% of primary schools (281 schools accounting for 36,500 students) had not submitted the Annual Attendance Report at the end of March 2010 in respect of the school year 2008/09.

Non-attendance gives rise to significant non-effective investment since the benefit from teaching is not being fully realised and teachers must revisit topics so that students who were absent at the time can keep pace with the rest of the class. The level of non-attendance has remained relatively stable. In 2008/09, on average, primary school students missed 11.5 days and post-primary students missed 13 days<sup>19</sup>.

Periodic returns made in the course of the year only captured around 61% of absence in excess of 20 days. NEWB stated that some schools report details of absences over 20 days directly to the relevant EWO but were not in a position to quantify the number of student absences reported in that way.

NEWB needs to be in a position to target students 'at risk'. Information based on periodic reporting has proved inadequate in this regard because it is neither comprehensive nor validated. Although a planned move to prioritisation based on real-time referrals should address the effective identification of 'at risk' pupils, NEWB will still need to consider the type, content and frequency of reporting so as to position itself to monitor and evaluate the effectiveness of its operations.

## Resource Deployment and Prioritisation

2.31 When NEWB was being set up, a benchmarking exercise set the optimal pupil/EWO ratio for the new nationwide service at approximately one EWO to 3,000 students. This was based on the 'Rochford Report', conducted by Staff Relation Services in April 2002. The Department stated that this analysis is of limited use as it did not take account of the activities of other State bodies in contributing to school participation, retention and completion such as the HSCL, SCP and VTST. The deployment of EWOs is outlined in Figure 2.9.

<sup>19</sup> This includes children over 16, many of whom are excluded from NEWB's remit due to being over 16 years of age and having three years post-primary education.

**Figure 2.9 Deployment of EWOs by Region, September 2008- August 2009<sup>a</sup>**

	Number of Students	Number of EWOs	Pupils per EWO	Problem Attendance Ratio <sup>b</sup>
Dublin City	101,744	14.8	6,875	943
Leinster North	136,635	10.7	12,818	1,798
Leinster South	161,534	11.8	13,655	1,900
Munster	166,398	12.3	13,583	1,723
West/North West	119,921	6.4	18,679	2,476
<b>Total</b>	<b>686,232<sup>c</sup></b>	<b>56.0</b>	<b>12,263</b>	<b>1,655</b>

Source: NEWB.

Notes:

- a A staff redeployment which took place in September 2009 would change the above allocations.
- b Defined as the number of students missing 20 days or more, per EWO as reported in schools Annual Attendance Reports, grossed up (by 8%) to take account of schools that did not make returns.
- c A total of 820,232 students were enrolled in 3,972 schools which had EWOs assigned in 2008/09. Excluding students who are over 16 or have completed three years education and a small number of schools, such as Colleges of Further Education, the total number of students under NEWB's remit is approximately 686,232.

2.32 NEWB was established in 2002 with priority being given to providing services to the most disadvantaged areas (RAPID 1)<sup>20</sup> with significant school-going populations. Since then, the service has been expanded and in 2009, 56 Whole Time Equivalent EWOs provided a service to 3,972 schools accounting for an estimated 686,000 students under the age of 16. A small number of schools did not have an EWO assigned on the case management system<sup>21</sup>.

2.33 NEWB's Educational Welfare Service is delivered through five regional teams headed by a Regional Manager and supported by Senior Educational Welfare Officers (SEWO) who supervise, manage and support EWOs. In 2009, the service operated from 31 office locations nationwide with EWOs delivering services on the ground. Each day, two EWOs work on the Educational Welfare Helpline<sup>22</sup>.

2.34 The profile of deployment of staff reflects the circumstances of the establishment of the new service. Former School Attendance Officers were mostly based in Dublin city and were transferred to the new service. Posts outside of Dublin could only be filled as vacancies arose.

2.35 In circumstances where all staff are fully utilised, redeployment would make no material difference to the number of children receiving a service. The challenge in these circumstances is to respond to non-attendance on a risk prioritisation basis.

2.36 Heretofore, case prioritisation relied to some extent on periodic reporting. In order to deploy its scarce resources optimally, NEWB needs to be in a position to isolate those cases that are of concern from an educational welfare viewpoint. In addition, it has to be recognised that the

<sup>20</sup> The RAPID Programme was established by the Government in 2001 in order to prioritise and address social exclusion and improve quality of life for residents in areas of particular disadvantage. RAPID stands for Revitalising Areas by Planning, Investment and Development.

<sup>21</sup> Colleges of further education are listed by the Department of Education and Skills as vocational post-primary schools, but do not have to submit returns to NEWB as they only have pupils over the age of 16. Similarly hospital schools will not always need to submit returns to NEWB.

<sup>22</sup> The Educational Welfare Helpline is 1890 36 36 66 and it supports the school absence return website [www.schoolreturn.ie](http://www.schoolreturn.ie) as well as providing a first point of call to parents, students and schools to access advocacy and assistance in finding school places in areas with school place shortfalls.

overall response to attendance issues has to be shared with a number of other State interventions. NEWB is currently moving to a referral system.

## **Case Management**

2.37 In 2008/09, NEWB opened just over 2,600 new cases. In that year, taking account of cases already on hand, it managed just over 6,000 cases.

2.38 Attendance issues account for about 75% of all cases opened in 2009. The balance is due to instances where a student

- has no school place (normally notified by the parent)
- has been expelled or has been suspended for 20 or more days and is in danger of being expelled – these are notified on the periodic returns to NEWB but in practice schools notify NEWB immediately in these cases.

2.39 A target has not been established for the number of cases where an EWO would be expected to intervene in a given year. In practice, each EWO opened about 47 new cases in 2008/09 and, overall, recorded working on about 108 cases over the year. NEWB experience is that a standardised approach to selecting cases on the basis of extent of non-attendance would not work, given the gap between pupils missing 20 days or more and the number of students that NEWB can work with in a year.

2.40 While the periodic returns provide information on students reported as missing 20 days or more, problem attendance is also picked up through individual referrals by way of telephone or letter from school principals, parents, HSCL and SCP staff and in some cases other agencies like the HSE. However, these referrals are not logged and NEWB could not provide an estimate of the number of cases referred to them in 2009 in this way. However, 18% of all cases worked on during the year were referred in this manner.

2.41 In circumstances where NEWB is only one of a number of State interventions in the area of school attendance and participation and its resources are constrained it makes sense to evolve a more effective prioritisation process.

2.42 In 2008, NEWB commissioned an external evaluation of its service in order to articulate and standardise service practice. This evaluation suggested the need for greater clarity in relation to the referral and assessment process, what interventions would be carried out, how success would be measured and the distinction between casework and other advocacy work. During the summer of 2008, new work methods were developed. Operational guidelines were developed and tested in six pilot sites comprising 17 EWOs and 79 schools between November 2008 and April 2009. Apart from NEWB, schools and other support services were extensively involved in this pilot project and in giving feedback, which has informed the new way of working. The evaluation of the pilot project was published in early 2010 and a decision taken to mainstream the practice.

### ***The Referral Process***

2.43 Under the existing method of working, a standard referral process did not exist. The effectiveness of the new system depends on schools trying to resolve the attendance issues before a referral is made to NEWB. The new system requires the completion of a referral form accompanied by a pre-referral checklist outlining actions taken by the school to address attendance.

### ***The Assessment Process***

2.44 The focus of the assessment process will be assessing and identifying the needs of the children. A standardised needs assessment process is being developed around four aspects of child welfare – the child, the child in education, the child in the family and the child and other agencies.

### ***Case Planning and Management***

2.45 The new system involves a case planning meeting involving the child, his/her parents, officials from the school and other agencies where all parties involved gather to discuss the problem and agree a way forward. Thereafter, a plan is produced outlining actions for identified people and timescales for their completion.

2.46 It also provides for periodic review of individual cases. Operational guidelines for the pilot project proposed that reviews would take place after eight weeks, 16 weeks and 24 weeks and that reviews would be attended by the child, the parent and all other parties involved.

2.47 The final review at 24 weeks is designed to focus on closing the cases or proceeding to the prosecution of the relevant parent. This deadline is seen as essential in ensuring that EWOs provide services to a greater number of students with attendance problems. A drawback in assessing the pilot project was that most cases had not proceeded to the 24-week review and hence its effectiveness could not be assessed.

2.48 NEWB stated that practice guidelines are currently being finalised with regard to case closure or decision to prosecute. Consultation with education partners will need to take place before implementation.

### ***Methods of Intervention***

2.49 The new approach identified the need for ‘brief interventions’ described as low-level involvement with families designed to ‘nip a problem in the bud’. Finding the balance between the concept and practice of brief interventions and full cases proved challenging during the pilot, although exploring the differences was found to be beneficial. It was recognised that greater clarity was needed to distinguish brief interventions from intensive casework to avoid inconsistent practices in different teams.

2.50 The case planning meetings aimed to increase collaboration between the various agencies involved. While benefits were recognised during the pilot, school principals commented negatively on the time involved in holding meetings and the difficulty in ensuring that all team members could attend.

### ***Measures of Success***

2.51 At the time of referral, the baseline attendance is noted and targets for improvement are set. The lack of this type of information previously meant that the success of individual interventions could not be measured. The monitoring of baseline and target attendance rates against actual attendance rates should allow for effective case review.

2.52 NEWB stated that outcome measures are being developed as part of the evaluation of effectiveness of this new method of work.

2.53 NEWB expects that it will continue to work with between 6,000 and 8,000 children per annum under the *New Way of Working* assuming that staffing levels are maintained.

## Conclusions – Responding to Absence

NEWB employed the equivalent of 56 full-time EWOs during the school year 2008/09. EWOs intervene in individual cases where non-attendance is of greatest concern.

A drawback of its current system is the lack of a basis for effective prioritisation of cases.

NEWB is moving to implement a formal referral process which should allow it to better prioritise cases and quantify demand for its services. NEWB should monitor the extent to which it provides a service to students referred under this system as an important indicator of its effectiveness.

NEWB should set targets for the numbers of students it attempts to provide services to and distinguish between those where it expects to deal with through brief interventions and those where more intensive involvement is required.

2.54 NEWB acknowledged that there is a gap between the number of children for whom intervention is required and the capacity of NEWB to respond. A focus on process improvement should strengthen the quality of individual interventions within available resources.

## Service Integration

2.55 As well as involving schools in the prioritisation of its work through a revised referral process, NEWB will need to effectively integrate a number of services into a joined-up approach to encourage attendance and participation<sup>23</sup>.

2.56 Progress on the integration project to date is as follows

- A memorandum has been agreed with the Department outlining responsibilities being assumed by NEWB.
- Oversight structures for the integration process, including a Steering Group of Board members have been established.
- A decision of the Minister about the transfer of responsibilities for VTST and national teams has been given administrative effect. The SCP and HSCL national teams were transferred by 1 September 2009 and negotiations on the transfer of the VTST were completed in May 2010.
- There is a new senior management team in place that includes the CEO, the Directors of Educational Welfare Services and Corporate Services, respectively, and the National Coordinator of the School Completion Programme. The Team meets weekly to plan and review progress and address integration issues. A project plan is being developed.
- The senior management team, Regional Managers of the Educational Welfare Service and the coordinators of the SCP and HSCL meet bi-monthly to review progress and discuss how integration can best work at a local level.
- A project consultant has been appointed to support the integration project.
- There has been communication with schools and local projects on developments.

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<sup>23</sup> This follows from the introduction of an initiative in 2009 to integrate the SCP, HSCL and VTST services.

2.57 The Accounting Officer of the Department stated that the four services have significant continuous professional development programmes and these opportunities are being harnessed to disseminate and promote the integration policy and good practice in this regard.

2.58 It is anticipated that significant benefits will be realised by combining these teams to deliver a coordinated service.

- The integration of services is expected to lead to the reduction or elimination of overlap and duplication between existing services.
- At a local level, it is expected that the coordination of services will result in better identification of students at risk of early school leaving or of developing poor attendance profiles, which could allow an earlier response as well as the resolution of current difficulties with sharing information under the Data Protection Act.
- NEWB also expects that the increased emphasis on planning, outcome measurement and the gathering of evidence on the impact of interventions will positively impact on policy making.
- It is also proposed that NEWB would now set targets in relation to school attendance and early school leaving, in line with stated national targets. Progress towards achievement of these targets would inform the deployment and activities of over 800 staff working under the revised coordination arrangements.

2.59 The Accounting Officer stated that the integration has resulted in a saving in terms of management posts. Prior to integration, the combined management teams consisted of 18 posts for the HSCL, SCP and NEWB with the VTST managed separately by the Department's Inspectorate. Development of a single strategic approach to service delivery will inform the future structure. In the interim, it is envisaged that a management team of 14 is required at regional and national level. This generates a saving in management posts in addition to also assuming management responsibility for the VTST.

2.60 The Department's Social Inclusion Unit is the section that liaises with NEWB. The Social Inclusion Unit has been closely involved in all aspects of the integration project to date and, while it will continue with the liaison role in general terms with NEWB, it will also have an oversight role for the development of the new integrated service involving all three services to ensure compliance.

2.61 NEWB has established a Steering Group which will oversee the development of the new integrated service and is currently developing proposals which will be brought to the Board of NEWB. It is intended to provide opportunities for consultation with the education partners and to ensure that the model adopted is evidence-based to meet the needs of children, schools and families. NEWB will liaise with the Department on the development of the new model of service delivery and the Department will be consulted on all developments.

## **Conclusion – Integration**

The integration of the four services involved in monitoring and encouraging school attendance and participation will need to be managed in order to achieve efficiency and synergy, as well as develop a new model of service delivery. NEWB has established a Steering Group which will oversee the development.

## Overall Conclusions

While the level of non-attendance has remained relatively stable, non-attendance gives rise to significant non-effective investment since the benefit from teaching is not being fully realised.

In 2008/09, on average primary school students missed 11.5 days and post-primary students missed 13 days. In 2008/09, 15% of absences reported on periodic returns were for students who missed 50 days or more. The number of pupils reported was 8,190. However, it is estimated that only 61% of absences of over 20 days in 2008/09 were reported in the course of the year.

Currently, there is a gap between the number of pupils for whom intervention is required and the NEWB capacity to respond. In 2008/09, taking account of cases already on hands, NEWB dealt with just over 6,000 cases in the course of the year.

Information based on periodic reporting has proved inadequate in this regard because it is neither comprehensive nor validated. A planned move to prioritisation based on real-time referrals should address the effective identification of 'at risk' pupils.

The overall services relating to school attendance and participation are being reconfigured. This represents an opportunity to achieve a more joined-up approach to school participation and in particular improve

- the process by which those at risk of early school leaving or of developing poor attendance are identified and targeted
- the development of local and national responses to tackling attendance and early school leaving
- the coordination of resources at local, regional and national level.

NEWB should set targets for the numbers of students it will attempt to provide services for, distinguishing between those it expects to deal with through brief interventions and those where more intensive involvement is required.

From an effectiveness viewpoint, NEWB needs to consider the type, content and frequency of absence reporting so as to position itself to monitor and evaluate the effectiveness of its operations. It also needs to evaluate the effectiveness of the reconfigured welfare services and the efficacy of the new referral system at an early stage.

## Observations of the Accounting Officer

2.62 The Accounting Officer of the Department informed me that poor attendance is just one of a number of indicators that a child may be developing difficulties in their engagement in education. The Department has adopted a broad-based approach to tackling non-attendance and early school leaving through a wide range of interventions. In particular, the Delivering Equality of Opportunity in Schools programme is a primary intervention to combat educational disadvantage and has been implemented in schools serving the most disadvantaged communities since 2006. Target setting, monitoring and evaluation are central to the programme and schools are required to develop three-year plans using a tailored planning process. An independent evaluation of the programme which will be completed in late 2010 will monitor the implementation of the programme and assess its impact on students, families, schools and communities at primary and post-primary levels.

2.63 In regard to the linkage of NEWB interventions with those of other agencies and programmes funded by the Department, there has been extensive engagement between agencies and programmes to develop protocols to improve collaboration between relevant bodies including NEWB, the National Council for Special Education (NCSE), the National Educational Psychological Service (NEPS), the Home School Community Liaison service, the School Completion Programme and Visiting Teacher for Travellers function. In 2007, NEWB put in place working protocols with NEPS and similar protocols were developed with the NCSE in 2009. Work is ongoing to develop protocols between NEWB and other support services. Arising from this work it was determined that significant benefits could be realised by combining separate administrative structures and existing management teams of HSCL, SCP, VTST and NEWB to deliver a composite service under the direction of the Board of NEWB.

2.64 The Accounting Officer stated that this development was put in place with the aim of facilitating closer integration of the services at local, regional and national levels, increasing effectiveness and helping to bring about improvements in services to confront the causes that impact negatively on school attendance, retention and attainment. It is anticipated that this 'single approach' will deliver improvements in identifying and targeting of children at risk of early school leaving or of developing a poor attendance profile and in developing local and national responses to tackling attendance and early school leaving. It will also allow for unified in-service and training of service delivery personnel and the development of complementary policy responses on behaviour, integration of Travellers and engagement with families/parents/guardians. The Department will work with NEWB to ensure that targets are set in line with stated national targets, both on early school leaving and school attendance.



## **Chapter 3**

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### **Capital Development at Cork Institute of Technology**



3.1 The Department of Education and Skills (the Department) provides funding to third level institutions for building and capital costs<sup>24</sup>. As part of its ongoing development, Cork Institute of Technology (the Institute) has been engaged in recent years in a number of construction projects including the building of an Administration Building and a Student Centre on its main campus at Bishopstown. The two buildings were tendered as a single project in 2002.

## Outturn on Project

3.2 The project commenced on 12 August 2002 and the two buildings were due for completion within 18 months. The planned cost was €13.7 million<sup>25</sup>. However, the project took 34 months to complete. The Administration Building reached practical completion on 23 May 2005 and the Student Centre reached practical completion on 22 June 2005. The cost of the project to date is €19.9 million.

3.3 On completion of the buildings the contractor submitted a final account totalling €23.8 million on 2 December 2005. The amount certified by the architect that had been paid up to that date was €12 million. The balance of €11.8 million included the final claim by the contractor for costs incurred due to time delays and disruption. The total uplift of 45% in the cost of the project was accounted for by the elements set out in Figure 3.1.

**Figure 3.1 Project Cost Increase**

	€000	€000
<b>Extra Contractor Costs Allowed</b>		
Value of Extra Time	2,297	
Disruption Costs	1,453	
Cost of Financing	<u>563</u>	
		<b>4,313</b>
<b>Other Increases</b>		
Conciliation Process Costs	908	
Extension of Time (Contractor and sub-contractors)	713	
Additional Works <sup>a</sup>	193	
Design Team Fees	32	<b>1,846</b>
<b>Total Additional Cost</b>		<b>6,159</b>

Note:

- a These comprise variations of €589,000 offset by a reduction in the contract of €396,000 as a result of non-claiming of provisional sums for contingencies and other savings in prime cost and provisional sums.

3.4 The contractor had claimed an extension of time of 71 weeks, however, the architect was only willing to certify a 12-week time extension in relation to the claims submitted. Following a conciliation process it was agreed that the Institute would pay the contractor for an extension of 44 weeks. The total settlement amounted to €4.3 million (including VAT). In the settlement agreement between the Institute and the contractor, the Institute acknowledged the contractor's

<sup>24</sup> While recurrent funding is routed through the Higher Education Authority capital funding is administered by the Department.

<sup>25</sup> This includes €1.63 million for Design Team fees.

right to an extension of time and waived any entitlement to liquidated and ascertained damages for delay that it was entitled to under the contract.<sup>26</sup>

### ***Additional Claims***

3.5 The architect subsequently lodged a claim for €1.2 million in July 2007 in respect of additional supervision work and work involving the assessment of the contractor's claims which were outside of the original agreed contract. The Institute has made an interim payment of €21,000 against this claim. The Institute is currently taking legal advice and is awaiting a position paper from the architect's advisor in relation to this matter.

## **Tendering and Contracting**

3.6 The Institute used the Restrictive Procedure under the EU Works Directive for the selection of the contractor. This procedure comprises the following stages

- potential tenderers are invited to undergo a pre-qualification assessment as to their suitability to carry out the works
- a shortlist of firms who have pre-qualified are invited to tender for the contracts
- tenders received are evaluated and the contract is awarded on the basis of the most economically advantageous tender or the lowest tender.

In this case, the basis of the award was the lowest tender submitted by a contractor competent to execute the project.

3.7 The pre-qualifying process, where expressions of interest were invited to tender for the construction, attracted seventeen contractors. Each contractor was assessed by quantity surveyors retained by the Institute, across 22 attributes including previous building projects, financial status, plant and equipment and staffing. They were then ranked in order from one to seventeen.

3.8 The pre-qualifying assessment was completed in March 2002. The ten firms that scored highest in the qualification assessment were invited to tender. Their qualification scores<sup>27</sup> ranged from 97% down to 83%.

### ***Tendering***

3.9 In April 2002, the Institute issued invitation to tender documents to the ten firms with the highest pre-qualification scores. All ten firms that had been issued with tender documents responded to the invitation.

3.10 The invitation to tender stated that the contract would be awarded to the lowest tender submitted by a contractor competent to execute the contract. The lowest tender received was €1.4 million (which was over €1 million or 10% lower than the next tender) and the contract was awarded to this contractor. The final tender price was €1.5 million after closing adjustments.<sup>28</sup>

3.11 The Institute's project comprised two relatively complex buildings, encompassing a range of different trades including high quality brickwork and joinery and extensive mechanical and electrical services. The Design Team had initial reservations about some of the rates quoted in the

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<sup>26</sup> Clause 29 (a) of the GDLA Conditions of Contract.

<sup>27</sup> The maximum points available in the marking scheme was 1,790.

<sup>28</sup> These adjustments related to final sub-contractor prices which had been included as prime cost sums in the tender.

tender price in the light of the scope of the project, the complexity of some of the construction elements and the standard and level of finish required as well as the difference in price with the next lowest tender.

3.12 The quantity surveyor reviewed rates quoted for 35 categories of materials that appeared to be priced relatively low in the Bill of Quantities for the Administration Building and another 30 items in the Student Centre building. The Design Team met the contractor on 16 May 2002 and received assurances that the contractor had assessed all the implications related to the construction of the project and that all specified items in the tender documents were priced accordingly. The contract was awarded on the basis of these assurances.

3.13 Subsequent to the completion of the work, a report dated November 2007 carried out by a contract consultant identified weaknesses in the pre-qualifying assessment that had been carried out. He stated that although some criteria were given greater weight than others, it was still possible that a firm could score poorly in an important criterion but still attain a very high overall score. For example, the contractor appointed for the project scored an average of 54% in the criteria for Building Projects, Financial Status and Plant and Equipment which accounted for 310 of the total available marks of 1,790. In contrast, the contractors who finished in the top five in the pre-qualification process scored an average of 96% in the same categories.

### ***Contracting for the Project***

3.14 A contract between the Institute and the contractor was signed in October 2002 for the construction of the two buildings for the sum of €12.1 million. The contract sum included a Fixed Price Premium<sup>29</sup> of €576,530, in addition to the agreed final tender price of €1.5 million representing an agreed amount negotiated with the contractor and nominated sub-contractors for the buy out of the price variation clause of the contract.

3.15 The contract incorporated the GDLA Agreement and Conditions of Contract for Building Works, published in 1982, which were the standard contract building work conditions for Government Departments and Local Authorities contracts up to 2007.

### **Contract Performance**

3.16 The contractor took possession of the site in August 2002. However, the project soon ran into difficulties. The cost and time overruns were attributed to a number of factors including

- the necessity to divert live power cables and a water main
- an inability on the part of the contractor to source masons for brickwork
- the fact that an alternative foundation structure had become necessary following the discovery that rock levels varied from pre-construction site data based on a desk study of previous site investigation reports and trial pits at five locations.

While a geophysical survey of the site was conducted this was not received by the structural engineers until 2002 after construction had commenced.

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<sup>29</sup> The invitation to tender provided for future increases in rates of labour and materials. It also indicated that a fixed price premium to buy out the price variation clause might be negotiated with the most acceptable tender.

## Audit Focus

This Chapter examines the factors that gave rise to cost and time overruns on the project.

It incorporates the observations of the Institute on matters that impacted on contract performance and examines, in particular

- the contract award criteria
- the cause of overruns
- the subsequent management of delays
- the general lessons for future contract management.

## Observations of the Institute

### *Contract Award Criteria*

3.17 The President stated that the contractor was selected by way of a two-stage process. The first stage was a pre-qualification round in March 2002. In this round, 17 potential contractors were ranked for suitability to carry out the project. In conducting this exercise, the Institute and its agents followed a well-defined and well-tried method in accordance with EU Procurement Procedures.

3.18 The President informed me that having sought professional advice in regard to the number of tenderers, the Institute invited the first ten firms to tender for the project. Having come through the pre-qualification procedure, the ability of any one of the ten firms to do the work could not then be questioned<sup>30</sup>. Consequently, at the tender stage, the competition between the ten firms was solely down to the price submitted.

3.19 When the tenders were being evaluated, the Design Team identified a number of potential weaknesses in the lowest bidder's allowances for site management, methodology of constructing the buildings, cranes, temporary works, scaffolding and quality controls. The Team examined written submissions from the lowest bidder in regard to the Contractor's Management Arrangements, Schedule of Resources, Method Statement and the use of two tower cranes on site. It noted instances where items in the lowest bidder's priced Bill of Quantities had not been priced or were priced at low rates.

3.20 The concerns of the Design Team were put to the lowest bidder at a meeting on 16 May 2002. The Design Team sought assurances in regard to its concerns, and the Team was given those assurances. The Design Team had no choice but to accept the assurances which were given to it.

3.21 In the Final Tender Report dated 24 July 2002, the Institute was formally advised that "The Design Team had initial reservations with some of the rates in the successful tender and also the difference between this tender and the next lowest. The Design Team having met the contractor in May 2002, is satisfied that this contractor has assessed all the implications related to the construction of the project, has put in place the necessary resources and is, therefore, happy to recommend the placing of the contract with him."

<sup>30</sup> The President drew attention to the case of *Emm G Lianakis v Dimos Alexandroupolis* (Case C532/06), 24 January 2008 where the European Court of Justice (First Chamber) said [paragraph 32] " ... *it must be held that, in a tendering procedure, a contracting authority is precluded ... from taking into account as 'award criteria' ... the tenderers' experience, manpower and equipment, or their ability to perform the contract by the anticipated deadline.*"

3.22 The President stated that the Institute was entitled to rely on the advices of a very experienced Design Team<sup>31</sup>. In his opinion, had the Institute rejected the lowest tender on the grounds of the low price or of ability to perform, it would have triggered proceedings in the High Court seeking both a judicial review of its decision and an injunction to prevent the contract being awarded to a third party. He stated that an injunction, if granted, would have had very serious consequences for the Institute and it would have caused serious delays.

### ***Cause of Overruns***

#### *Necessity to divert services*

3.23 The President informed me that the necessity to divert services was identified early in the Summer of 2002, well in advance of construction of the Student Centre. This work was part of the Institute's utilities master plan. For operational reasons including maintaining live power to key facilities, this element of the plan could not be undertaken until the Summer recess of 2002.

3.24 The enabling works started in July 2002 and progressed into August 2002. However, due to unforeseen technical difficulties on site, the installation of the electrical cables took longer than originally anticipated.

#### *Variation in sub-surface rock*

3.25 A geophysical survey<sup>32</sup> of the site, requested by the engineers for the Student Centre, was delivered after the commencement of construction. It did not pick up the presence of cavities or voids either in the rock or in the gravel overburden, stating “*there is no evidence to suggest that voids exist within this area.*” The President informed me that the cost of the survey was €1,783 (including VAT).

3.26 In regard to the delay in receiving the survey findings, he stated that it was not furnished until construction had started on site in 2002 due to an administrative error within the Design Team. On the question of whether the geophysical survey would have identified the underground problems, he stated that with the benefit of hindsight, having regard to the very variable sub-surface conditions which were encountered on site, the geophysical survey did not, and could not, identify the underground problems.

3.27 The President informed me that an independent consultants report was commissioned by the Institute. The report (the ‘Motherway Report’) was completed in March 2004. The key findings of the Motherway Report are outlined in the box beneath.

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<sup>31</sup> The President noted that in the case of *SIAC Construction v Mayo County Council*, Case (C19/00), 18 October 2001, the European Court of Justice held that a public body was entitled to rely on the professional opinion of its advisers in awarding a contract.

<sup>32</sup> The engineers for the Administration Building did not require a geophysical survey.

## Motherway Report – Sub-Surface Conditions

Conclusions of the Motherway report included

- Dynamic probing is one approach which has been used to detect variability but there is no certainty that further investigations would have revealed the full extent of the problem as the significant variation in rock depth was found between adjacent locations.
- The filled or partly filled cavities usually contain loose silts or fine sands ... It is virtually impossible to locate these in advance of excavation ... Site investigations to identify and classify the sub-soil conditions are difficult in the conditions encountered. The rock surface can vary over very short distances. Standard cable tool boreholes may not penetrate beyond shallow depth and normal in-situ testing techniques ... can give widely varying results ... Geophysical methods are sometimes used but can be very difficult to interpret ... The highly folded nature of the rock with vertical or near vertical joints opened by solution action can give a false picture even with drilling or probing.
- It is often very difficult to get a clear picture of the ground profile until the construction stage when excavation has commenced.
- The effectiveness of geophysical methods in the ground conditions present is debatable due to the lack of clear response definition between the variable overburden and the underlying weathered rock.
- Geophysical surveying methods are difficult to interpret in the ground conditions present. While the survey did indicate that the depth to rock was increasing ... it did not identify the extreme variation found over the south side of the Student Centre.
- The overall conclusion is that anomalous ground conditions were present over the southern part of the site, the extent of which might not have been detected by a trial pit or borehole survey.

3.28 The President stated that the foundations for each of the planned buildings were designed by different firms of consulting engineers, each of whom were familiar with ground conditions in the vicinity of the Institute's campus. The same foundation solution was adopted by each firm at the design stage and the Motherway Report concluded that the solution was considered to have been reasonable.

3.29 On site, it was discovered that the surface levels of the rock varied radically within short distances. A report, dated 16 December 2002, from the engineering firm that designed the Student Centre foundation, stated that *"at probe 40 bedrock was encountered 10m below excavated formation level, however approximately 2.5m away rock was encountered at 0.75m below formation."*

3.30 The variable ground conditions at the Institute included radically different rock surface levels (0.5m to 10m below ground level) within short distances, highly folded rock, vertical open joints in the rock, solution cavities in the rock (voids caused by underground acidic water eating into the limestone), and open cavities in the gravel overburden above the rock strata. The Motherway Report stated that cavities in the rock and in the gravel overburden occurred randomly. The actual sub-surface conditions could not have been accurately anticipated in advance of digging up the ground during the construction stage of the project.

3.31 The President, in summarising the foregoing, stated that the Motherway Report recorded that

- geophysical methods are sometimes used but can be very difficult to interpret — depth to rock head can be unclear due to the variable nature of the overburden and the absence of a

clear definition between overburden and weathering and faulting of the rock, and cavities are not always clearly indicated.

- the engineers for the Student Centre had stated that the survey report would not have altered their foundation solution and the Motherway Report concurred with this view.

### *Sourcing Bricklayers*

3.32 The contractor's programme of work produced in August 2002 consisted of a Gantt chart showing bars for the start and end dates for each category of work activity but did not include brickwork activity for either the Administration Building or the Student Centre. Brickwork progress was discussed at site meetings in early 2003 and the programme was rectified to show brickwork in July 2003, some months after the start of the brickwork on the site.

3.33 The President informed me that the inadequate nature of the contractor's original programme document was identified at an early stage in the project. A site meeting on 5 September 2002 discussed the programme, progress on site and the brickwork details and specification. At all subsequent meetings, programme and progress was discussed. After that meeting, brickwork was discussed regularly at site meetings.

3.34 He stated that it was also clear that, from an early stage (meeting No 4 on 3 October 2002), the architect was unhappy with the format of the contractor's programmes and he also requested that a proper programme be updated and re-issued every two months. Brickwork progress, or rather the lack of brickwork progress, was discussed at site meetings from the time that the works were ready for brickwork. For example, at site meeting No 16 on 10 April 2003, the contractor's difficulty, in obtaining suitably experienced tradesmen for blockwork and brickwork, was discussed.

### *Management of Delays*

3.35 The President informed me that starting on 5 September 2002, both the contractor's programme and the progress of the works were discussed every two weeks at site meetings attended by the contractor and by the Design Team and the Institute was furnished with the minutes of those meetings. In addition, apart from the standard site meetings, special "Programme Review Meetings" were convened at regular intervals starting with a meeting on 12 June 2003.

3.36 The Institute's Development Committee was chaired by an engineer with many years' experience of managing major construction projects. This committee met regularly to monitor progress. Progress was also monitored at the scheduled meetings of the Institute's Audit Committee and its Governing Body. The Institute submitted regular reports to the Department. In addition, it discussed the poor progress of the project with the Department at six meetings between November 2003 and June 2005 and a further meeting on 22 February 2006 following completion of the project.

### *Specific Actions by the Institute*

3.37 In October 2002, once the true nature of the very difficult ground conditions at the Student Centre site started to become apparent, with the benefit of engineering advice a timely decision was taken to change the design from conventional foundations to piles with pile caps and ground beams. A specialist piling contractor was engaged, at short notice, and started work within a very short period.

3.38 In January 2003, the Institute engaged an experienced contract consultant who issued regular reports on the claims including the cost implications of delays on site. He also advised on

the claims at a number of ad-hoc meetings with the Institute. His later advices warned of the very substantial costs of a lengthy arbitration concerning the claims.

3.39 In July/August 2003, as delays on site became evident, the Institute sought advice from its Design Team, its contract consultant and its solicitor in regard to its options including terminating the contract or splitting the project into two (the original contractor completing one building and a third party contractor taking on the second building). The time, cost and legal consequences of each option was considered in some depth. The contractor's bond company was formally put on notice of the delays in a letter dated 8 October 2003.

3.40 In March 2004, the architect threatened to issue a determination notice to the contractor because of delays on site. On 9 April 2004, the Institute convened a series of meetings with the architect and with the contractor in order to resolve the causes of delay. Those meetings concluded with an agreement whereby

- the architect undertook to increase his presence and staffing on site
- the contractor undertook to increase his management and labour resources
- the Institute, the architect and the contractor arranged a series of high level meetings to monitor site progress, assisted by an experienced third party project manager.

3.41 By the end of 2004, a number of new causes of delay had arisen including joinery issues and disputes about sealing the building. In January 2005, the Institute consulted its advisers about its options. In order to break that particular logjam, in early February 2005, the Institute engaged an experienced mediator and a former director of John Sisk & Son, to meet the architect and the contractor and to suggest practical ways of sealing the building, resolving joinery disputes and other matters, in order to get both buildings to practical completion as soon as possible.

3.42 In March 2005, the contractor issued completion programmes. In early April 2005, the Institute made detailed suggestions in regard to these programmes, in order to achieve a smooth handover of the project.

3.43 The President informed me that chartered surveyors monitored the building costs on behalf of the Institute. The surveyors prepared cost reports every month covering expenditure on original works, nominated sub-contractors, variations and delay and disruption claims. These reports noted both current additional costs and extra costs, which had not yet been incurred but which were anticipated at the date of each cost report. In addition, the surveyors prepared regular cash flow forecasts. Both the cost reports and the cash flow forecasts were furnished regularly to the Institute and to the Department.

3.44 On 2 December 2005, the contractor submitted very substantial claims. During the first six months of 2006, these claims were examined in considerable depth by the Institute, the Design Team and by the Institute's contract consultant.

3.45 In the Autumn of 2006, the claims were referred to conciliation in accordance with the procedure under the GDLA form of contract. From October 2006 to March 2007, the Institute and its advisers spent considerable time and effort in analysing the claims, in checking the contractor's factual and legal submissions, in preparing rebuttals, and in engaging with the contractor and with the Conciliator, in order to resolve the disputes.

3.46 Prior to the conciliation process, the Institute took advice from its contract consultant and its solicitor in regard to the potential exposure to legal costs, if the matter was allowed to go to arbitration. In a letter to the Institute, dated 9 August 2006, its solicitor advised that such legal costs could be as high as €5.5 million. By resolving the claims during the conciliation, the Institute avoided those legal costs.

## General Lessons

3.47 I sought the views of the President on the general lessons learned in regard to

- the adequacy of pre-qualification procedures in identifying the distinctive competencies of applicant firms
- the suitability of the forms of contract used
- the arrangements for project management.

3.48 The President informed me that under EU Procurement law, both at pre-qualification stage and at tender stage, all assessments of potential contractors must be based on clearly understood objective criteria. A subjective opinion to the effect that a firm is 'not up to the job' will not satisfy the legal requirements<sup>33</sup>.

3.49 The problem at pre-qualification stage is that one can look at a firm's resources, such as management and plant (objective criteria), but one cannot question its stated intentions (subjective criteria).

3.50 With the benefit of hindsight, on the Institute's project, a scoring system with a minimum threshold for each category (e.g. if a firm had to score 3 out of 5 in every category) might have helped. Such a requirement would have left eight firms still in the competition (if the threshold was set at 3). However, prior to the submission of the pre-qualification bids, no one knew how many firms would reach that threshold of a minimum score of 3 in each category.

3.51 If the threshold had been set at too high a level, there would have been little competition. If the threshold set by the Institute had required that a firm had to attain a score of 4 out of 5 in each category, then only four firms would have proceeded to the next stage.

3.52 In regard to the suitability of the forms of contract used the official guidelines, at the time that the contract for the Institute project was awarded, were contained in public procurement guidelines<sup>34</sup> which said "*For public sector building contracts, the Conditions of Contract for Government Departments and Local Authorities, known as GDLA '82 ... should be used.*"

3.53 The Institute used the GDLA contract in 2002, which at the time was a well-tried and tested contract. In the educational sector, the general experience of the GDLA contract had been good and major cost over-runs were the exception.

3.54 The Public Works Contract, introduced by the Department of Finance in 2007, would have transferred more risk onto the contractor, particularly in regard to ground conditions. However, on the Institute's project, it is estimated that this would have increased the contract sum by around €2 million plus VAT.

3.55 The Public Works Contract would not have avoided any delays to the project. In addition, it would not have eliminated all of the contractor's claims for extra costs. By placing massive risks onto the contractor, particularly in regard to unforeseen ground conditions, there was a real risk

<sup>33</sup> In *SIAC Construction v Mayo County Council* [2002] 2 ILRM 401, in the Supreme Court, Mr. Justice Fennelly said "*I wish ... to emphasise the need to notify award criteria as clearly as possible so as to avoid future litigation and uncertainty ... the principle of equal treatment of tenderers lies, as the European Court has said, at the heart of the directive ... the European Court held that a rule for the award of public works contracts would be incompatible with community law if it was interpreted in such a way as to confer 'unrestricted freedom of choice' on an awarding authority.*" (Pages 418 and 419)

<sup>34</sup> Public Procurement Guidelines (Section 4.3), Department of Finance, 1994 Edition.

that the contractor would have stopped work due to major cash flow problems (even with a € million plus VAT higher contract sum).

3.56 If, for whatever reason, the first contractor had to be replaced, then any replacement contractor would have been very wary. Having regard to the difficult ground conditions and having regard to the very onerous nature of the Public Works Contract the replacement contractor would have charged a massive premium to complete the works. The matter of Uniform Construction and Limerick City Council<sup>35</sup> provides a very good example of this scenario. On that project the contract sum for the first contractor was €5.5 million but the cost of the replacement contract was €7 million.

3.57 In regard to the general lessons learned in terms of the arrangements for project management, the President stated that with the benefit of hindsight, given the scale of the project, it would have been beneficial to have engaged the full-time services of an experienced project management team to take the project from the design stage, through construction to fit-out and commissioning.

### **Views of the Accounting Officer**

3.58 The Accounting Officer of the Department noted that this was an unusually difficult project with several factors contributing to the delays and additional costs that ensued. The factors could not have been predicted at the outset of the project and were managed appropriately under the project management arrangements that existed at that time.

3.59 With regard to the tendering procedure, the practice of inviting the ten highest ranked contractors from the pre-qualification stage to submit tenders is the common practice on projects of this size. The Institute had obtained professional and legal advice before arriving at this number. In addition, the Design Team was originally concerned by the € million difference between the lowest and second lowest tenders and took every step possible to ensure that these concerns were addressed.

3.60 In terms of the generality of projects, a number of new measures have been adopted since this project was implemented which should assist in dealing with the difficulties that emerged in the Institute. These include

- new project management measures detailed in the 2005 revised edition of the Capital Appraisal Guidelines of the Department of Finance.
- the use of the new forms of contract which will bring greater cost certainty to a project from its initiation.

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<sup>35</sup> Chapter 6, Comptroller and Auditor General's Annual Report, 2006.

## Conclusions

There was a 45% uplift in the cost of this project and there are outstanding claims of €1.2 million.

The tender procedure was a two-stage one involving pre-qualifying ten contractors and then seeking tenders from them. Assessment criteria from the qualifying round could not be used in the subsequent tender round. The tenderer ranked tenth at the pre-qualifying stage was awarded the contract on the basis of cost.

In instances where there are substantially lower bids, there is a risk that the contractor may not have adequately priced all the risks. This, in turn, can make adversarial on-site relationships more likely to occur.

The contract incorporated the GDLA Agreement and Conditions of Contract for Building Works which were the standard contract building work conditions for Government Departments and Local Authorities up to 2007.

The form of contract used at the time left considerable risk with the Institute. The new contract places an onus on the contractor to price for risks relating to necessary design changes, relocation of utilities to facilitate the works and bear the cost of additional measures to address unforeseen ground conditions.

Project management measures used at the time limited the Institute's capacity to manage the emerging delays. In the circumstances it took reasonable monitoring steps.

The Department has pointed out that the new project management measures introduced in 2005 should assist by putting mechanisms and structures in place for the continuous monitoring of large scale capital projects at Institute level with associated reporting of progress or otherwise to an Institute's governing authority. In this way, a governing authority should be enabled to take decisive and timely interventions on a needs basis.



## **Chapter 4**

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### **Early Retirement Scheme in FETAC**



4.1 Historically a large number of bodies were involved in certifying programmes of education and training. These included FÁS, the National Council for Vocational Awards, Teagasc, Fáilte Ireland, the National Council for Educational Awards, the Institutes of Technology, Dublin Institute of Technology and the universities. The Qualifications (Education and Training) Act, 1999 (the Act) provided for the establishment of three new bodies

- the National Qualifications Authority of Ireland (NQAI) which is responsible for developing the National Framework of Qualifications
- the Higher Education and Training Awards Council (HETAC) which makes awards for learning in a range of higher education and training institutions, including the Institutes of Technology
- the Further Education and Training Awards Council (FETAC) which is the awarding body for all further education and training in Ireland.

4.2 In the 2009 Budget, the amalgamation of FETAC, HETAC and the NQAI was signalled together with the intention of giving the amalgamated body responsibility for external quality assurance of universities<sup>36</sup>. The required legislation to bring about the amalgamation is being drafted and the amalgamation should take place in early 2011.

## **Implementing the Amalgamation**

4.3 An Implementation Advisory Group was set up by the Department of Education and Skills (the Department) to assist with the change process.

4.4 Currently, FETAC is governed by a Council. The Code of Practice for the Governance of State Bodies requires that a formal schedule of reserved functions of the Council be prepared and approved. The Council originally approved the reserved functions in January 2004 and the successor Council approved and adopted the schedule on taking office in January 2007. The original approval noted that the purpose of the reserved functions was to ensure that the direction and control of the work of the Council was appropriately administered.

4.5 The Act<sup>37</sup> provided for schemes for the granting of superannuation benefits to employees. The list of functions reserved to the Council included the determination of a superannuation scheme for employees as provided for in the Act. Schemes require the approval of the Minister for Education and Skills and the Minister for Finance.

4.6 In response to a proposal from FETAC, the Department sanctioned the application of the provisions of the model public service scheme on an administrative basis in November 2002. This was further updated in May 2003 with approval by the Minister for Education and Skills. Arrangements for pensions remain on an administrative basis.

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<sup>36</sup> This role is currently undertaken by the Higher Education Authority and the Irish Universities Quality Board.

<sup>37</sup> Section 52 and the Third Schedule.

## Early Retirement Scheme

4.7 In the latter half of 2008, FETAC's executive offered a limited early retirement package to staff. The terms of the package were that staff who had reached 50 years of age and with 25 years service could apply. It provided that a maximum of 6.7 notional added years could be granted to early retirees and additional benefits such as gratuities could also be offered.

4.8 Four staff members were granted retirement towards the end of 2008. The arrangements, which were based on previous public sector Voluntary Early Retirement Redundancy Schemes, involved a combination of

- added years
- increasing final pensionable salary
- allowing early retirement without the actuarial reduction of benefits.<sup>38</sup>

### *Authority for Arrangements*

4.9 The executive progressed the early retirement package which was not in accordance with the model scheme. The arrangements did not have Ministerial approval nor the approval of the Council. After a report on the matter was furnished to the Department in May 2009 the Secretary General of that Department wrote to the Chairman of FETAC in July 2009 and stated that it was regarded as a significant breakdown in FETAC's corporate governance.

### *Amounts in Excess of Entitlement*

4.10 Figure 4.1 sets out the details of the additional benefits granted to the four employees who availed of the scheme.

**Figure 4.1 Additional Benefits to Retirees**

	Age on retirement	Adjustment to final salary for pension purpose		Notional years service added
		Monetary adjustment	Basis of adjustment	
Applicant A	63	5,394	2 increments	1.7
Applicant B	61	5,159	2 increments	3.8
Applicant C	59	7,977	3 increments	5.9
Applicant D	50	1,467	2.5%	6.7

4.11 The actuarial value of the benefits awarded to staff under these arrangements in excess of the benefits that would have been available to them at that time under the model scheme was estimated at just over €800,000.

<sup>38</sup> This was a provision of previous public sector voluntary early retirement schemes and is also a feature of the current Incentivised Early Retirement and Career Break Schemes introduced by the Government in April 2009.

## Audit Focus

Arising out of the foregoing, certain information and explanations were sought from the Chief Executive Officer and, in particular

- the circumstances surrounding the granting, by the executive, of an early retirement scheme without the approval of the Minister<sup>39</sup> as required by law and the Council as set out in the schedule of matters reserved to it
- the factors that limit FETAC's capacity to recover the excess awards paid to date and any ongoing efforts being made to do so
- the details of changes, if any, to FETAC's corporate governance arrangements as a result of the breaches outlined above.

## Approval of Arrangements

4.12 The Chief Executive Officer (CEO) stated that the question of early retirement of some FETAC staff first arose around 2006. It was an issue that was dealt with, in the main, as a human resource matter and discussed from time-to-time by senior management over the following two years without any specific decisions or recommendations being made. He outlined the broad context as follows

- An External Quality Review of FETAC commissioned by the NQAI was completed in early 2008. It recommended that an organisational review be carried out to seek to address an imbalance in the existing structures of the organisation.
- An organisational review that was subsequently independently undertaken identified that FETAC had too many senior staff. The early retirement package presented an opportunity to deal with the imbalance in staffing levels.
- Four staff had indicated that they would like to bring forward their retirement date, if possible, because of their personal circumstances.
- The Government had decided in July 2008 that payroll costs in the public sector must be reduced by 3% in 2009. In this context, budget savings were considered relevant by FETAC management.

4.13 In August 2008, the Senior Management Team, in considering the FETAC budgetary situation (for 2008 and 2009), the restructuring of FETAC and the impending amalgamation, agreed that possible options should be identified and investigated. The Director of Corporate Services and Head of Administration/HR undertook to follow this up, taking into account

- The amalgamation of the three qualifications bodies and the efficiencies that would be expected and required arising from it.
- The prevailing view that public sector numbers and costs needed to be reduced using a range of mechanisms. It was estimated by the executive that arising from the early retirements, net salary savings of approximately €200,000 would be achieved in the years 2009 and 2010.
- FETAC's current and future financial position in the last quarter of 2008 was such that the lump sum payments that would be due to any potential retirees could be made without

<sup>39</sup> The Third Schedule, Section 52, of the Act provides that no other arrangement shall be entered into for the provision of any superannuation benefit to persons on ceasing to hold office other than with the approval of the Minister subject to the consent of the Minister for Finance.

affecting the achievement of FETAC's objectives in 2008. Budget savings for 2008 were emerging which provided FETAC with an opportunity to consider advancing the retirements of certain staff. This was considered relevant in the context of anticipated budget cuts in 2009 and beyond.

4.14 The Human Resource Function prepared the Early Retirement Package under the guidance of the Director of Corporate Services. The FETAC Pension Scheme, the cost neutral Early Retirement Scheme and the 1987 Public Sector Early Retirement Scheme were considered.

4.15 During this period, the issue of approval was raised by the CEO. The Senior Management Team was advised that the executive itself could approve and complete early retirement packages relying on Section 52 of the Qualifications (Education and Training) Act, 1999 which provides that the Council may delegate to the Chief Executive functions relating to the selection and appointment of employees. As the executive was responsible for the payment of employees on an ongoing basis, it was understood that payments in respect of retirements could be treated likewise.

4.16 Later in the process, the CEO enquired as to whether the lump-sums could be signed off by the executive without recourse to the Finance Committee in circumstances where any spend of €75,000 or over required the approval of that Committee. The Director of Corporate Services advised that as pension benefits were part of salary payments, the issue of separate approval did not arise as the lump sum payments were similar to normal salary expenditure.

4.17 The Senior Management Team, therefore, considered in good faith that it had the necessary authorisation based on the delegated sanction regarding staffing matters and it was for these reasons that the executive did not bring the package for the Finance Committee's approval nor for the approval of the Council, the NQAI or the Department.

4.18 During this period, the executive informed the Finance Committee and the Council that it was considering an early retirement scheme. The Finance Committee was advised by the executive that the processing of early retirement awards was an executive function. This information was included in the Budget 2009 documentation presented to the Council in November 2008 and sanction was not sought for the early retirement package.

4.19 The executive, during budget discussions, informed, in an incidental way, the NQAI and the Department of its intentions. However, the specifics of the package were not identified and sanction was not sought.

### ***Prospects of Recovery***

4.20 The Accounting Officer stated that the legal position in respect of the early retirement scheme and the possibility of recovery or reassessment of unsanctioned benefits is being clarified and that it is understood that FETAC will propose a course of action to the Department which takes account of the advices received.

### ***Changes to Governance Arrangements***

4.21 The CEO stated that he is putting in place arrangements whereby all major decisions taken at senior management level will be signed off as being fully compliant with FETAC's governing statute, other relevant legislation and regulatory provisions and any relevant government circulars.

4.22 He stated that a Governance Manual was being prepared which brings together all the key elements of best practice in corporate governance, including the schedule of reserved functions of the Council, Council Committees' terms of reference and the roles and responsibilities of Council members and senior staff, while clearly referencing the relevant legislation and government

circulars. Briefing was arranged for Council Members and senior staff on their responsibilities in respect of corporate governance.

4.23 The Council's Audit Committee has reviewed the operation of risk management in FETAC and a risk register was prepared and recommended to the Council for approval in April 2010.

### ***Reserved Functions of the Council***

4.24 The CEO stated that a review of the schedule of reserved functions of the Council is specifically included in an action plan aimed at strengthening FETAC's financial management and governance.

### **Views of the Accounting Officer**

4.25 The Accounting Officer stated that the Department took this matter seriously and regarded it as a significant breakdown in the corporate governance of FETAC. She noted that the Chair had advised that the Council accepted and regretted that there had been a serious failure by FETAC to comply with legislative and administrative procedures.

4.26 In a letter of July 2009 to the Chairman of FETAC, the Accounting Officer requested FETAC in its examination of the matter to consider the scope for the recovery of unsanctioned benefits, address the failure to comply with legislative and administrative procedures and identify measures to strengthen financial management and governance procedures.

4.27 A report by the Council on this matter was drawn up in November 2009 and was sent to the Department in response to the letter of July 2009. It stated that the CEO accepted, as the accountable person, that there was a failure on his part to ensure that the early retirement package was fully compliant with all statutory requirements. However, the report found that "*the CEO and all other Senior Management Team members were acting in good faith at all times*" and the Council accepted that "*failure to ensure statutory compliance was not deliberate.*"

4.28 She stated that the Chair had also advised the Department of a number of measures to strengthen financial management and governance arrangements in FETAC.

4.29 She noted that while she had serious concerns about the way the early retirements were handled and the lack of approval for the terms, it should also be noted in relation to the costs that reduction of numbers at senior grades in FETAC was in line with the recommendations of an organisational review of FETAC. This review was, in turn, arranged in response to a recommendation in the NQAI external review of FETAC that identified structural imbalance in the organisation.

4.30 As no case was made to the Department by FETAC and having regard to the evolving situation on the broader question of early retirement at the time, it is not possible to say whether approval would have been secured and what terms might have been approved.

## Conclusions

The actuarial value of additional superannuation benefits granted on an administrative basis to four staff who retired early was of the order of €300,000. The awards did not have required approvals from the Council or the Minister. The payments did not, therefore, conform to the statutory authority governing them.

Where retirees are not replaced, a budgetary saving occurs by virtue of the difference between salary costs and pension costs. The estimated gross savings was calculated on audit to be of the order of €1.6 million. However, when a considerable proportion of that saving is applied to enhance retirement benefits, specific approval should be sought.

It is acknowledged that restructuring would have been necessary due both to amalgamation of State bodies and the assumption by the restructured organisation of new functions.

However, it would be preferable if that restructuring was carried out as part of an overarching plan approved by the Department which sought to achieve both process efficiency and the maximum synergy in the combination and integration of the amalgamating entities.

In addition, consideration in these instances should be given to whether redeployment could be made of any excess staff whether within the educational sector or across the public service.

It was pointed out by the Department that had FETAC made a case to the Department that retirements and related cost savings could not be secured through offering the terms of the Cost Neutral Early Retirement circular, it is likely that the Department would have been prepared to make a case to the Department of Finance for enhanced terms in order to achieve the significant savings involved but it was not possible to say whether approval would have been secured and what terms might have been approved.

## **Chapter 5**

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**Royal Irish Academy of Music**



5.1 The Royal Irish Academy of Music (the Academy) was established in Dublin in the nineteenth century as a charitable body to provide education in music and for the advancement of music in Ireland. Just over half of the Academy's income is provided by way of a grant-in-aid from the Department of Education and Skills (the Department). The grant-in-aid in 2009 was around €4 million. Most of the balance of the Academy's income comes from tuition and examination fees charged to music students and examination candidates, and from the sale of music books.

5.2 The Academy operates from its own premises in Dublin. Its education programmes are presented on an academic year basis. It generally closes its premises for the months of July and August, and for two weeks around Christmas and Easter.

5.3 The Academy operates under a governance and management scheme originally approved under the terms of the Educational Endowments (Ireland) Act, 1885. The scheme has been amended from time to time under the provisions of the Charities Act, 1961 to allow for changes in the governance and management arrangements.

5.4 The Governing Body of the Academy consists of 35 members. The Director is *ex officio* a member of the Governing Body. The Governing Body's role includes the determination of the pay and conditions of those employed by the Academy and their duties. A seven-member sub-committee of the Governing Body oversees management and finance matters concerning the Academy.

### **Audit Focus**

The remuneration and expenses of the Director of the Academy were examined as part of the audit of the 2008 financial statements. The main focus of that examination was to establish that the remuneration of the Director was in line with Government pay policy, and that expenditure by the Academy in relation to the Director's expenses was duly authorised as being valid and appropriate to the business of the Academy.

### **Remuneration of the Director**

5.5 The audit found that, as of September 2008, the Director's annual remuneration package was around €225,000. This was based mainly on two separate employment contracts with the Academy, with some additional payments under the terms of separate agreements for extra services. Figure 5.1 shows the breakdown of the Director's remuneration package. The same remuneration arrangements applied in 2009.

**Figure 5.1 Director's Total Remuneration Package, September 2008**

<b>Element of Remuneration</b>	<b>€</b>
Director's annual salary	49,872
Annual payment into private pension policy	88,200
<b>Total remuneration for director duties (with effect from 1 September 2008)</b>	<b>138,072</b>
Annual salary for teaching post (with effect from 1 September 2008)	65,254
Payment for piano workshop (held in September 2008)	21,698
Concert fee (2008)	500
<b>Total remuneration package</b>	<b>225,524</b>

5.6 The Academy is not required to seek the formal approval of the Minister for Education and Skills for the pay and conditions of its employees. However, the Academy consults the Department from time to time in relation to pay rates and conditions of employment.

5.7 Following enquiries from the audit team as to whether there was Departmental approval for the Director's remuneration arrangements, the Academy wrote to the Department in March 2009, giving the details of the Director's existing remuneration package. Additional information was provided to the Department in an exchange of correspondence, and the Department responded formally on 8 September 2009. It refused to sanction the existing arrangements for the Director, which it found to be inappropriate in the context of current public service norms and for the operation of a modern organisation. It requested that the Governing Body address the matter and take any necessary steps to regularise the situation. It stated that in the event that all the issues raised were not addressed, the Department would reconsider its funding of the Academy.

### ***Director's Contract***

5.8 The Director was appointed to the post in April 1994. In that capacity, he has overall responsibility for academic direction and management of the Academy. The appointment was based on a fixed-term contract. This was renewed in 2001 for seven years and again in 2008 for a period of two years to the end of August 2010, with an option for the Governing Body to extend the appointment for a further two years.

5.9 The Director's contract of employment specifies that the post is a part-time one, whereby he is contracted to work for at least 1,080 hours a year, generally during the periods when the Academy is open. It also specifies that he is required to attend at the Academy for '*34 full weeks per academic year*' and provides for an annual leave entitlement of 10 weeks.

5.10 The minimum contracted hours for full-time administrative staff of the Academy are 32.5 hours a week (6.5 hours a day). The annual leave entitlement of administrative staff is ten weeks a year which must be taken to coincide with the Academy's closed periods. The minimum yearly contracted work hours for administrative staff of the Academy are therefore 1,365 hours and the Director's contracted hours are 79.1% of that total.

5.11 The Academy benchmarked the annual remuneration for the Director post against the salary set for holders of Director posts in the Dublin Institute of Technology (DIT)<sup>40</sup>. In September 2008, holders of those posts were paid at a rate of €158,644 a year.

<sup>40</sup> This is based on an arrangement in place since a recommendation of the Labour Court which created a linkage between pay rates of the Academy and the DIT.

5.12 The basic remuneration for the Director of the Academy was set at 79.1% of the DIT Director salary (i.e. €125,500). That adjustment did not take account of the fact that the employment conditions of others remunerated at that level generally involve both a longer working day and lower annual leave entitlements than those granted to the Director of the Academy. Taking account of these factors would imply that the basic remuneration of the Director should be around 67% of the benchmark salary.

5.13 As a part-time employee, the Director was not eligible to join the Academy's pension scheme. In recognition of this, the Academy increased the basic remuneration for the post by 10% in lieu of the pension contribution it would have paid, had he been a member of the scheme.

5.14 The 2008 contract of employment for the Director role stated that the remuneration would be paid in two parts

- a salary of €49,872 a year payable monthly in arrears and
- a payment of €88,200 a year payable into a private pension policy arranged by the Director.

### ***Teaching Contract***

5.15 Prior to taking up the position of Director in 1994, the Director held a part-time teaching position at the Academy, under a fixed term contract. The teaching contract was left in place when the initial contract of employment for the post of Director was agreed. The teaching contract was subsequently renegotiated and renewed in 2001 and 2008, with the same commencement dates as in the Director's contract. The current teaching contract is due to expire in 2012.

5.16 The teaching contract requires the Director to work as a teacher of piano to students of the Academy for a total of 374 teaching hours per year between September and June. This is half the contracted hours of full-time academic staff, who provide 748 contact hours per year.

5.17 The Director's salary as a part-time music teacher was equivalent in September 2008 to around €130,000 a year for a full-time post and is at a higher rate than that paid to any other member of the teaching staff. It is not linked to the salary of a teaching grade. In setting the level, no reference was made to salary payment in lieu of employer's pension contribution.

### ***Other Remuneration***

5.18 Once a year, the Academy presents a two-day seminar for piano teachers at its Dublin premises, delivered by the Director. Delivery of the seminar was not a requirement specified under either of the Director's contracts.

5.19 The seminars were organised on the basis of the following arrangements

- provision by the Academy of the premises and administrative support for the seminar
- sharing of the seminar fees, net of expenses, between the Director and the Academy on a 50/50 basis
- payment to the Director of all receipts from sales of the seminar handbook, net of printing expenses.

5.20 In 2008, participants in the seminar paid a charge of €220 each. This included an attendance fee of €145 per head and €75 for the handbook. The total income from the seminar, including some sales of the handbook to non-attendees, was €39,775. Following the seminar, the Director was paid €10,110 on foot of the fee sharing agreement and €1,588 in respect of handbook sales.

5.21 There was no record of formal approval by the Governing Body for the arrangements around the 2008 seminar payments. Following queries raised during the audit, the Management and Finance Committee reviewed and confirmed the arrangements for the seminar expenses and sharing of receipts in May 2009. The minutes of the Committee meeting were subsequently presented to the Governing Body.

5.22 In 2008 and 2009, the Director was paid a fee of €500 for performance, along with other staff, in a concert given by the Academy.

### **Compliance with Government Pay Policies**

5.23 The Academy has stated that it applied the pension levy to only part of the Director's overall remuneration with effect from 1 May 2009. The levy was not applied to the amount of salary paid directly by the Academy into the private pension fund. Subsequently, the Academy applied the pension levy to the full remuneration amount including income from the seminars with effect from 1 September 2009.

5.24 The Academy has stated that it also applied the public sector pay reduction to the Director's remuneration with effect from 1 January 2010<sup>41</sup>. The salary payable under the two contracts of employment was reduced from €203,327 to €175,999 and the determination of the reduction was agreed with the Department. Commensurate reductions will be applied to income from seminars or concerts, should they arise.

### **Director's Expenses**

5.25 The Director's 2001 contract of employment included a clause that stated "*Expenses reasonably and necessarily incurred in the performance of the duties of the (Director) post shall be recouped, subject to an annual budget to be determined by the Management and Finance Committee. Individual claims should be vouched and shall be subject to authorisation for payment by the Chair of the Management and Finance Committee.*"

5.26 A similar expenses clause was not included in the 2008 contract, but the existing expenses arrangements continued when that contract came into effect on 1 September 2008. The Academy issued a credit card to the Director for use in paying his expenses.

5.27 The Management and Finance Committee set a budget of €23,000 for the Director's expenses in 2008. The amounts paid for that year by the Academy in respect of expenditure on hospitality provided by the Director was €22,963. In addition to those entertainment expenses, the Academy paid a further €5,325 in respect of the Director's travel costs and €1,322 in respect of other sundry expenses incurred by the Director.

5.28 Most of the expenses that were claimed related to restaurant meals hosted by the Director for named individuals. There were also substantial claims in relation to catering costs for hospitality provided in the Director's home, with guest listings provided for each event. The general purpose of this expenditure was stated to be to obtain sponsorship for the Academy or performance opportunities for its students from persons in business, the arts or attached to embassies.

5.29 When monthly credit card bills were submitted for payment, the Director completed and signed a memorandum stating the amount, payee, purpose and participants in respect of each

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<sup>41</sup> Provided for under Section 2 of the Financial Emergency Measures in the Public Interest (No 2) Act, 2009.

transaction charged. In general, the stated purpose described the nature of the expense (e.g. dinner/lunch) rather than the business purpose for which the expense was incurred. Original invoices or receipts were not attached to the credit card memorandum. The Academy's accounts department accepted the Director's memorandum as a sufficient basis for payment.

5.30 There was provision on the credit card memorandum sheet for the Chairman of the Management and Finance Committee to sign-off on the expenses claim as outlined in the 2001 contract of employment. None of the sheets submitted to the Academy's accounts department for 2008 show a signature by the Chairman, and he did not approve in advance any individual expenditure charged to the Director's expense account in 2008. The Chairman of the Governing Body has stated that the intended sign-off was not done on a monthly basis due to an administrative oversight, but that the Chairman of the Management and Finance Committee signed off on the expenses at the end of the year.

5.31 Following audit enquiries, the Management and Finance Committee reviewed the Director's expenses arrangements in April 2009. Following its review, the Committee decided that

- the Director's annual expense budget would be capped at €12,500
- expenses claimed were to be vouched
- the expenses claim form was to be revised
- any proposed expense exceeding €1,000 would require prior approval from the Committee
- home entertainment was not an appropriate expense item.

5.32 A protocol in respect of the Director's expenses giving effect to the Committee's decisions was approved by the Governing Body in May 2009. This clarifies that the budget provided is to cover all the Director's expenses incurred in relation to Academy business, including business travel.

5.33 The Academy has stated that following from the revised protocol agreed by the Governing Body in May 2009, all Director's expenses are now properly explained, vouched and signed off in a timely fashion. The Academy is satisfied that the revised arrangements ensure that expenses claimed by the Director are valid and appropriate to the business of the Academy.

## Conclusions

The Academy is a body in receipt of substantial State funding. This gives rise to an expectation that its expenditure should be broadly in line with public sector norms and departures from public sector pay policy should be agreed with the relevant overseeing Departments before entering contractual arrangements. In addition, a single clear contract of employment would bring greater clarity to the arrangements.

While the Governing Body acted within its legal competence, the Director's overall remuneration package as agreed by the Academy was higher than that of benchmarked post holders when account is taken of the agreed time commitment.

Consideration might be given to applying the reporting requirements under the Code of Practice for the Governance of State Bodies to bodies that receive substantial funding from the State. In particular, the Code includes a requirement for the chairperson of the governing authority of each State body to report each year to the relevant Minister on a number of stated matters, including confirmation that Government policy on the pay of chief executives and employees is being complied with.

Expenses should be for specified business purposes, be authorised at an appropriate level within the organisation other than the person incurring the expense and be supported with original documentation. The operation by the Academy of the Director's expenses budget in 2008 did not meet these criteria.

The Academy has made significant changes to the expenses arrangements since they were examined in the audit of the 2008 financial statements. The operation of the revised arrangements will be kept under review in future audits.

## Observations of the Accounting Officer

5.34 The Accounting Officer stated that under the establishment legislation for the Academy the appointment of the Director, professors, lecturers, teachers and other staff and the fixing of terms of conditions is a statutory function of the Governors. Notwithstanding the statutory position, given the extent of Exchequer grant support provided (approximately half of the Academy's running costs), her Department was of the view that the Academy should be required to operate to public service norms in respect of rates of pay. The Department was unaware of the full contractual arrangements for the Director of the Academy until March 2009. Once the Department became aware of the nature of the contracts in place, it took immediate steps to seek to have the position regularised and declined to sanction the existing arrangements for the Director. The Academy immediately regularised the pension arrangements and pension levy aspects of the Director's remuneration.

5.35 The Director's contract expires in September 2010 and the Department has instructed the Academy that a competition will need to be held to fill the position at that stage. The position will need to be filled in line with the Employment Control Framework for the third level sector. The Academy has prepared a revised contract which will codify all the contractual arrangements into one document and has submitted this for sanction to the Department. This revised contract has addressed the concerns of the Department especially in terms of the functions and duties of the post, the annual leave provision and the salary applicable for the position.

5.36 Sanction will only be given on the basis of the Director of the Academy taking on the position on a full-time basis. There will be no separate contract awarded for teaching or other

purposes. It is expected that, in future, all expenses will be on a vouched basis based on the applicable public service rates.

5.37 In relation to the Director's expense account and the weaknesses in the financial controls in the Academy the Department has requested that the Governing Body take the necessary steps to provide assurance that there is an effective system of corporate governance together with an effective accountability framework in place.

5.38 The Department stated that, in the Chairman's initial response, he accepted the responsibility of the Governing Body for the maintenance of effective systems of financial control as outlined in its annual financial statements. In this regard, he emphasised the significant authorisation changes that have been made in respect of the protocol governing the approval of Director expenses incurred in relation to Academy business.

5.39 In addition, the Chairman indicated that the Academy has already commenced a full review of the financial and governance arrangements through its internal audit process. This review will expeditiously examine the existing systems of internal financial control and also address any necessary arrangements for the completion of the application of any outstanding aspects of the Code of Practice for the Governance of State Bodies in the Academy.

5.40 The revised and updated Code of Practice for the Governance of State Bodies, published by the Department of Finance in May 2009, has been forwarded to all bodies under the aegis of the Department and the Academy confirmed that the revised Code had been adopted by the Governing Body on 16 December 2009.

5.41 In addition, a Code of Practice checklist was issued by the Department in January 2010 to State bodies under its aegis. In a related return, the Academy confirmed that it had adopted Statements of Strategy, Codes of Conduct for both Board members and employees, a budgeting system that is reviewed and agreed by the Board of Governors, risk management policies, procurement policies and procedures and customer policies. It also indicated that in accordance with the Code it had an Audit Committee and that a statement on its system of internal financial control is included with the annual financial statements.



## **Chapter 6**

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### **Residential Institutions Redress Scheme**



6.1 The Residential Institutions Redress Board (the Board) was established on 16 December 2002 under the Residential Institutions Redress Act, 2002 (the Act) to make financial awards to persons who were resident in certain institutions in the State and who have or have had injuries that are consistent with abuse received while resident in these institutions.

6.2 Along with the introduction of the redress scheme the Government also reached an agreement with 18 religious congregations that they would make a contribution of €128 million, (inclusive of some past contributions)<sup>42</sup> towards the cost of the redress scheme. The State agreed to indemnify the congregations in all cases where a person would have been eligible to make a litigation claim under the Act — the indemnity to apply to those cases where litigation commenced within the following six years<sup>43</sup>. An Indemnity Agreement (the Agreement) was signed between the State and the 18 religious congregations on 5 June 2002.

6.3 The redress scheme extended to former residents of 139<sup>44</sup> institutions regulated by the State. The closing date for the receipt of applications was 15 December 2005. At 31 March 2010, the Board had received 14,695 applications, inclusive of 247 late applications. In 273 further late submissions<sup>45</sup> the Board was awaiting further information from the applicant while 16 submissions remained to be considered. The Board has some 743 applications to process and it continues to accept late applications in exceptional circumstances in line with the provisions of the Act.

6.4 Since the 1990s a number of residential institutions survivor groups have come into existence. The main purpose of these groups is to

- provide information and support services to former residents of institutions
- represent the interests of former residents on various issues.

6.5 Over the years, funding has been provided mainly by the Department of Education and Skills (the Department) and the Health Service Executive (HSE). Some funding has also been provided by other departments and state agencies.

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<sup>42</sup> These contributions are in the form of property transferred or in the process of being transferred since May 1999.

<sup>43</sup> The indemnity covered all cases which potentially came within the remit of the redress scheme and operated for any related litigation which commenced within three years of the last day for applications to the Board. Indemnity applies only in cases where the State has full control of the defence.

<sup>44</sup> The scheme originally extended to former residents of 123 institutions. This was extended to a further 13 institutions in 2004 and a further three in 2005.

<sup>45</sup> Late submissions must be considered by the Board for compliance with the provisions of the Act prior to being accepted as valid applications.

## Audit Focus

The audit set out to review

- The extent of claims to date and the likely costs of redress awards
- The extent to which the State indemnity has been invoked
- The progress made by the the Department in collecting the contribution agreed with the congregations
- The arrangements for administering an Education Fund set up as part of the response to survivor needs
- The extent and nature of funding provided to survivor groups.

## Redress Costs

6.6 The first payments under the redress scheme were made in April 2003. By the end of March 2010, in the region of €12 million had been paid out in redress awards and a further €145 million had been expended in legal and application costs of awards. The Board awarded costs, including related High Court costs, in 12,192 cases (2,373 cases incurred High Court costs). These costs constituted a further 18.2%<sup>46</sup> on top of the cost of the awards<sup>47</sup> in those cases.

6.7 Since the commencement of the redress scheme, the Board has referred a total of 266 cases to its legal costs accountant. Of these cases, 194 were listed for Taxation of which 81 were taxed by the Taxing Master. The other 113 were either settled by the Board's legal costs accountant, were withdrawn from the Taxing Master's list or are still pending in the Taxing Master's List. All cases for Taxation were referred by solicitors for the applicant. While the Board did consider appealing the Taxing Master's decision in a number of cases to the High Court, no cases have been referred to date. The Board has proceeded to Taxation on a number of individual items of outlay, for instance, the fees sought by a number of Consultant Psychiatrists for preparing reports on behalf of the applicants to the Board.

6.8 The total outlay on compensation at the end of March 2010 was in the region of €64 million as set out in Figure 6.1.

<sup>46</sup> All cost figures are shown inclusive of VAT.

<sup>47</sup> This refers to awards made by the Board of €824.5 million which differs from that actually paid out at the end of March 2010.

**Figure 6.1 Cost of Redress Awards April 2003 to March 2010**

Year	Awards <sup>a</sup> €	Legal <sup>b</sup> €	Other <sup>c</sup> €	Total €
2003	29,946,097	317,707	669,575	30,933,379
2004	131,877,835	8,173,357	1,233,006	141,284,198
2005	158,262,195	28,852,452	1,228,023	188,342,670
2006	153,295,702	26,403,488	1,153,123	180,852,313
2007	141,086,912	31,326,493	1,074,632	173,488,037
2008	123,307,850	27,550,916	767,361	151,626,127
2009	66,753,026	20,823,609	278,441	87,855,076
March 2010	7,851,547	1,239,357	61,763	9,152,667
<b>Total Composition</b>	<b>812,381,164</b>	<b>144,687,379</b>	<b>6,465,924</b>	<b>963,534,467</b>
	<b>84%</b>	<b>15%</b>	<b>1%</b>	<b>100%</b>

Source: Department of Education and Skills

Notes:

- a The amount of the award includes payment made to cover travel expenses which represent < 0.03% of total award amounts each year.
- b Costs are shown VAT inclusive. Costs net of VAT could not be provided.
- c This represents reimbursement of medical and other costs.

6.9 The Department has revised its own estimates which were as low as €254 million in February 2001 to a level in excess of €1 billion. The Accounting Officer informed me that in addition to the current estimate of the cost of redress awards (€1.1 billion) further outlays have been incurred or are planned to be incurred on

	€million
▪ the Commission to Inquire into Child Abuse	126.0
▪ a proposed Statutory Fund	110.0
▪ counselling and education support	22.7

These bring the total estimated costs to €1.36 billion.

## Funding of Redress

6.10 The Act provided for the set up of a Special Account to be funded from moneys provided by the Oireachtas and the contributing congregations under the Agreement. At the end of March 2010, in the region of €68 million had been transferred to this account since 2003. Moneys from the Special Account are used to pay awards made by the Board and the associated legal and settlement costs.

6.11 At the end of March 2010, the Board had completed the redress claim process in 13,952 cases. A total of 10,295 offers had been made following settlement talks and 2,799 awards had been made following hearings as set out in Figure 6.2. In total, 12 applicants rejected their awards while 858 applications were withdrawn, refused or resulted in no award.

**Figure 6.2 Redress Awards — April 2003 to March 2010**

Nature of Award	Number of Cases	Total Amount <sup>a</sup>	Average Award
		€m	€
Settlement	10,295	642.3	62,400
Hearing	2,799	182.2	65,100
<b>Total</b>	<b>13,094</b>	<b>824.5</b>	<b>63,000</b>

Note:

- a These amounts reflect determinations by the Board and not actual disbursements from the Special Account.

6.12 97% of Board awards have been accepted by applicants. Under the Act, applicants have one month to accept or reject the award made or to submit the award to the Review Committee for review. The Review Committee is wholly independent of the Board and on review of the award may accept, increase or reduce it. By the end of March 2010, a total of 402 cases had been sent to the Review Committee. 398 of these reviews have been considered by the Committee. The details are set out in Figure 6.3.

**Figure 6.3 Awards by Review Committee, April 2003 to March 2010<sup>a</sup>**

Nature of Award	Number of Cases	Total Amount	Average Award
		€m	€
Initial Award by Board	398	20.3	51,000
Award Following Review	398	27.0	68,000

Note:

- a Awards following review are included in Figure 6.2.

## Conclusion

The work of the Board is nearing conclusion with a final cost of the redress scheme currently estimated at €1.1 billion. The Board has some 743 applications to process and it continues to accept late applications in exceptional circumstances in line with the provisions of the Act.

The provisions of the Act allow the Minister to dissolve the Board once she is satisfied (after consultation with the Chairperson) that the Board has completed the performance of its functions. The Accounting Officer stated that the Department is considering how best to facilitate the wind down of the Board and in particular how to deal with cases that have not been progressed by applicants and/or their solicitors, including ongoing late applications.

## Costs Arising from the Indemnity

6.13 The indemnity has been invoked and finalised in 24 cases. 21 of the 24 cases were settled while the remaining three<sup>48</sup> progressed to a full Court hearing. The total amount of the settlements in these cases was over €3.6 million. The associated legal costs for these cases was in the region of €2.5 million while almost €6,000 was paid out in medical and other costs.

6.14 Up to the time of transfer of the management of indemnity files to the Chief State's Solicitor's Office (CSSO) which commenced on 30 September 2004<sup>49</sup>, the Department retained the services of the religious congregations' solicitor firms. Specific fees were agreed for this purpose and over €1.8 million has been paid to date to these solicitors under the terms of the Indemnity. The Department has told me that it is not possible to fully determine whether further fees may be due to these solicitor firms without checking whether they have further bills to submit. Also, there may be ongoing expenses in instances where the CSSO seeks information or queries the availability of witnesses.

6.15 The Department has informed me that all indemnity claims are now being processed through the State Claims Agency (SCA). Ongoing legal costs are attributed to costs incurred by the SCA.

### Conclusion

Indemnity has been invoked and finalised in 24 cases under the terms of the Agreement. The overall costs to date are almost €3 million. While a further 157 cases were in the system in June 2010, it is not known at this stage whether these cases will progress to full litigation proceedings. The Accounting Officer stated that the majority of those cases are likely to be resolved through the Redress Board process or have been inactive for a long period.

## Contribution under the Indemnity Agreement

6.16 The agreed contribution of €128 million to be made by the congregations to the redress scheme and the outturn in terms of amounts realised in cash or where property had been accepted fully and finally at an agreed valuation are set out in Figure 6.4.

<sup>48</sup> One of these cases resulted in a nil award.

<sup>49</sup> Indemnity files were transferred to the CSSO between 30 September 2004 and 15 December 2008. A small number of cases may exist which have not been handed over in instances where proceedings were instituted before 15 December 2008 but not served.

**Figure 6.4 Contribution Outturn at 30 June 2010**

Contribution		Agreed Contribution €m	Realised €m
General Cash Contribution			
<b>Original</b>	<b>28.44</b>		
<b>Adjustment</b>	<b><u>13.28<sup>a</sup></u></b>	41.72	41.72
Property			
<b>Original</b>	<b>76.86</b>		
<b>Adjustment</b>	<b><u>(13.28)</u></b>	63.58 <sup>b</sup>	36.96 <sup>c</sup>
Education Fund		12.70	12.70
Counselling and Other Support Services		10.00	10.00
<b>Total</b>		<b>128.00</b>	<b>101.38</b>

Notes:

- a Amounts totalling €13.28 million were received in lieu of a number of properties.
- b Currently, a potential shortfall of €160,000 is projected between the value of the properties to be transferred and the total amounts due under the Agreement. This is subject to change if good and marketable title cannot be realised on certain properties.
- c This represents the value of 33 properties fully and finally accepted under the terms of the agreement.

### ***Property Contributions***

6.17 Under the agreement, €76.86 million was to be contributed under two property categories

- Property transferred between 11 May 1999 and 5 June 2002 (pre-agreement property transfers<sup>50</sup>) to the aggregate value of €40.32 million
- Property to be transferred after 5 June 2002 (post-agreement property transfers) to the aggregate value of €36.54 million.

6.18 The Agreement also provided for the acceptance by the State of cash in lieu of properties in instances where good and marketable title could not be established. €13.28 million of the original intended transfer value has been satisfied by substituting cash.

6.19 Under the Agreement, the valuation of the properties to be transferred is the open market value of the relevant property as at the date of the transfer in the case of pre-agreement property transfers and in the case of post-agreement property transfers is the valuation as at the date of the Agreement – i.e. 5 June 2002. The Agreement provides for the valuation of properties to be agreed between the State and the contributing congregation with their respective valuers. Where agreement is not reached, the valuation is determined by an independent valuer which is final and binding.

6.20 The valuation of property must also take account of any grants or other payments provided by the State or state agency for the acquisition, development or improvement of the property.

<sup>50</sup> This represents properties that had already transferred or were in the process of transfer between 11 May 1999 and 5 June 2002.

Valuation must take account of protocols<sup>51</sup> previously agreed between the parties to the Agreement. The Department has carried out an initial examination on how, pursuant to the Agreement and relevant protocols, account was taken of grants or other payments in arriving at final valuations for the purpose of property transfers under the agreement. This examination raised questions as to whether adjustments to market valuations were made in the case of properties where they might have been applicable. The Department instigated a full review of the valuation process applied for each transferred property involved, including the application of protocols relating to grants paid as provided for in the Indemnity Agreement.

6.21 The Department is currently finalising the review which was carried out under the stewardship of the Chairperson of the Department's Audit Committee. The Accounting Officer informed me that while the review has identified grant amounts that should be taken into account it has also identified other potential offsetting adjustments and any net adjustments required will be made as part of final settlement.

### ***Pre-Agreement Property Contributions***

6.22 To date, the Department has accepted in principle a total of 28<sup>52</sup> properties under the terms of the Indemnity Agreement in relation to pre-agreement properties at a total valuation of €30.84 million. The Department has informed me that at the time of the Agreement only five of these properties had actually transferred under the Deeds of Transfer executed prior to the drawing up of the Indemnity Agreement. Currently, 20 properties have been fully and finally accepted under the terms of the Agreement at a total valuation of €22.2 million as set out in Figure 6.5.

6.23 Physical transfers of the remaining properties have taken place and all of these properties are in use or available for use by the intended recipients. The CSSO continues to pursue the finalisation of legal requirements as provided for under the Indemnity Agreement. The Department has said that many of the congregations' properties were held in complex legal structures including trusts and other legal arrangements which has resulted in a complex and time consuming transfer process.

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<sup>51</sup> The protocols refer to the release of the Minister's interest in vacant catholic national schools.

<sup>52</sup> A further property was rejected as good and marketable title could not be established and €2 million was received in lieu.

**Figure 6.5 Profile of Pre-Agreement Property Transfers at 30 June 2010**

Transferee	Total Properties	Properties Finally Accepted	Cash in lieu	Total Value of Properties €	Value of Properties Finally Accepted €	Value of Properties Remaining €
DES	9 <sup>a</sup>	7	1	8,198,045	7,548,045	650,000
HSE	4	2		1,355,500	840,000	515,500
Local Authorities	3	2		3,515,000	3,265,000	250,000
Voluntary Associations	13	9		17,769,300	10,617,000	7,152,300
	<b>29</b>	<b>20</b>	<b>1</b>	<b>30,837,845</b>	<b>22,270,045</b>	<b>8,567,800</b>

Source: Analysis by Office of the Comptroller and Auditor General

Note:

- a Includes one property subsequently rejected, as good and marketable title could not be established. Cash contribution of €2 million was received in lieu of the property.

### ***Post-Agreement Property Contributions***

6.24 To date, the Department has accepted in principle a total of 33<sup>53</sup> properties under the terms of the Indemnity Agreement in relation to post-agreement properties at a total valuation of €32.6 million. To date, 13 of the properties have been fully and finally accepted under the terms of the Agreement at a total valuation of €14.7 million as set out in Figure 6.6.

6.25 While the physical transfer of all post-agreement properties has been effected, properties may not be accepted for some time due to outstanding requirements to be furnished to the CSSO under the Indemnity Agreement. The Department has stated that many complex title issues have been encountered with a number of properties. The Accounting Officer informed me that this could result in property not being accepted where good and marketable title cannot be furnished. However, in any such case an alternative property or cash in lieu will be sought.

<sup>53</sup> Two further properties were rejected, as good and marketable title could not be established and €0.5 million was received in lieu.

**Figure 6.6 Profile of Post-Agreement Property Transfers at 30 June 2010**

Transferee	Total Properties	Properties Fully Accepted	Cash in lieu	Total Value of Properties €	Value of Properties Finally Accepted €	Value of Properties Remaining €
DES	6 <sup>a</sup>	2	1	5,657,000	1,465,000	4,192,000
HSE	27 <sup>b</sup>	10	1	16,754,730	4,329,065	12,425,665
Local Authorities	1	1		8,900,000	8,900,000	-
OPW	1	-		1,270,000	-	1,270,000
	<b>35</b>	<b>13</b>	<b>2</b>	<b>32,581,730</b>	<b>14,694,065</b>	<b>17,887,665</b>

Source: Analysis by Office of the Comptroller and Auditor General

Notes:

- a Includes one property subsequently rejected, as good and marketable title could not be established. A cash contribution of €412,665 was received in lieu of this property.
- b Includes one property subsequently rejected, as good and marketable title could not be established. A cash contribution of €101,600 was received in lieu of the property.

6.26 In summary, just 58% of the value of property designated for transfer has been received in full as shown in Figure 6.7. The process has been particularly slow with the transfer of properties to the HSE where only 42% of all properties have been fully and finally accepted. Delays can be attributed to issues related to title, planning, outstanding documentation, incomplete transfers and leasing issues.

Figure 6.7 Summary of Property Transfers at 30 June 2010

Transferee	Total Properties	Properties Fully Accepted	Cash in lieu	Percentage Completed	Total Value of Properties €	Value of Properties Finally Accepted €	Value of Properties not yet Accepted €
DES	15 <sup>a</sup>	9	2	73%	13,855,045	9,013,045	4,842,000
HSE	31 <sup>b</sup>	12	1	42%	18,110,230	5,169,065	12,941,165
Local Authorities	4	3		75%	12,415,000	12,165,000	250,000
Voluntary Associations	13	9		69%	17,769,300	10,617,000	7,152,300
OPW	1	-		0%	1,270,000	-	1,270,000
	<b>64</b>	<b>33</b>	<b>3</b>	<b>56%</b>	<b>63,419,575<sup>c</sup></b>	<b>36,964,110</b>	<b>26,455,465</b>

Source: Analysis by Office of the Comptroller and Auditor General

Notes:

- a Includes two properties subsequently rejected, as good and marketable title could not be established. Cash received in lieu of properties totalled €2,412,665.
- b Includes one property subsequently rejected, as good and marketable title could not be established. Cash received in lieu of this property totalled €101,600.
- c Currently, a potential shortfall of €160,000 is projected between the value of the properties to be transferred and the total amounts due under the Agreement. This is subject to change if good and marketable title cannot be realised on certain properties. The intention is that any shortfall will be recovered in full at the end of the process by way of property or cash contribution.

6.27 While all property, including those not yet accepted have been taken into possession, 53 properties are in use, seven are not in use, and one property has been sold by the transferee.

6.28 I asked the Accounting Officer what steps have been taken to expedite the completion of the transfer of the remaining properties and to ensure compliance with the terms of the Indemnity Agreement. I also asked her whether she is satisfied that the terms and conditions of the Agreement have been complied with in all instances where the transfer process has been completed, namely in relation to state grants, restrictions on transfer or alienation of property, good and marketable title and adherence to valuation requirements set out in the Agreement.

6.29 She informed me that regular meetings are continuing with the Department, the Attorney General's Officer and the CSSO to finalise the transfer process under the Indemnity Agreement and that a shared database is constantly reviewed and updated. Department officials also continue to engage with the religious congregations, the HSE and various voluntary bodies in order to complete outstanding requirements under the terms of the Agreement. Due to the difficult nature of the transfers and the Indemnity Agreement requirements she informed me that it was impossible to accurately anticipate when the process would be completed for the remaining 28 properties but that the Department was committed to completing the process expeditiously.

6.30 While the issue of whether property valuations took account of state grants is under review, she informed me that on the matter of the legality of transfer or alienation of property by the congregations where that property had been previously transferred to voluntary organisations, the CSSO had advised that the 25 year restriction should be amended to a 21 year restriction so as not to offend the law on restricting alienation. She stated that this 21 year restriction was implemented through a Deed of Covenant, which all parties agreed to and is legally enforceable.

6.31 The Accounting Officer further informed me that the Department only accepts property where the CSSO advises that good and marketable title is available on the property. Where this title does not exist, the Department seeks an alternative property or cash in lieu. On the matter of shortfalls between the value of the properties to be transferred and the total amount due under the Agreement, the Accounting Officer informed me that the final shortfall (or surplus) will not be known until all properties are completed under the terms of the Indemnity Agreement. Once this amount is ascertained<sup>54</sup> the Congregations will be notified in writing within the six month deadline provided for in the Agreement and arrangements will be put in place to address the issues in line with the provisions under the Agreement.

### **Education Fund**

6.32 Under the terms of the Agreement, an amount of €12.7 million for an education fund was made available (by the congregations) to be used by the State for educational programmes for former residents of certain institutions<sup>55</sup> and their families.

6.33 The education fund is held in an investment account managed by the National Treasury Management Agency (NTMA). The value of this fund at 31 December 2009 after taking account of interest earned was €5.4 million. At 31 March 2010, the value of the fund was almost €4.8 million.

6.34 On 17 February 2006, the Minister for Education and Skills established a statutory body – the Education (Former Residents of Certain Institutions for Children) Finance Board (EFB)<sup>56</sup> to administer the fund. An ad hoc Committee managed the fund until the legislation was in place.

6.35 The functions of the EFB are to

- determine and publish the criteria for the payment of grants
- pay grants to former residents of institutions and their relatives to assist them in availing of educational services
- provide information in relation to educational services for which grants are payable.

6.36 Under legislation<sup>56</sup>, the EFB may offer funding to eligible people to avail of such educational services as the EFB may determine. Funding is offered for a range of approved courses.

- Adult Education, Life Skills, Post Leaving Certificate, Undergraduate and Post-graduate courses.
- Personal Development and Lifestyle courses, Driving Lessons, Literacy courses and One-to-One tuition.
- Primary, post-primary school support programmes.

6.37 As provided for in the 2005 Act, the EFB has devised a set of criteria against which funding allocations are evaluated. Arrangements are in place to review the criteria from time to time (usually annually). The criteria were last reviewed during 2010 to reflect emerging patterns in grant applications and expenditure.

<sup>54</sup> The current shortfall identified is €160,000.

<sup>55</sup> These are the institutions specified in the Schedule to the Redress Act, 2002.

<sup>56</sup> The EFB was set up under the Commission to Inquire into Child Abuse (Amendment) Act, 2005.

6.38 At the end of 2009, just over 60% of the fund had been spent. In the region of €8.4 million<sup>57</sup> had been spent in grants<sup>58</sup>. A further €850,000 had been spent on administration costs. A profile of the fund's activities since its inception is shown in Figure 6.8.

**Figure 6.8 Education Fund**

	€	€
<b>Income</b>		
Contribution	12,700,000	
Interest Earned	<u>1,858,569</u>	14,558,569
<b>Less Expenditure</b>		
Grants Paid	(8,356,062)	
Administration Costs	(850,858)	(9,206,920)
<b>Fund Balance at 31 December 2009<sup>a</sup></b>		<b>5,351,649</b>

Note:

- a Based on current expenditure trends, the Chairperson of the EFB estimates that funds available to it will be committed prior to the end of 2011 or shortly thereafter.

6.39 In the period 2006 – 2009, the EFB has approved 5,532 applications of which 75% relate to former residents and their relatives resident in Ireland. A further 21% are resident in the UK while the remaining are resident in other locations around the world. The distribution of approved grants for the same period was as follows

▪ Former residents	25%
▪ Spouses of former residents	4%
▪ Children (including step children)	60%
▪ Grandchild/Other	11%

6.40 The EFB carried out an extensive examination of its grants system for the academic/school year ending 31 August 2009. It found that

- 18% of those in receipt of grants to pursue higher education programmes (i.e. at a level equivalent or higher than Level 7 in the National Framework of Qualifications) were former residents while 82% were relatives
- 31% of the funding allocated to higher education programmes was received by former residents and 69% was received by relatives
- the average grant for these purposes was €3,009 for former residents and €2,236 for relatives reflecting the higher limits provided in the Board criteria for former residents
- 52% of applicants in the year were under 26 years of age, 38% were aged between 26 and 54 and 10% were over 55 years

<sup>57</sup> This includes €2.48 million incurred under an ad hoc scheme which operated from 2003 prior to the establishment of the EFB on 17 February 2006. In this period administrative costs were not charged to the fund.

<sup>58</sup> This includes fees and course assistance.

- 26% of all funding for the year was allocated to former residents while 74% went to relatives
- 72% of the funding was for Higher and Further Education with 28% being for other courses including 10% for personal development and lifestyle courses and 4% for driving lessons.

6.41 The Accounting Officer has stated that the EFB will continue for as long as there are funds to meet the demands of former residents and their families for grants to access educational programmes. Consideration will also be given to its future in context of the legislation establishing a Statutory Fund.

### ***Counselling and Support***

6.42 The Agreement also catered for the provision of counselling and other support services to the value of €10 million. The Department has confirmed that counselling to the value of €10 million has been provided. The Department received documentation from the congregations' legal advisers to support contributions totalling €10.5 million made by the 18 contributing congregations to Faoiseamh<sup>59</sup> in the period 11 May 1999 to 31 December 2006. The documentation includes a statement from Faoiseamh's auditors to this effect. The Department informed me that it received further confirmation from Faoiseamh that contributions received from the 18 congregations at 31 December 2009 was over €13.9 million.

### **Recent Developments**

6.43 Following government discussions with the religious congregations they have indicated a willingness to provide additional contributions which they have valued at €348.51 million (inclusive of cash and property) towards the final cost of redress. The Government is proposing to utilise the cash element — €10 million — to establish a Statutory Fund and is consulting with the former residents on its set up and utilisation. Further discussion including more detailed work is required in relation to the property offers made by the congregations.

6.44 The Accounting Officer has informed me that, having considered a report of an independent panel appointed to assess statements of their affairs submitted by the congregations and the response of the congregations to that report, the government's view is that the overall costs of the response to residential institutional abuse should be shared on a 50:50 basis between the taxpayer and those responsible for the residential institutions. Assuming that the congregations' offers of contributions are fully realised, their collective contribution including the €128 million from the 2002 Agreement, would be over €476 million, leaving a target of over €200 million to reach the 50% share of the overall estimated cost of €1.36 billion. The Government has requested that additional contributions be provided to the greatest degree possible in cash as a contribution to the planned National Children's Hospital. The Department is engaging with each of the congregations in relation to their current offers and how the objective of a 50:50 sharing of the overall costs will be achieved.

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<sup>59</sup> Faoiseamh is funded by the Congregation of Religious Orders in Ireland and by a number of Catholic dioceses. It provides telephone counselling and a counselling and psychotherapy referral service for adults who as children were abused by religious or diocesan clergy.

## Conclusions – Contribution

Under the Indemnity Agreement signed in June 2002, the religious congregations agreed to make a contribution of €128 million towards the cost of the redress scheme. This Agreement is now in place eight years. Cash of over €54 million has been received. The completion of legal arrangements in the case of 28 properties valued at €26.5 million remains outstanding. All property, including those not yet accepted have been taken into possession. Of these, 53 properties are in use, seven are not in use, and one property has been sold by the transferee.

## Survivor Group Funding

6.45 As part of a programme to assist people who were victims of institutional abuse, a National Office for Victims of Abuse (NOVA) was set up in 2001. The purpose of the Office was to provide support, advice and assistance in an impartial and fair manner to those who were abused in institutional care. It was envisaged that NOVA would be a paying agency that would channel departmental funds to survivor groups. However, only a small number of survivor groups joined NOVA. Following a review by consultants engaged by the Department and the HSE, a decision was taken to close NOVA in September 2006.

6.46 The Department has been providing funding to Survivor Groups since 2001. In the period 2001 – 2009, the Department has provided almost €1.6 million to those groups<sup>60</sup>.

6.47 Allocations are made taking account of an assessment of activities in order to ensure that they come under the broad heading of information and referral services and accounting terms and conditions are set with particular emphasis on the production and retention of receipts and audited accounts. Each group is required to confirm that they accept the terms and conditions of the funding. Funding is drawn down on a staggered basis. In the case of two survivor groups the Department uses the local Vocational Educational Committee (VEC) to channel and oversee the funding provided.

6.48 Eleven groups (six based in Ireland and five<sup>61</sup> outreach services based in the UK) have received funding in that period. In addition, the Department has funded the operation of the information and tracing service since 2002. An annual fee is also paid to the Federation of Irish Societies in London to facilitate communication between the Department and UK based services.

6.49 In the light of a recent HSE report which found inadequacies in governance arrangements in one group, the Department is consulting with the HSE in light of the findings and further funding of the organisation is dependent on a satisfactory outcome to this process.

6.50 Funding is available to survivor groups from other departments and state agencies and some groups have received funding from more than one source. Most of this funding has been provided by the HSE and prior to its set up by the Department of Health and Children. The source and the primary objective of state funding to survivor groups are set out in Figure 6.9. It is

<sup>60</sup> This includes a total of €0.98 million paid to NOVA and €4.3 million for the information and tracing service, Origins.

<sup>61</sup> One of these services closed in 2008.

estimated that in the region of €34 million has been provided to or on behalf of survivor groups in the period 2001 - 2009<sup>62</sup>.

**Figure 6.9 Survivor Group Funding, by State Agency (2001 – 2009)**

State Agency	Funding 2009	Cumulative Funding to 31 December 2009	Primary Objective of Funding
	€m	€m	
Department of Education and Skills	0.99	11.60 <sup>a</sup>	To support groups in the provision of an information and referral service.
HSE	3.04	16.79 <sup>b</sup>	To enable the provision of a range of support services, including payment of rent, associated office costs and a contribution towards the provision of an outreach centre.
Department of Health and Children <sup>b</sup>	-	4.31 <sup>c</sup>	Provision of outreach services in the UK, funding towards counselling referrals and support services, office and accommodation related costs.
Department of Environment, Heritage and Local Government	-	1.39 <sup>d</sup>	Building Project - provision of 10 units of accommodation for homeless people.
Department of Foreign Affairs	-	<sup>e</sup>	Existing Irish community infrastructure was used to initiate specialised outreach, information and counselling services to survivors residing in the UK. <sup>f</sup>
<b>Total</b>	<b>4.03</b>	<b>34.09</b>	

Notes:

- a Amounts paid by the Department include all amounts inclusive of payments to Barnardos for the Origins service and the annual fee paid to the Federation of Irish Societies in London.
- b Payments to support groups were transferred to the HSE from the Department of Health and Children during 2005.
- c This covers funding provided by the Department either directly or through the former health boards in the period 2000 – 2004 including National Lottery Grants of €288,092. Amounts totalling €1.4 million for 2005 payments are not included. It is understood that this funding was channelled through the former health boards and is recorded in the HSE's total funding of €16.79 million.
- d Money paid through Cork County Council. The Department is not aware of any other instance of funding provided by it to, or sought from it by a survivor group.
- e Once off grant of €7,000 provided in 2003 to an Irish based survivors group.
- f Irish community organisations that have received funding for survivor outreach services have also received funding from the Department of Foreign Affairs for non-survivor related projects under the Emigrant Support Programme (ESP). These services may also be availed of by survivors of abuse. In the period 2001 – 2009 almost €9 million has been paid out to UK organisations under the ESP.

6.51 Both the HSE and the Department provided survivor group funding in 2009. Most of this funding (75%) was channelled through the HSE. The Accounting Officer for the HSE informed me that since 2006 the HSE has a formal service/grant arrangement with each of the groups funded which is signed by both parties. This agreement is drawn up annually following a review of the

<sup>62</sup> Includes amounts provided by the Department of Health and Children in 2000 in the region of €98,000.

services provided in the previous period, the level of access to the services, the proposed service provision for the following year and the changing needs of both the group and the survivors accessing it.

6.52 The HSE has monitoring procedures in place to ensure that the funding is used for the purpose intended, including the submission of audited accounts. The Accounting Officer informed me that no instances have come to light in the period under review where funding was found not to have been applied for the purpose intended. The HSE has also established a direct relationship with the Department of Education and Skills to help avoid duplication of funding.

6.53 In the context of the continued funding of survivor groups both the Department of Education and Skills and the HSE stated that any future funding of the survivor groups be sourced from the Statutory Fund.

### **Conclusion – Survivor Group Funding**

In the period 2001 to 2009 it is estimated that in the region of €4 million had been provided to or on behalf of survivor groups. 60% of this funding has been channelled through the Department of Health and Children and the HSE. Consideration should be given to creating a central liaison unit to monitor funding for survivor groups to facilitate joined-up management and effective oversight arrangements.

### **Overall Conclusions**

The likely cost of the redress scheme for victims of abuse in residential institutions is now put at €1.1 billion. The bulk of the contribution of religious congregations agreed with the State has been provided by way of cash or property. While final title to 28 properties is still being established the transferees are in possession of them and all but seven properties have been brought into use.

The indemnity has cost the State €8 million in cases finalised to date. However, there is a contingent liability arising out of 157 cases still awaiting resolution. The Accounting Officer stated that the majority of those cases are likely to be resolved through the Redress Board process or have been inactive for a long period.

€ million of the Education Fund established as part of the arrangements has been applied on behalf of survivors and their families. 60% of the grants have gone to survivors' children.

€4 million has been paid by way of assistance to voluntary survivor groups.

At a suitable juncture, it would be useful to examine the effectiveness of outreach and support provided to survivor groups including the extent to which these initiatives penetrate through to the underlying needs.

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## **Abbreviations**



## **Abbreviations**

<b>AIT</b>	<b>Athlone Institute of Technology</b>
<b>BMW Region</b>	<b>Border Midland and Western Region</b>
<b>DCU</b>	<b>Dublin City University</b>
<b>Department</b>	<b>Department of Education and Skills</b>
<b>DIT</b>	<b>Dublin Institute of Technology</b>
<b>DKIT</b>	<b>Dundalk Institute of Technology</b>
<b>DRHEA</b>	<b>Dublin Region Higher Education Alliance</b>
<b>ERDF</b>	<b>European Regional Development Fund</b>
<b>GMIT</b>	<b>Galway Mayo Institute of Technology</b>
<b>HEA</b>	<b>Higher Education Authority</b>
<b>IOTI</b>	<b>Institutes of Technology Ireland</b>
<b>IT Tralee</b>	<b>Tralee Institute of Technology</b>
<b>ITB</b>	<b>Institute of Technology, Blanchardstown</b>
<b>ITS</b>	<b>Sligo Institute of Technology</b>
<b>IUA</b>	<b>Irish Universities Association</b>
<b>LIT</b>	<b>Limerick Institute of Technology</b>
<b>LYIT</b>	<b>Letterkenny Institute of Technology</b>
<b>Minister</b>	<b>Minister for Education and Skills</b>
<b>MIS</b>	<b>Management Information Systems</b>
<b>NUIG</b>	<b>National University of Ireland, Galway</b>
<b>NUIM</b>	<b>National University of Ireland, Maynooth</b>
<b>SIF</b>	<b>Strategic Innovation Fund</b>
<b>Tallaght IT</b>	<b>Institute of Technology, Tallaght</b>
<b>TCD</b>	<b>Trinity College Dublin</b>
<b>UCC</b>	<b>University College Cork</b>
<b>UCD</b>	<b>University College Dublin</b>
<b>UL</b>	<b>University of Limerick</b>

<b>WBL</b>	<b>Work Based Learning</b>
<b>NEWB</b>	<b>National Education Welfare Board</b>
<b>CIT</b>	<b>Cork Institute of Technology</b>
<b>FETAC</b>	<b>Further Education and Training Awards Council</b>