

VOTE 19 - OFFICE OF THE MINISTER FOR JUSTICE, EQUALITY AND LAW REFORM

15. Irish Council of People with Disabilities

The Irish Council of People with Disabilities (the Council) is an independent State funded body established in January 1997 and funded through the Vote for the Office of the Minister for Justice, Equality and Law Reform. The Council was established on an interim basis primarily to support local disability networks and to oversee the establishment of a permanent Council. Funding of the interim Council for 1997 and 1998 amounted to £398,000 and £876,000, respectively. The interim Constitution which governed the affairs of the interim Council expired on 31 December 1998 without the interim Council having completed its work on the introduction of a permanent Constitution and elected Council, due to be in place on 1 January 1999.

In line with the Constitution of the interim Council the accounts were subject to audit by a private firm of auditors. The accounts for 1997 and 1998 had not been certified by the auditors by 31 August 1999.

During 1998, the Department became concerned with apparent serious deficiencies in the Council's financial management and its credibility. The documentary evidence available to the Department suggested failure on the part of the Council to follow proper accounting procedures and a very unsatisfactory approach to expenditure control, including:

- The high level of expenditure incurred by individual Board members and the apparently inordinate amount of travel by some Board members.
- The high costs incurred in the engagement of legal services to no apparent advantage.
- The very high level of settlement reached on the termination of employment of a former CEO.
- The failure on the part of the Council to recover from the relevant international organisations the travelling and subsistence expenses which it advanced to its delegates for attendance at meetings of these organisations.
- Advances made to bodies although they were in significant credit at the time and had not submitted expenditure plans.
- Decisions on the allocation of significant funds which appeared to have been made in an informal manner and, on occasions, by individual Board members.

The Department advised the Council of its concerns in June and July 1998 pointing out that, at local level, there was little evidence that the Council had been involved with the local disability networks other than handing out money and computers. There had been suggestions that the networks were suffering from lack of leadership, motivation, direction and training by the Council. The Department concluded that the credibility and reputation of the Council had been seriously damaged and directed the Council to take remedial action. This included the appointment, in consultation with the Department, of a full time Chief Executive Officer with an appropriate level of authority and an agreed job description, the installation of proper financial controls precluding expenditure without the proper authority, the establishment of sub-committees to liaise with the Department on the

Council's operations and the provision of proposals and a time frame for the establishment of a permanent Council.

In September 1998, following receipt of information from a senior official of the interim Council about particular payments, the Accounting Officer instructed the Department's Internal Audit Unit to carry out an immediate audit investigation of the interim Council's financial affairs under the following terms of reference:

- To examine the financial records of the organisation with a view to establishing the credibility of the internal controls and procedures which give assurance that all expenditure is in accordance with good accounting practice and
- To examine the payment of salaries and expenses to the Council's Administrator and the agreements, conditions of employment and resolutions of the Board to support these payments.

The draft report prepared by the Department's Internal Audit Unit, was critical of the manner in which the interim Council managed its financial affairs. The report was furnished in late November 1998 and circulated on a confidential basis to those people to whom reference was made and to members of the Management Board of the interim Council. They were asked to furnish any comments they might have to the Department by early December 1998. All responses received were forwarded to the Internal Audit Unit for consideration and some of these caused minor revisions to be made to the report. However, before the report could be released, legal action seeking a Judicial Review was initiated by the former Chairman of the interim Council who had resigned in June 1998. Consequently, the final report, while complete, was never issued and its contents are known only to its authors.

In response to my request for sight of the audit report, the Accounting Officer informed me that legal advice furnished by the Chief State Solicitor's Office states that it cannot be formally released to me until the legal proceedings are finalised. However, the Accounting Officer assures me that there is reason to believe that the matter can be resolved between the parties and that the audit report will be released to me then.

He also advised me that there is *prima facie* evidence to suggest that there was some misappropriation of public funds, but that this would be clarified by the audit report. In the meantime revised financial control arrangements were put in place in October 1998, immediately on receipt of a preliminary oral report from the head of the Internal Audit Unit and have operated without interruption to date.

The Accounting Officer also stated that, in January 1999, the Minister for Justice, Equality and Law Reform, on the recommendation of independent consultants, appointed a seven person Steering Group for a nine month period to oversee the establishment of a permanent Irish Council of People with Disabilities. While the Steering Group is progressing well in its work it now appears that it will be seeking an extension of time to complete its tasks. This is because of unexpected difficulties which it encountered in the course of its work and the time required by the consultative process in which it is engaged with the membership of the Council in the course of preparing a new Constitution for the Council.