

7 Catering and ancillary services in prisons

- 7.1** Catering in prisons is a significant operation that involves the procurement, storage and control of foodstuffs (including beverages), and the preparation and distribution of sufficient suitable meals and drinks daily to a prisoner population averaging just under 4,000 at 12 locations around the State.¹ These catering operations are managed by Irish Prison Service staff, and the related costs are charged to the Prison Service vote (Vote 21). In 2019, the Irish Prison Service incurred expenditure of €8.2 million on food for its prisoner population.
- 7.2** A number of related or ancillary services operate within prisons but are not funded by the Prison Service. These include mess committees that operate staff catering services, as well as prison shops (usually referred to as 'tuck shops') whose profits are transferred to a separate account for the benefit of prisoners. In addition, prisons operate accounts for prisoners' personal money. An overview of these services is presented in Figure 7.1.

Focus of this examination

- 7.3** Prisons catering for prisoner meals and mess committees frequently purchase the same types of food inputs from the same suppliers. Prison shops are managed by assigned prison officers and are expected to operate on a 'for-profit' basis. Prisoner welfare funds generated by the profits from prison shops are controlled by respective prison management. The overlaps and relationships between the services create significant control challenges for Prison Service management. This examination was undertaken to review the operation of those controls. Specifically, it sought to review
- the adequacy of arrangements for monitoring and control of catering expenditure and in particular, controls over payments for food purchases and food stocks
 - the effectiveness of agreements between the Prison Service and staff mess committees and the systems in place to monitor compliance with those agreements
 - whether prison shops operate on a 'for profit' basis and the effectiveness of oversight arrangements to ensure there is appropriate control over stock and sales
 - the arrangements in place for the use of money lodged to the prisoner welfare fund and the oversight arrangements to ensure that the funds are used appropriately for the benefit of the prison population.

¹ There are ten closed places of detention and two open places of detention.

² We intended to carry out the audit on site in Limerick Prison but this was not possible due to the COVID 19 restrictions put in place in March 2020.

- 7.4** The examination involved site visits to nine prisons to establish the local operation of catering and related services, and a desk audit² of the operation of the tuck shop and prisoners' welfare accounts in Limerick prison. In addition, the team interviewed senior members of staff in the Care and Rehabilitation and Finance Directorates in the Prison Service headquarters (in Longford), as well as carrying out a review of the processing of catering invoices for payment.

Figure 7.1 Operation of ancillary services in Prison Service

Staff catering services

The Prison Service does not normally provide meals or other refreshments for prison staff on duty. Instead, an arrangement is in place with staff representative bodies under which the Prison Service makes available facilities within eight of the prison campuses to allow voluntary mess committees to operate staff catering services. The mess committees purchase the required food and arrange for the preparation and provision of the food in prisoner work training kitchens. The purchase of supplies by the committees and other costs are funded through staff purchases of meals. The committees are responsible for their own governance and financial management, and financial statements are not published.

Prison shops

Arrangements are in place in all prisons for the operation of shops that sell a range of confectionery, soft drinks, tobacco products, toiletries, magazines and other items to prisoners. The prison shops are operated on a 'for profit' basis. Purchases are made on a cashless basis, with payment for items consumed being drawn from prisoners' personal money accounts. The shops are operated for a number of hours each day by assigned prison officers. Trading accounts for the prison shops are kept separately from the vote account, but the total of the end of year bank account balances for all prison shops is disclosed in notes to the appropriation account.

Prisoner assist programme fund

Trading profits generated in prison shops are transferred to a prisoner assist programme fund (PAPF) account controlled by the respective prison governors. The funds transferred to the PAPF are intended for use for the sole benefit of prisoners, either collectively or in individual hardship cases. These welfare accounts are not treated as part of the vote, but the total of the end of year PAPF bank account balances is disclosed in notes to the appropriation account.

Prisoners' personal money

The Prison Service operates a personal money service for prisoners while they are incarcerated. This includes daily amounts payable to each prisoner, along with any personal money they bring with them on committal, or that is contributed from time to time by others (e.g. family members) on their behalf.

The daily amount payable to each prisoner under an incentivised regimes policy in place ranges from €0.95 for the basic level to €1.70 for the standard level and €2.20 for the enhanced level. Amounts are transferred to prisoner accounts on a weekly basis and these payments are part of vote expenditure.

This money may be used at the direction of the prisoner to pay for items purchased from the prison shop. Any unspent balance remaining in the account is paid over to the prisoner on discharge or if not requested by the prisoner upon release, is transferred to the PAPF account. The personal money accounts are also not treated as part of the vote, but end of year bank balances for the accounts are disclosed in notes to the appropriation account.

Control of catering services

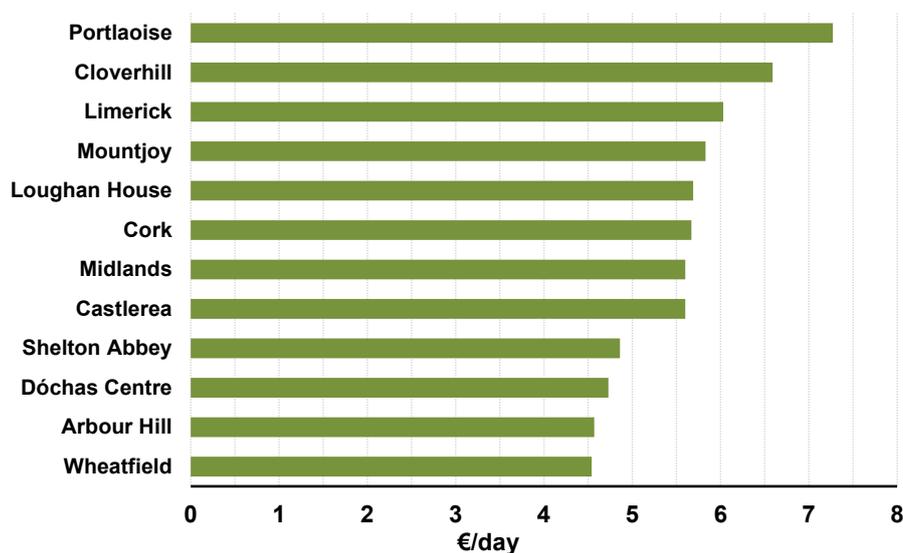
- 7.5** The Care and Rehabilitation Directorate of the Prison Service devises 28-day menu plans for use in all prisons. The key features of the menu system are as follows
- The menu is designed to deliver an average of approximately 2,500 calories for men and 2,000 calories for women daily, in line with recommendations by the Food Safety Authority of Ireland.
 - Recipes with ingredient listings and quantities for a 2,500 calorie intake per prisoner accompany the menu. The menu includes a list of supplementary dishes that can be swapped to cater for specific dietary needs or if dishes prove unpopular.
 - Each person is provided with a cereal-based breakfast, a main mid-day meal including a dessert and a lighter meal in the evening. In addition, each prisoner is provided with a daily allocation of milk and bread (half a sliced pan) together with individual portions of butter, jams and marmalade. Supplies of tea, milk and sugar are available during meal times at food serving stations.
- 7.6** With some exceptions, meals are generally consumed by prisoners in their cells.
- 7.7** Individual catering budgets are not assigned to each prison as there are no devolved budgets at prison level. The arrangements for procurement and payment are as follows
- The Office of Government Procurement, on behalf of the Prison Service, undertakes the tendering for catering supplies for Irish prisons. This results in the creation of a register of approved suppliers. Each prison orders directly from the approved suppliers.¹
 - Where appropriate, food is purchased as individual portions, for example single-serving portions of chicken or fish. Other foodstuffs, such as minced meat and diced stewing beef, are ordered by weight, having regard to recipe specifications and prisoner numbers. Food and kitchen supplies are accounted for as consumable items.
 - Foodstuffs delivered to each prison are checked to the accompanying delivery dockets and signed for. Any shortages in deliveries should be noted by the prison and a credit note sought.
 - Summary invoices supported by copies of the signed delivery dockets are sent by the suppliers to Prison Service headquarters where they are processed and paid.
- 7.8** The Accounting Officer has stated that the annual prison catering budget is ordinarily based on the previous year's expenditure and, where possible, takes into account potential price increases and likely changes in prisoner numbers. Comparative analysis is done on actual expenditure against budgeted on a monthly basis and a review of changes in prisoner population is part of that exercise.

¹ The Irish Defence Forces and the Health Service Executive avail of the same tendering process.

Cost of food per prisoner

- 7.9** In 2019, the Prison Service incurred expenditure of €8.2 million in relation to purchases of food for prisoners. This represented an increase of just under 11% on the expenditure of €7.4 million in 2018. This may be partially explained by increases in the prices of certain foods commonly purchased by the Prison Service and a 2% increase in the average daily number of prisoners from 3,893 in 2018 to 3,971 in 2019.
- 7.10** The expenditure on food for prisoners in 2019 equates to an average of €5.66 per day (just under €40 per week) per prisoner (2018: €5.23 per day). Analysis of payments for food indicates that the cost of providing prisoner meals in 2019 varied from €7.27 per day in Portlaoise Prison to €4.54 per day in Wheatfield Prison — a variance of 60% (see Figure 7.2). The recorded daily expenditure in the Dóchas Centre — a prison for women — was €4.73 per prisoner.

Figure 7.2 The daily cost of food per prisoner, by prison, 2019



Source: Irish Prison Service

- 7.11** The Accounting Officer has stated that the daily average cost of prisoner meals in 2019 (€5.66) is at a similar level to that in 2009. In relation to the variance in expenditure between prisons, she noted that organisational policy is that some changes to the 28-day menu can be made at local level for reasons of security/medical/health etc. and this may include portion sizes in excess of the recommended serving. A number of factors that would impact on the daily cost in individual prisons were noted as follows
- Prison demographics such as age profile, degree of addiction, poverty and level of homelessness can influence the quantities consumed. Typically, males in the 18 – 25 age cohort consume more than either older males or female prisoners. Catering in prisons also has to accommodate food allergies and different cultural and religious dietary requirements.
 - In Portlaoise, some prisoners have extra menu options available to them, by long standing arrangement including for historical and political reasons.
 - Cloverhill, as a remand prison, has a more transient population with higher levels of vulnerability which influences the quantities consumed in that prison.
 - Occasional official events are catered in prisons.¹

¹ For example, over the last two years Mountjoy Prison has catered events in connection with Gaisce — The President's Award and the Duke of Edinburgh's International Award; as well as a seminar on higher education in partnership with Cambridge University and a broadcast delivered in conjunction with Solas.

Training in catering

- 7.12** Meals in prison are prepared by prison staff and prisoners who are trained in food preparation (see Figure 7.3). The Prison Service informed the examination team that in October 2018, an average of 221 prisoners per day attended work and training in the main prisons and staff mess kitchens.

Figure 7.3 Prisoner training in food preparation and nutrition

Training in food preparation

Prisoner training in food preparation takes place on an ongoing basis as part of the integrated activity of prison kitchens. The individuals concerned receive training on the preparation of meals, in line with City and Guilds standards. (During 2018, 34 prisoners were registered for City and Guilds accreditation.)

Training in nutrition

In addition, there are home economics, cookery or nutrition programmes offered in the majority of prison education centres, with several classes offered each week. These courses are designed to equip prisoners with basic cooking skills and nutritional knowledge, with a view to their rehabilitation and release.

Detailed attendance numbers in prison education centres are only available on the new Prison Education Management System (PEMS) from September 2019 — data available for October 2018 only shows the number of students who attended classes in the education centres for each week but not by educational category. During October 2019, 555 prisoners participated in home economics, cookery or nutrition programmes.

Accredited training targets are not set for prisoners who engage in catering training in either home economics or prison kitchens.

Source: Irish Prison Service

- 7.13** The purchase of foodstuffs charged to the prisoner education and training budgets was reviewed as part of this examination.
- 7.14** In most prisons, the types of food products purchased for the home economics courses were similar to those used in the preparation of prison meals. While there can be situations in which additional food items may be purchased from suppliers that are not on the approved products list, it is not Prison Service policy that high value items should be used in any prison kitchens or classrooms.
- 7.15** However, there was evidence of a difference in the type of food purchased in one prison. In that case, the products purchased included a quantity of luxury items e.g. fillet steaks, rib roasts, boneless leg of lamb, prosciutto and expensive catering chocolate. The Governor of the prison concerned has now commenced an investigation to determine the circumstances surrounding the expenditure.

- 7.16** The Accounting Officer has stated that for 2018 and 2019, the cost of such items purchased in the prison was €9,302 and they were used to support the provision of cookery classes to prisoners. However, it has not been possible from the work training activity returns to Prison Service headquarters to be definitive on what activity was taking place or if there were official events catered for using some of the products listed.
- 7.17** The Accounting Officer has also stated that additional controls around ordering have since been put in place on a national basis. Where products are required outside of the approved product list for the work training and education kitchens, these are subject to approval at local level by the Assistant Chief Officer — Catering, the head teacher and/or at Care and Rehabilitation Directorate level.

Operation of controls over catering

- 7.18** The examination found there was a lack of segregation of duties in relation to catering. In most prisons, the same member of staff was responsible for placing orders, checking deliveries, storage and delivery to cooking facilities.
- 7.19** An internal audit recommendation following examinations in a sample of prisons in 2018 and in 2019 was that staff employed on stores duties are provided with training in stores management, health and safety and in the accounting processes for goods received.
- 7.20** This examination found that some prison staff lacked knowledge about procedures and policies and about the application of key operating controls in the requisitioning of food, the checking of deliveries and in stores management. In particular, weaknesses observed in the system for verification of quantities delivered raise the risk of suppliers being overpaid due to a failure to obtain due credit notes.
- 7.21** Prisons Service headquarters sends checked invoices for payment by the Financial Shared Services Centre (FSSC) operated by the Department of Justice and Equality. Internal audit noted that, in 2017, the FSSC returned 206 invoices relating to deliveries to various prisons as the invoices had already been paid.
- 7.22** The Finance Directorate monitors actual costs against budget at Prison Service level throughout the year and prepares an end-of-year financial report which analyses and compares categories of costs by prison, including catering costs. However, the examination found no evidence of either the Care and Rehabilitation Directorate or the Finance Directorate monitoring the quantity of food purchases, by prison, for prison meals and education courses against the detail in the 28-day menu and approved supplier contract prices. In addition, internal audit did not carry out any examinations of the catering functions in 2018 or 2019.

Accounting Officer's comments — operation of controls

- 7.23** The Finance Directorate provides monthly monitoring reports internally to all budget holders in Prison Service headquarters and externally to the Financial Management Committee of the Department of Justice and Equality.
- 7.24** The Accounting Officer has stated that since 2019, food ordering and quantities for the prison kitchens are now overseen by assistant chief officers.¹ Food invoices are now monitored by this officer for compliance with approved supplier contract prices and approved product lists, where these apply. Supplier contract prices are spot checked by Finance Directorate staff prior to the processing of invoices and monitoring of quantities is now carried out at prison level.
- 7.25** The duties of the assistant chief officers now also include ensuring that
- all records with regard to the catering/bakery function are kept to the required standard, and are made available to all food safety and catering/bakery operation inspections
 - the annual business plan for the catering/bakery area is developed to include targets of activity levels in the delivery of certified training.
- 7.26** The Accounting Officer noted that there are a range of written procedures which deal with processes around receipt of deliveries and control over stock as well as manuals which cover processes such as hygiene, storage and food preparation. The Accounting Officer also provided details of planned actions to improve control in this area.
- An updated comprehensive standard operating procedure for general stores management is currently being finalised by the Prison Finance Directorate with a view to roll out before the end of 2020.
 - The continuing roll-out of central requisitioning to prisons will further improve controls around ordering of goods by the use of product catalogues and system-based authorisation. This has already been rolled out to three prisons and is to be further progressed later in 2020.

Staff mess committees

- 7.27** At 31 December 2019, the Prison Service employed 3,405 staff, 94% (3,198) of whom are assigned to duties within the prisons where shift work is the standard work practice. Catering services for staff are provided through the operation of voluntary mess committees (see Figure 7.4).
- 7.28** The Prison Service has provided guidance to the mess committees, including advice on the frequency of committee meetings, the rotation of members and the maintenance of a secure financial accounting system. Specific requirements from the guidance include
- mess committee bank accounts must be separate from prison bank accounts and require not less than two signatures for payment of invoices
 - requisitions from suppliers must be made separately from prison requisitions
 - credit from suppliers should not exceed one month
 - sales prices must cover all costs associated with operating the mess committee — costs must not be charged to the prison vote
 - menus are finalised in conjunction with work and training officers.

¹ The online or paper order pads used by prison-based staff to order food items included on the 28-day menu have fixed fields for food prices (consistent with agreed contract prices), so only the quantities ordered may vary. Approval is required at an appropriate level prior to ordering items not on the approved product list.

Figure 7.4 Staff catering in prisons

Voluntary mess committees established in 2012 currently operate in eight prisons. (Mountjoy Prison and the Dóchas Centre share the same facility and there are no mess canteens in Arbour Hill, Shelton Abbey or Loughan House). The mess committees operate as separate and independent entities from the Prison Service (see Annex 7A).

Staff areas within prisons, including staff messes, are generally located in buildings within the prison complex but detached from where prisoners are housed and prison meals are prepared. Staff messes incorporate food preparation and storage facilities.

The committees utilise prison kitchen facilities, separate from the main prison kitchens, to provide staff meals under a work training opportunity for prisoners. Separate to food ordered by the Prison Service for the delivery of prisoner meals, mess committees can purchase food from the approved supplier lists at prices agreed under Prison Service contracts.

The mess committees have responsibility for payment for the food used in the preparation of staff meals and for setting sale prices to achieve break-even in their operation. The type and number of meals prepared are decided locally with reference to the requirements of staff.

Source: Irish Prison Service

- 7.29** Trading accounts for the mess committees are not provided to the Prison Service and no financial detail is provided in notes to the appropriation account. From information requested from the mess committees, the Prison Service has collated for 2018 and 2019 annual receipts and end of year bank balances for each mess committee. In 2019, receipts totalled €1.4 million and at the year-end, mess committees had bank balances totalling just over €98,000 (see Annex 7B).
- 7.30** The governance advice provided to the mess committees does not constitute a formal agreement setting out the respective roles and responsibilities of both parties. It does not, for example, set out how the Prison Service can get assurance that none of the food used in the provision of staff meals is a charge on the prison vote, that good accounting records are maintained or that prices are set at a level to recover costs. It is also silent on such matters as cash handling, insurance and taxation.
- 7.31** The need for the Prison Service to get assurance on the operation of the mess committees is all the more important when weaknesses exist in the requisitioning of food supplies for the main prison kitchens, in food stores management and in the payment of supplier invoices.

Accounting Officer's comments

- 7.32** Mess committees are responsible for setting prices, making payments, cash management, financial/procurement controls, procedures and reports and liaising with outside bodies including the Revenue Commissioners etc.
- 7.33** The Prison Service has engaged with each mess committee to remind them periodically of their governance obligations and to reinforce to the committees their responsibilities for adherence with policies, procedures, controls and Revenue regulations.

- 7.34** Notwithstanding this, the Prison Service is currently undertaking a review of the governance arrangements in place between the Prison Service and the mess committees. It will include clarifying respective responsibilities (jointly and separately) and the assurances required from the committees to Prisons Service headquarters for the continued operations.
- 7.35** During 2019, a submission was made to the Revenue Commissioners in relation to clarifying the VAT status of mess committees following which there were meetings and an examination of records at Mountjoy Prison, and follow-up information was provided. In July 2020, the Revenue Commissioners determined that mess committee activities are not subject to VAT.

Operation of prison shops

- 7.36** Each prison operates a shop facilitating the purchase of a range of items including confectionary, cigarettes, soft drinks and toiletries. The procedures for the shops specified by the Prison Service are set out in Figure 7.5.

Figure 7.5 Prison shops operating procedures

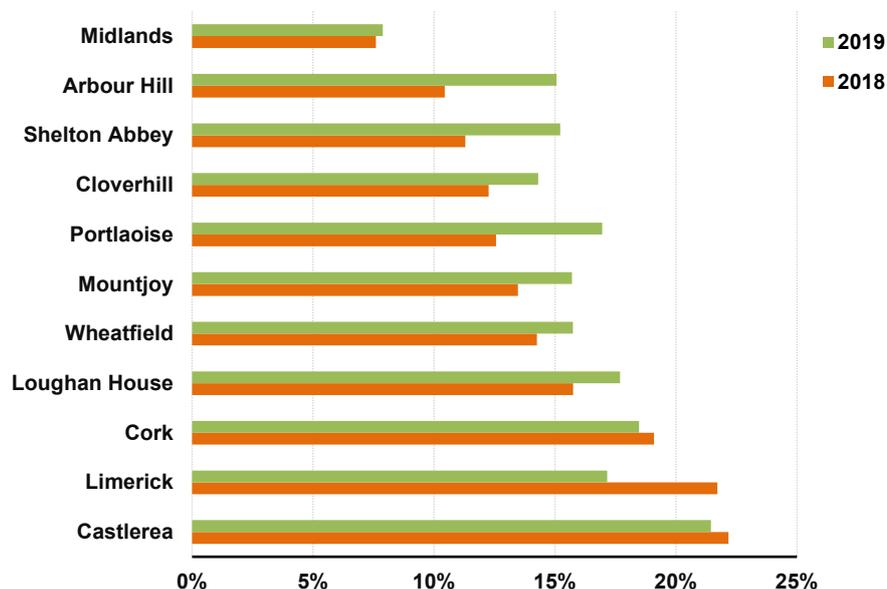
Stock purchases, with the exception of certain items including fruit and newspapers, must be procured from an approved supplier at wholesale prices and with bar codes for scanning based on normal recommended retail prices.

Cash is not exchanged for purchases by prisoners. Payment for items purchased, recorded by scanning the bar codes, is deducted from individual prisoner account balances. The payments are transferred monthly to the shop bank account, and suppliers are paid from the account. Staff purchases from the shops, which were cash transactions, ceased to be permitted in April 2019.

A separate bank account is operated for each shop and a monthly stock-take of the shop inventory is performed. This provides the basis for calculating gross profit earned.

Source: Irish Prison Service

- 7.37** In 2019, turnover across all the prison shops totalled nearly €7 million. The gross profit recorded across all the shops in 2019 was €1,040,000 (2018: €926,000). This equates to an average gross profit margin of 15%, up from 14% in 2018. However, the margins varied widely, from about 8% in the Midlands Prison to 21% in Castlereagh Prison (see Figure 7.6). The profit margin increased in a number of prisons between 2018 and 2019.
- 7.38** Each prison shop is independently managed. The Accounting Officer has stated that about 95% of all goods are purchased from the central supplier with the balance being purchased from local suppliers. This latter category of goods may be sold to prisoners at a low or nil profit margin, which would impact the gross profit earned.
- 7.39** The Prison Service informed the examination team that an internal audit examination has been requested to review the records in the Midlands Prison, given the comparatively low gross profit percentage reported.

Figure 7.6 Gross profit margin for prison shops, by prison, 2019 and 2018

Source: Irish Prison Service

Operation of controls over prison shops

- 7.40** As part of this examination, the operation of a number of key controls was reviewed. This included stock control, preparation and review of accounts and bank reconciliations, profitability of shops and control over cash.

Stock control and control over purchases

- 7.41** The operation of stock control systems is a key control mechanism for any trading activity and without it there is a deficit of information to explain variances in gross profit earnings. Policies and procedures set by the Prison Service do not require local prison management to record the quantities of merchandise purchased and sold, or to produce stock listings for comparison with physical stock on hand.
- 7.42** A modern ICT based system is in place for the scanning and recording of sales. All other functions have manual based processes from the ordering of stock to the payment of supplier invoices and the counting of stock at month end. The Accounting Officer has stated that while there is no facility to record incoming quantities on a product by product basis, it is possible to track movement of quantities based on purchase invoices, delivery dockets, point of sale system records and the monthly stock counts.
- 7.43** The Accounting Officer has acknowledged that the stock control systems are in need of modernisation which should include the introduction of an end-to-end, product by product, bar coded ICT based system. The Prison Service expects that the tender process to procure a new multi-site stock management system will commence before the end of 2020.

- 7.44** A review of items purchased by prison shops as part of this examination identified a number of issues.
- Some items sold in the prison shops were not purchased from approved suppliers, including Xbox players and games. The Accounting Officer has stated that the Xbox players supplied met specifications determined by the prisons concerned and that the normal communications capability of the players was disabled. Sales prices for these products are agreed locally.
 - The examination found that, contrary to the stated Prison Service procedures, invoices for supplies to prison shops were not date stamped and no evidence was found of checking to delivery dockets and price lists before payment. Previous financial spot checks/internal audit reports had identified issues, including non-date stamping, and raised them with prison management. However, prison management have stated that checking of delivery dockets to price lists is carried out before payment is issued.
 - The examination found a number of cases where there were payments from the shop bank account for items unrelated to the purchase of stock. These included €14,533 spent on flooring in Mountjoy prison; and the purchase of a till register in the Midlands prison. The examination team was informed that all of the items identified were directly related to the delivery of the prisons shop service.
 - The examination team was also informed that payments from the shop accounts for diesel and parking fees in Portlaoise and Cork prisons were to reimburse staff for costs incurred for journeys made to purchase stock from local suppliers.
- 7.45** The Accounting Officer has stated that it was permitted to pay expenses related to the operation of the prison shops from the shop bank accounts. However, in the interests of consistency and to simplify the comparison of gross profit percentage between locations, it has recently been decided to remove the option of purchasing non-stock items from the prison shop bank accounts.

Accounts and bank reconciliations

- 7.46** There can be delays in the preparation and submission of required monthly accounts for the prison shops to Prison Service headquarters. These accounts are intended to record values for opening stock, sales, purchases, closing stock and gross profit earned. In 2018 and in 2019, on average 78% of the monthly accounts were submitted within one month of the due date.
- 7.47** Until the accounts are prepared, there is no basis for calculation of the shop gross profit. This can have an adverse knock-on effect on the timing of funding available to some of the prisoner welfare (PAPF) accounts.
- 7.48** No monthly income and expenditure accounts were submitted to the Finance Directorate from May 2018 to December 2018 due to resourcing issues in one prison. The monthly accounts for all of the missing periods, and from January 2019 to December 2019, were subsequently completed with the assistance of the Finance Directorate.

- 7.49** The examination also found there was late preparation and submission of monthly reconciliations of the shop bank accounts to Prison Service headquarters. We noted deficiencies in the process followed in the preparation of the bank reconciliations, including a number of examples where the bank balance was not reconciled to the accounting records. The examination team were informed that this can occur occasionally because the template used does not provide a specific line item for lodgements in transit at the period end. A new template which resolves this issue has now been rolled out and training has been delivered.
- 7.50** The accounting records submitted to the Prison Service did not always show evidence of review by the prison governors in accordance with procedure. The Accounting Officer has stated that with the planned implementation of an ICT based integrated financial system, such monthly processes at prison level will not be required in the future. In the interim, the Finance Directorate will issue a reminder to governors of the requirement to review all accounts prior to submission to Prison Service headquarters.
- 7.51** Resource limitations can be an issue both at prison level and at headquarters and the manual nature of the process hinders proactive analysis.

Payment to supplier

- 7.52** The examination found that the shop in Cloverhill prison had built up a debt of around €95,000 to an approved supplier which was being repaid in tranches in 2017 and 2018. This issue was identified by the Finance Directorate during an on-site financial control spot check in 2016. That examination found that the debt had built up over a number of years, since at least 2013, by a combination of overstated profits due to accounting errors and transfers to the prison's PAPF account of amounts greater than the actual net surplus. Action was taken at the time to rectify the situation including stopping payments to the PAPF account until the debt was cleared. The debt has now been fully discharged.

Control over cash

- 7.53** Up to April 2019, staff could make purchases from the prison shops on a cash basis. The examination found that a practice operated in two prison shops during the period under review where all or part of the receipts from such cash sales to staff had not been lodged to the shop bank account. In one prison, the receipts were used to purchase stock items from local suppliers.¹ In the other, the cash received was left in the custody of the governor and used at his/her discretion. In both prisons, the records maintained to record how the cash was spent were incomplete. These practices may also have resulted in risks of erosion of the shops' trading profits. Since April 2019, cash purchases by staff are no longer permitted.

- 7.54** The Accounting Officer has stated that cash purchases from local suppliers are generally low in number and value and can arise where prison shops have difficulty in sourcing certain products for prisoners.

¹ Local suppliers are used for certain products (e.g. fruit, personal hygiene products, magazines etc.) which prisoners purchase in the prison shops.

Prisoner assist programme funds

- 7.55** Profits generated in prison shops are transferred to prisoner assist programme funds (PAPFs) intended to support projects for the sole benefit of prisoners. There are 11 funds for 12 prisons — there is one fund for the Mountjoy complex.¹ The Prison Service has established standard operating procedures for the operation of the PAPFs (see Figure 7.7).

Figure 7.7 Operation of prisoner assist programme funds

Prison Service procedures require each governor to prepare an annual plan outlining expected PAPF income and expenditure, with costed project and programme proposals, based on business objectives and priorities. In advance of finalising their annual plans, governors are required to consult with the Estates Directorate and the Care and Rehabilitation Directorate to check that proposed projects and programmes complement and do not duplicate actions planned by those directorates.

In quarter one each year, the Finance Directorate in Prison Service headquarters requests the annual plans to enable further reviews which seek to ensure there is no duplication of activities funded by the voted expenditure and that detailed consultation occurs for any capital or equipment purchases. If follow-up is required in relation to individual plans, the Finance Directorate engages further with the relevant governor. Initiatives of the Director General e.g. allocations to charity or to community return programmes, may be directed to be incorporated into the plans.²

Updated procedures in September 2018 removed the requirement for the Director General to approve the annual plans on the basis that it was considered unnecessary and had no material impact on risk.

The Prison Service procedures also require the preparation of quarterly expenditure reports and bank reconciliations for each of the PAPF accounts. These are to be signed off by the respective prison governors and submitted to Prison Service headquarters.

Prison Service procedures in place up to September 2018 set out a number of restrictions on how the funds in the PAPF accounts were to be used.

- Expenditure must be in accordance with the approved annual plan of expenditure, and comply with Prison Service procurement policy and, where applicable, with the Department of Public Expenditure and Reform capital appraisal guidelines.
- Funds must not be used to make payments to providers of services to prisoners or in respect of staff activities or associations or any other operations not directly for the benefit of prisoners or their families.
- Other than in exceptional circumstances, PAPF balances carried over from one year to the next may not exceed 10% of the profits transferred from the relevant prison shops. Requests to carry over in excess of the 10% limit must be submitted for approval of the Director of Finance.

In relation to the restrictions above, the current procedures (implemented with effect from September 2018) state that the PAPF must not be used to make payments to service providers used on a regular basis (e.g. barbers, gym instructors etc.); and do not set a limit on amounts that can be carried over.

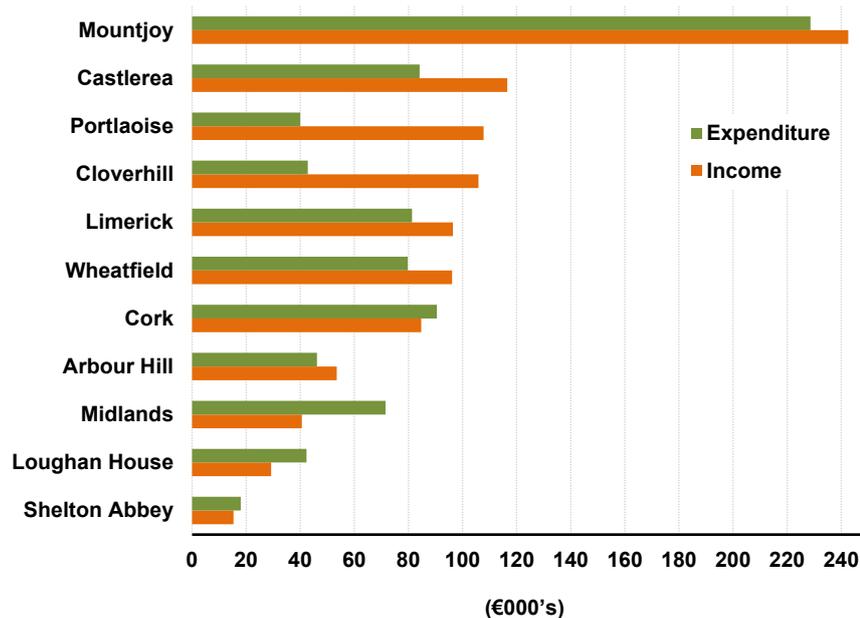
¹ As the funding mainly comes from prison shop profits and there is a single prison shop for Mountjoy and the Dóchas Centre, there is also a single PAPF covering both prisons.

² Community return is an incentivised scheme for the supervised temporary release of qualifying prisoners who complete unpaid community work as a condition of their early release.

PAPF expenditure

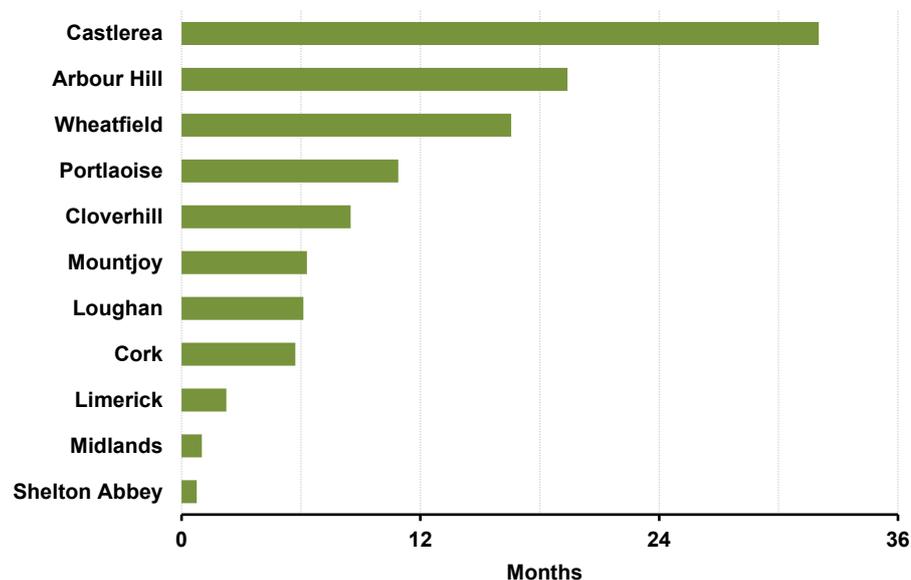
- 7.56** The aggregate balance in the PAPF accounts across all prisons at 31 December 2019 was €792,000 — up from €629,000 at the end of 2018. The income on all PAPF accounts during 2019 was €989,000 (2018: €1.03 million); expenditure in 2019 was €825,000 (2018: €766,000). In most prisons, spending in 2019 was less than the income of the fund (see Figure 7.8).

Figure 7.8 PAPF income and expenditure, by prison, 2019



Source: Irish Prison Service

- 7.57** The amounts held in PAPF bank accounts were compared to prison shop profits for the year to calculate the number of months' profit held in the bank account at year end (see Figure 7.9). In three prisons, the funds held in the PAPF bank account at the end of 2019 exceeded a full year's profit in the prison shop. In the case of Castlerea prison, the funds held in the PAPF account represent over two and a half times the prison shop profit for the year.
- 7.58** The Accounting Officer has stated that the balances on the PAPF accounts demonstrate financial prudence and mitigate the risk of cash flow problems that could occur if payments continually exceeded receipts.
- 7.59** A substantial part of the expenditure from the funds is categorised as being for 'community return' scheme purposes. Significant expenditure is also incurred for the benefit of or in respect of individual prisoners, including the payment of funeral expenses, and purchases on behalf of certain prisoners from the prison shop (including tobacco products). The pattern of spending varies from prison to prison.

Figure 7.9 PAFP funds at end 2019 compared to prison shop profit 2019

Source: Analysis by the Office of the Comptroller and Auditor General of data from the Irish Prison Service

Controls over PAFP expenditure

7.60 Controls over PAFP accounts were reviewed as part of this examination. The following issues were noted.

- There have been significant delays in the preparation and submission of annual plans from prison governors to the Finance Directorate. Annual plans for only seven of the 11 funds were received for 2018; ten plans were received for 2019.
- For 2019, just 64% of the required quarterly PAFP returns were submitted within one month of the due date. However, this did represent an improvement on the comparable 2018 figure of 45%.
- While governors had signed off on all quarterly PAFP accounts for 2019, there was little evidence of a formal review of the accounts and/or of querying of unexpected or unusual results. The reports that are prepared do not compare income and expenditure outturns to budgets and plans. The Accounting Officer stated that the complete PAFP process is under the control of the prison governor who is authorised to sign cheques from the prison PAFP bank account and reviews income, expenditure and bank reconciliations. There is no formal budgeting process and the income is mainly dictated by the level of gross profits on shop sales.
- Up to 2019, the funds carried over from one year to the next could not exceed 10% of profits transferred from prison shops. This limit was not complied with for 2017 or 2018.
- There was a shortfall in PAFP income for the year in the Midlands Prison, reflecting the low profit margin in the shop and the late submission of accounts to facilitate a transfer from the shop account to fund the PAFP. As a result, the PAFP balance in the Midlands Prison reduced from €40,000 at the end 2018 to just €9,000 at the end of 2019.

- Over several months in 2018, two prisons converted PAPF funds to cash in amounts totalling €22,000 and €1,000 respectively. The cash was retained in each prison in what was referred to as the governors' cash box and used as directed by the respective governors. In both prisons, record keeping was insufficiently detailed to demonstrate that the cash was used in all cases for purposes appropriate to the PAPF. The examination team were informed by the Prison Service that the practice of governors holding funds in cash boxes ceased in 2018.
- An examination of payments from the PAPFs in 2018 and 2019 found that some of the expenditure was not in accordance with the Prison Service standard operating procedures for that account. This included some payments for the benefit of staff and payments related to the operation of the prison. In the majority of cases, the Accounting Officer noted that the payments had been made in error from the PAPF or were paid from PAPF based on an incorrect interpretation of the use of the PAPF. Examples of the examination findings, together with related observations from the Accounting Officer are provided in Annex 7C.
- The examination also identified payments from a PAPF totalling €44,500 to a service provider without first obtaining a tax clearance certificate or considering the application of a withholding tax. The Prison Service noted that a contribution of €12,000 towards the cost of this service was received from an external organisation and lodged to the PAPF bank account, reducing the net cost to the Prison Service to €32,500.

7.61 The Accounting Officer has stated that there have been resourcing issues at prison level with challenges experienced in the recruitment of executive and clerical officer grades. Training and support of administrative staff was identified as an issue following a recent business process review exercise and a team has now been assigned as a central resource to support administrative staff and provide expertise and training in a number of areas including financial reporting.

7.62 In response to the examination findings, the Accounting Officer stated that there were around 1,600 transactions totalling €1.65 million from PAPF accounts during the two-year period in question. She acknowledged that some coding errors, misclassifications and misinterpretations had occurred. She stated that certain prisons may have mistakenly charged some amounts that should have been vote expenditure to the PAPFs. Additionally, some staff-related expenditure may have been incorrectly charged to the PAPFs rather than to a separate staff development fund (SDF). The SDF was created in 2006 and was managed by the Finance Directorate in Prison Service headquarters. The moneys in the SDF had been transferred from the PAPFs on the basis that they represented profits earned from prison shop sales to staff. Governors could apply to receive funding from the SDF to support staff-related initiatives. The SDF ceased to operate in 2019 following the discontinuance of prison shop sales to staff.

Conclusions and recommendations

- 7.63** The provision of adequate and appropriate meals for prisoners is a critical part of the operation of the Irish prison system, and represents a sizeable charge to the vote for the Prison Service. In parallel with this function, there exists a complex system of other economic activity and transactions, separate from the standard vote funding and accounting systems. In general, the systems in place to control, monitor and report on all of this activity are weak and need to be significantly improved.

Catering services

- 7.64** Annually, the Prison Service spends over €8 million on food and related products. In 2019, the daily cost of providing prisoner meals varied widely between prisons, from €7.27 in Portlaoise Prison to €4.54 in Wheatfield Prison — a variance of 60%.
- 7.65** Catering budgets and target or expected catering costs are not determined for individual prisons. Instead, spending on catering is monitored at Prison Service vote level.
- 7.66** Contrary to Prison Service policy, some high value food items were purchased and charged to the education budget.

Recommendation 7.1

The quantities of food purchased and catering costs incurred by individual prisons should be monitored and variances investigated and costed.

All food purchased for education or training purposes should be ordered from approved suppliers, at contract prices and reflect the educational aim of teaching basic cookery skills and nutritional values to prisoners. Any exceptions should be pre-approved, at an appropriate level.

Accounting Officer's response

Agreed.

Mechanisms on how best to introduce catering budgets and reporting by prison will be examined and an appropriate solution will be implemented to take account of all the potential drivers of prison food costs including the unpredictability concerning the numbers entering and leaving prison, external factors that influence food price increases and the process of control surrounding quantity usage. Procedures for dealing with exceptions surrounding corporate events and educational aims of cookery skills training have been reviewed and improved.

Detailed food usage reports with comparisons to the 28-day menu will be introduced before the end of 2020. Catering budgets by prison will be introduced to coincide with the financial year 2021 following finalisation of the estimates for 2021.

Staff mess committees

- 7.67** Voluntary mess committees established in 2012 in each of the relevant prisons coordinate the operation of canteen facilities for prison staff. Mess committees operate as separate and independent entities.
- 7.68** The staff mess committee arrangement is not covered by a written agreement between the parties. While the Prison Service provided some governance guidance to the mess committees covering areas such as the keeping of accounts, the setting of meal prices to recover the costs of food inputs and the timely payment of supplier invoices, it does not engage with the mess committees or obtain written assurances that its guidance is being followed.
- 7.69** The Prison Service does not have processes that are adequate to ensure there is no unintended subsidisation of food costs for the staff committees.
- 7.70** A management review of the operational effectiveness of mess committees in providing work training opportunities to prisoners while maintaining a mechanism for the provision of meals to staff is overdue.

Recommendation 7.2

A management review of the operational effectiveness of providing work training opportunities to prisoners in staff messes should be undertaken. The review should also consider the extent to which the governance guidance provided to the voluntary mess committees has been complied with, and if it needs to be strengthened.

Accounting Officer's response

Agreed.

A governance review of the voluntary mess committees is now underway.

Operation of prison shops

- 7.71** The prison shops are required to operate on a 'for-profit' basis. Across all prisons, shop sales in 2019 were almost €7 million and gross profits of just over €1 million were earned.
- 7.72** The gross profit margins earned by the shops in 2019 varied significantly, from 21% in Castlerea Prison to 8% in the Midlands Prison. The accounting and stock recording systems in use do not facilitate analysis of operating performance. Better information will allow gross profits margins to be reckoned having regard to the mix of products sold, and compared to the gross profit earned.

Recommendation 7.3

Prison shop stock and accounting systems need to be updated and enhanced and used as the basis for verifying if gross profits earned are as expected having regard to the mix of goods sold.

Accounting Officer's response

Agreed.

It is acknowledged that the systems need updating and modernising and this process is already underway. It is expected that a tender will issue before the end of 2020 for the most cost efficient and effective solution for a multi-site stock management system for prison-based tuck shops, to also be integrated with a central financial management system and the current point of sale prisoner funds management system.

Prisoner assistance programme fund

7.73 The surpluses generated from prison shop sales are intended to be utilised in a variety of ways for the benefit of individual prisoners or for groups of prisoners.

7.74 Up to September 2018, Prison Service procedures required funds to be used rather than be accumulated and limited the carry-over from one year to the next to 10% of annual receipts. Since then, the limitation does not apply. In 2019, prison shops returned a gross profit of just over €1 million. At the end of 2019, balances held in PAPF accounts totalled €792,000 representing nine months of shop profits. In three prisons, the amount held in the PAPF accounts represented more than a year of the prison shop profit.

7.75 This examination found some examples where expenditure was not in accordance with the Prison Service procedures for the PAPF. This included payments for the benefit of staff and payments related to the operation of the prison. In the majority of cases, the Accounting Officer noted that the payments had been made in error from the PAPF or were paid from PAPF based on an incorrect interpretation of the use of the PAPF.

Recommendation 7.4

Prison managers should be reminded of the policy and procedures for the administration of the PAPF. In addition, because payments are made locally, training should be delivered to local prison managers in relation to public procurement guidelines and taxation requirements.

Accounting Officer's response

Agreed.

In addition, subject to funding, it is intended to remove the PAPF and to manage the requirement for this type of expenditure through voted funds, in conjunction with the estimates process for 2021.

Annex 7A Arrangements for the provision of staff canteen facilities in prisons

Key features	Description
Operational model	Mess committees are allowed to operate in prison premises. Staff representatives and the prison governor (or his/her representative) constitute the membership of the committees.
Location and governance	Mess committees operate independently, but the Prison Service has provided a governance practice note covering responsibilities of the committees and arrangements for requisitioning, banking and accounting.
Administration arrangements	Mess committees operate independently of the Prison Service.
Payment for supplies, utilities, premises, equipment, insurance and other operating costs	The Prison Service provides the premises, supervision by work and training officers and prisoner trainees, together with meeting the overhead costs of running the facilities. Mess committees requisition and pay for food supplies.
Compliance with public procurement rules	Mess committees are independent of the Prison Service and as a result, not subject to public procurement rules.
Determination of selling price	Prices for meals, etc. are determined by the mess committees and are set to cover the cost of the food purchased.
Control over surplus funds	Funds fully controlled by the mess committees.
Accounting arrangements	This is the responsibility of the mess committees.
Monitoring by Prison Service management	None
Oversight by internal audit and audit committee	None
Recognition of financial transactions in Prison Service appropriation account.	Financial transactions or balances for mess committees are not recognised.

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

Annex 7B Annual receipts and end of year bank balances for Voluntary Mess Committees

Committee	2018		2019	
	Receipts €	Bank balance €	Receipts €	Bank balance €
Mountjoy	287,310	24,574	294,425	21,609
Cloverhill	102,505	8,439	125,199	2,483
Wheatfield	271,059	29,517	285,978	51,994
Midlands	286,000	4,550	318,597	5,670
Portlaoise	123,061	4,372	125,980	2,198
Cork	90,822	9,648	89,786	5,177
Limerick	78,507	5,716	81,181	4,231
Castlerea	85,601	4,678	83,245	4,874
Total	1,324,865	91,494	1,404,391	98,236

Source: Irish Prison Service

Annex 7C Examination of PAPF expenditure in 2018 and 2019

Findings	Accounting Officer observations
<p>Disbursements for the benefit of staff in one prison during 2018, which included</p> <ul style="list-style-type: none"> ▪ €4,300 in payments to the voluntary mess committee for staff meals availed of during extended shifts due to Storm Emma. ▪ €3,537 spent in pubs and restaurants in the vicinity of the prison for various staff events. ▪ €2,460 in payments for a staff medal ceremony. ▪ €2,060 contributed to a staff trip to Copenhagen. ▪ €915 in payments to the voluntary mess committee for staff meals during a search detail. 	<p>A decision was taken centrally to compensate the voluntary mess committee for the cost of meals provided free of charge during Storm Emma. The €4,300 was incorrectly reimbursed to the mess committee from the PAPF rather than the vote.</p> <p>The transactions totalling €3,537 date back to the period when cash sales to staff were permitted from the prison shop. A new policy around staff-related payments is to be developed.</p> <p>The €2,460 was in respect of the cost of long service awards to prison officers. The payment was charged in error to the PAPF instead of the staff development fund.</p> <p>The €2,060 expenditure was in respect of an approved group study trip to Vestre Prison in Copenhagen. It was a reciprocal trip following a prior visit to Ireland by a delegation from Denmark and was miscoded to the PAPF rather than the staff development fund.</p> <p>The search staff, who had travelled from different locations throughout the country, were provided with a light lunch. The governor mistakenly authorised the amount to be repaid to the voluntary mess committee from the PAPF.</p>
<p>Payments totalling €7,440 for a Sky TV subscription for a staff mess over a 24-month period.</p>	<p>This was an incorrect interpretation of the use of the PAPF, as prisoners view Sky TV on breaks from working in the mess kitchens. The practice has now been discontinued.</p>
<p>Payments of a capital nature e.g. purchase of carpeting and furniture (€5,247) and of gym equipment (€3,864).</p>	<p>These payments were in respect of items purchased for the benefit of prisoners so they are proper to the PAPF.</p>
<p>Payment of €3,800 for crane hire.</p>	<p>This payment was made in error from the incorrect bank account. It should have been made from the prison imprest bank account and subsequently reimbursed from the vote.</p>

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