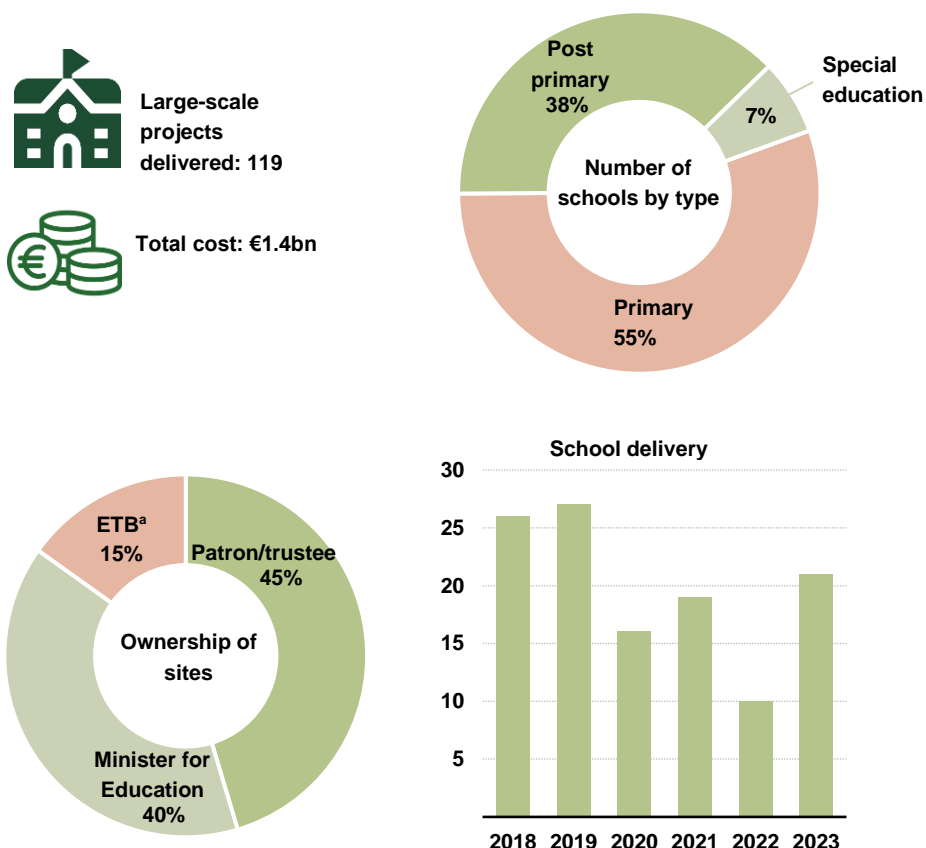


## 7 Protecting the State’s investment in the schools estate

7.1 The Department of Education (the Department) has overall responsibility for the schools estate in Ireland which comprises just under 4,000 schools accommodating over 963,000 students. The Department’s Planning and Building Unit supports the development and delivery of the schools estate.

7.2 An overview of large-scale projects completed and delivered in the period between 2018 to 2023 is set out in Figure 7.1. Just over half (55%) of the large-scale projects completed in this period were on State-owned sites.<sup>1</sup> The remaining 45% of the large-scale projects completed were on sites owned and controlled by school patrons/trustees.<sup>2</sup> School delivery declined in the period 2020 – 2022 as a consequence of Covid-19 disruption, and while it increased again in 2023, it still has not returned to pre Covid-19 delivery level.

Figure 7.1 Large-scale projects delivered in the period 2018 – 2023



1 Includes education and training board (ETB) schools. Although the ETB schools/sites are not owned by the Minister for Education (the Minister), the ETB may not purchase or dispose of land and buildings without the written permission of the Minister.

2 During this same period 1,103 smaller-scale school projects providing additional capacity were completed.

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

Note: a Education and training boards (ETBs) are statutory education authorities with responsibility for education and training, youth work and a range of other statutory functions.

**7.3 This examination**

- seeks to establish if there are adequate protections in place to safeguard the State's investment in the schools estate
- considers the current accounting treatment of school properties by the Department
- reports on progress made by the Department in implementing previous recommendations about the management of the schools estate.<sup>1</sup>

**7.4** The examination team reviewed relevant documentation and engaged with Department and Chief State Solicitors Office (CSSO) officials directly during the course of this examination.

**State investment in school estate 2014 – 2023**

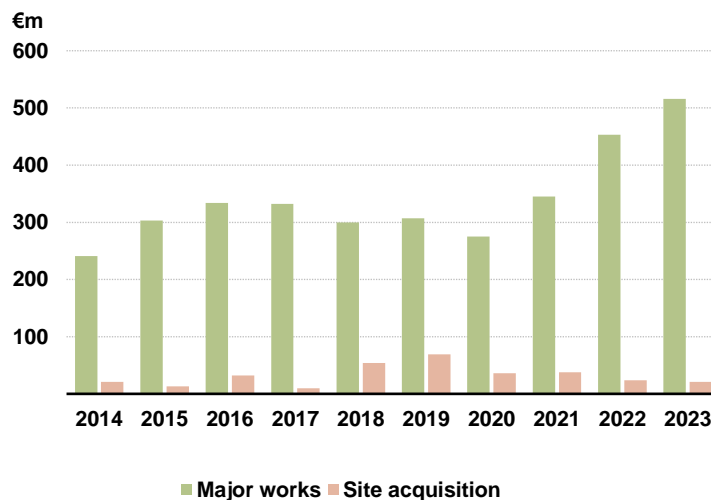
**7.5** The Department provides capital funding to non-fee paying schools. Just over €7 billion was invested in the schools estate in the ten year period up to the end of 2023. This investment included

- €3.41 billion on major capital projects (i.e. construction of new schools and large-scale school extensions), and
- €318 million on site acquisitions.

The balance of €3.29 billion relates to smaller-scale projects providing additional capacity and minor/'summer'/emergency works.

**7.6** Figure 7.2 provides a breakdown of expenditure on major capital projects along with site acquisition costs over this ten year period.

**Figure 7.2 Capital projects expenditure and site acquisition costs 2014 – 2023**



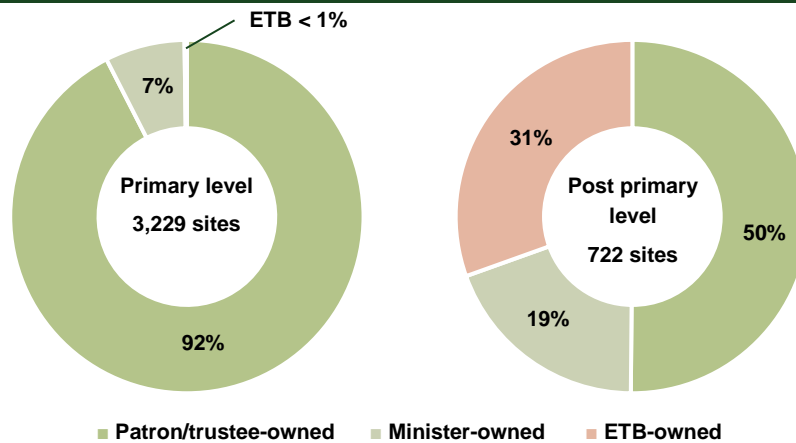
<sup>1</sup> Report on the Accounts of the Public Services 2019, chapter 8, [Management of the schools estate](#).

Source: Department of Education

## Ownership of the schools estate

- 7.7 The ownership of the sites on which schools are located can be broken down into three main categories — Minister-owned; education and training board (ETB)-owned; and patron/trustee-owned (see Figure 7.3).

**Figure 7.3 Site ownership as at 31 December 2023**



Source: Department of Education

Note: a Correction: The number of school sites and the percentages for post primary level were incorrectly recorded in the original published report and have now been updated.

- 7.8 Historically, the Department has relied substantially on patron bodies, such as church authorities, for the provision of sites on which schools were built. Schools located on patron-owned sites currently account for the majority of the schools estate. The Department changed this policy in 1999 — since then, where a new site is required for a proposed school, the Department has sought to purchase the site. However, new schools can still be built on patron-owned sites.
- 7.9 Every school in the schools estate has a patron, regardless of ownership.<sup>1</sup> The patron is the body that establishes and operates the school, and is responsible for the school's characteristic spirit and ethos. As required by the Education Act 1998 (the Act), the Department maintains a register of patrons.
- 7.10 The Act gives a statutory basis to the role of the patron and sets out the rules for determining who the patron is and how they should operate. The patron may manage the school personally or may appoint a board of management to manage the school on the patron's behalf. Under the Act, the patron has the right to remove the board subject to the consent of the Minister and take over managing the school or appoint another board. Where a board has been dissolved, and subject to the Minister's approval, the patron may appoint a single manager. Section 8 of the Act defines the patron of a school as
- the person who is recognised by the Minister as the patron of a primary school
  - the persons who stand appointed as trustees or as the board of governors of a post primary school, and, where there are no such trustees or such board, the owner of that school
  - in any case other than that provided above, the person who requested recognition of a recognised school, or a nominee of such person.

<sup>1</sup> A diocesan bishop may be the school patron, but ownership of the school may rest with the diocese, congregation trust or a Catholic trust body.

## Protection of the State's interest

**7.11** Due to the significant investment in the schools estate in the past and the substantial investment which continues on sites owned by (non-State) patrons/trustees, it is critical for the Department to ensure that robust legal agreements are in place to sufficiently protect the State's investment. In a previous examination report, published in September 2020, it was found that formal legal agreements were not in place in respect of a significant number of schools.<sup>1</sup> The Department stated that, as of September 2020, work was then in train to remedy that situation and that

- In respect of patron-owned sites, a deed of charge and covenant was being prepared on the Department's behalf by the CSSO. To ensure effective and efficient implementation, the Department was investigating whether an aggregate application process can be devised to implement the deed by a school patron for a group of schools rather than by individual schools.
- In respect of Minister-owned sites, the Department was working with school patrons and the CSSO to implement school leases.

### *Schools built on patron/trustee-owned sites — 85%*

**7.12** In the past, the Department provided funding to patrons for school construction, with a percentage of the costs, known as the 'local contribution', being provided by the patron body.<sup>2</sup> The required contribution to construction costs was at a rate of 15% for primary schools and 10% for post primary schools. The 'local contribution' policy was discontinued in 2010. Since 2010, 482 new school builds or large-scale extensions were completed and over half (53%) were on patron-owned sites without the requirement for a local contribution by the patrons.

### *Charging lease*

**7.13** The Department puts a charging lease in place with the school patron/trustee to secure the Minister's investment in schools built on sites owned by patrons/trustees. The charging lease is a legal agreement between the parties and typically includes the following clauses

- the amount of funding provided by the Department and the patron's local contribution, if any
- stipulation that a school must be maintained on the school premises during the term of the lease
- requirements for patrons/trustees to adhere to all regulations, uses, conditions and purposes of the lease
- terms for repayment of the Minister's investment (and any future investment in improvements to the school), if the terms of the lease are not adhered to.

### *New approach — deed of covenant and charge*

**7.14** In 2004, the Department received advice from the CSSO that a deed of covenant and charge (deed) would be a more appropriate mechanism to secure the Minister's interest in schools built on patron-owned sites. The deed would set out the terms and conditions relating to the use of the school buildings and facilities, and ensure that usage is in accordance with the Education Act 1998 and any subsequent rules, regulations and directives issued by the Minister.

<sup>1</sup> Report on the Accounts of the Public Services 2019, chapter 8, [Management of the schools estate](#).

<sup>2</sup> The term 'patron' may also mean the trustees or board of management operating on behalf of the patron. The legal agreement is between the Minister and the patron/trustees, but grant monies provided by the Department are managed and accounted for by the board of management.

- 7.15** The Department provided a timeline of engagement with the largest patron representative groups in respect of development of the deed format. While there has been protracted engagement with the patron groups, the deed has not yet been finalised or implemented.
- 7.16** In August 2021, the Department returned the initial draft deed to the CSSO with observations for review and advices incorporating dispute resolution arrangements. The CSSO furnished advices and the revised draft deed.
- 7.17** The CSSO stated that the Department also sought and received its advice on a proposed master agreement between the Minister and patrons in respect of patron-owned schools. The CSSO provided a working draft of a master agreement. The CSSO and the Department continue to engage to address the appropriate legal framework to secure the Minister's interest.
- 7.18** The Department sent a proposed draft deed to the largest patron groups on non-Minister-owned sites in October 2022. Observations from the patron groups were received in early 2023 resulting in further engagement and subsequent redrafts of the deed. The Department has stated that the terms of the deed were agreed in principle in June 2024 with the patron groups, but it awaits further comments from the groups. The Department now expects that the format of the deed will be ready for the signature of all patron representatives before the end of 2024. The CSSO stated that this is also the trajectory it is committed to work towards, subject to
- the outstanding legal questions and concerns being adequately addressed with relevant instructions and
  - the pace at which patrons address matters.

*Local authority zoning for educational use*

- 7.19** The Department has a statutory remit under the Planning and Development Act 2000 which it considers to be a mechanism for the protection of the Minister's interest. Local authorities are required to send notice of draft development plans to the Department in relation to the preparation and finalisation of development plans. The Department states that its focus is to ensure that the zonings of existing school sites are protected for educational use and also that the requirement for new school sites is identified and reserved for future use. This restricts the use of sites for any purposes other than use in some form of education. However, zonings can potentially be changed by the local authority.

***Schools built on Minister-owned sites — 9%***

- 7.20** The Department stated that, when a school construction/extension project on a Minister-owned site is completed, control of the school transfers to the relevant patron body but ownership of the school is retained by the Minister.
- 7.21** Historically, the Department has not put formal lease agreements in place with the patron when a school is located on a Minister-owned site. The Department's view is that the risk to the Minister is low as the site that the school is built on is owned by the Minister. Notwithstanding this position, the Department has begun to put in place a formal school lease arrangement to strengthen the protection of the Minister's interests.

### *New school lease*

- 7.22** Following engagement with patron representatives, a new form of school lease (the lease) was developed and agreed in August 2019. The lease template sets out the terms and conditions relating to the leasing to a patron of school buildings and facilities, ensuring that usage is in accordance with the Education Act 1998 and with any subsequent rules, regulations and directives issued by the Minister.
- 7.23** The lease template states that the Minister has purchased the lands out of funds provided by the Oireachtas and is registered as full owner with absolute title of the 'demised' premises.<sup>1</sup> It also contains the following key terms.
- The patron must agree that the demised premises shall not be used for any other purposes save with the Minister's prior written consent.
  - The patron must agree not to assign, transfer, underlet, mortgage, charge, part with, or share the possession or occupation of the demised premises without the consent in writing of the Minister first being obtained.
  - The patron must agree to yield up quietly the demised premises, including any buildings built during the term of the lease at the expiration of the term or sooner if the demised premises are no longer required for educational purposes.
  - The lease term is 40 years.
- 7.24** The Department has issued instructions to the CSSO to implement the new lease template with the patrons of the 19 new schools completed on Minister-owned sites between January 2021 and December 2023. Separately, work is ongoing to put in place leases in respect of school buildings completed in previous years on Minister-owned sites that are under the control of patrons. The Department stated that, as at the end of July 2024, instructions for a total of 105 leases had been sent to the CSSO. However, only four leases had been signed and completed by that date.
- 7.25** The CSSO stated that it has been working closely with the Department to plan an orderly and effective roll out of the new lease agreement, and conducts a triage exercise on the lease instructions it receives. The Office stated that it agreed with the Department that single site schools will be prioritised in order to gain the best traction for the Department.

### **Schools built on ETB-owned sites — 6%**

- 7.26** The Department relies on statutory and governance relationships between the Minister and ETBs to secure the Minister's interest in schools located on ETB-owned sites. Paragraph 8.19 of the *Code of Practice for the Governance of Education and Training Boards*, states that 'An ETB may not proceed to purchase or dispose of land, buildings or other material assets without formal written sanction from the Minister for Education.'

### **Control and management of the schools estate**

- 7.27** A school is typically managed by a board of management (the board) on behalf of the patron, irrespective of site ownership. School patrons may have a number of schools under their patronage, and typically appoint a separate board to each school. The board is required by the patron to uphold the ethos of the school and is accountable both to the patron and to the Minister. The school principal is responsible for the day-to-day management of the school.

<sup>1</sup> The 'demised' premises is the space or the property let to a tenant under a lease agreement. In the context of leasehold property ownership, it means the property the leaseholder can use and occupy.

- 7.28** The board of a primary school must adhere to the governance requirements as set out in manuals published by the Department.<sup>1</sup> Post primary schools must adhere to their legal instruments and articles of management. ETB schools must adhere to legislative provisions such as the Education and Training Board Act 2013.
- 7.29** The functions of the board are set out in section 15 of the Education Act 1998. Boards have a statutory duty to ensure that appropriate systems and procedures are in place to ensure school resources (including grants, staffing and other resources) are managed appropriately, efficiently and in a manner that provides for appropriate accountability to the relevant parties. Section 15 of the Act also states that “For the avoidance of doubt, nothing in this Act shall confer or be deemed to confer on the board any right over or interest in the land and buildings of the school for which that board is responsible”.
- 7.30** Section 17.4 of the *Governance Manual for Primary Schools 2023 – 2027* states that no alteration, extension or replacement of the school building and/or grounds shall be undertaken by the board unless it has been approved in writing by both the patron and the trustees (in schools where there are trustees).<sup>2</sup> However, the board
- has the authority to sign contracts with contractors for works on the school site
  - may also apply to the Department for emergency works or summer works for the school
  - is obliged to consult with and keep the patron informed of decisions and proposals of the board.
- 7.31** Section 24 of the Act states that the board is also the employer of teaching and support staff working in the school.

<sup>1</sup> [Governance Manual for Primary Schools 2023– 2027](#), Department of Education, September 2023.

<sup>2</sup> Generally, trustees — normally nominated by the patrons — are the persons who are parties to the lease of the school premises. Some schools may not have any trustees e.g. in cases where the school premises is in the direct ownership of the school patron.

<sup>3</sup> ‘Evidence of lease’ means that although there is no physical lease in the relevant ‘hard copy’ school file, there is some evidence that one exists/existed. The lease may have been removed and forwarded to a third party e.g. CSSO, patron’s solicitor.

## Management of legal agreements

- 7.32** Prior to January 2024, the Department did not have a centralised register of leases in place to record and manage the charging lease agreements with patron bodies on patron-owned sites. The Department introduced a register in January 2024 with information on all charging leases in the Department’s possession. This register includes information relating to the start, duration and end of leases. The examination team reviewed the register and noted that each school was assigned one of the following categories
- lease present
  - evidence of lease<sup>3</sup>
  - no lease.

- 7.33** A review of the entries on the register by the examination team identified a number of shortcomings including the following.
- Multiple entries for the same schools.
  - Approximately 6,600 entries for 3,364 patron-owned schools.
  - Numerous entries where 'evidence of lease' was recorded but with no start or end date of the lease and no indication where the lease is currently held.
  - Instances where leases are noted as present but there is no end date recorded. The Department stated this can happen when the end date on a lease document is illegible due to the age of the document.
- 7.34** It was further noted that a significant number of leases have lapsed. In these cases, as the lease has expired, so too has the Minister's interest in these schools. In effect, there is no existing requirement on the patron to maintain a school on the site.
- 7.35** The Department stated that the new master agreement (deed of covenant) will make lease management more efficient as the aggregate approach will result in fewer lease agreements being in place.
- 7.36** The Planning and Building Unit of the Department maintains a register of schools on Minister-owned sites which is being used as a basis for the implementation of the new school lease on Minister-owned sites.

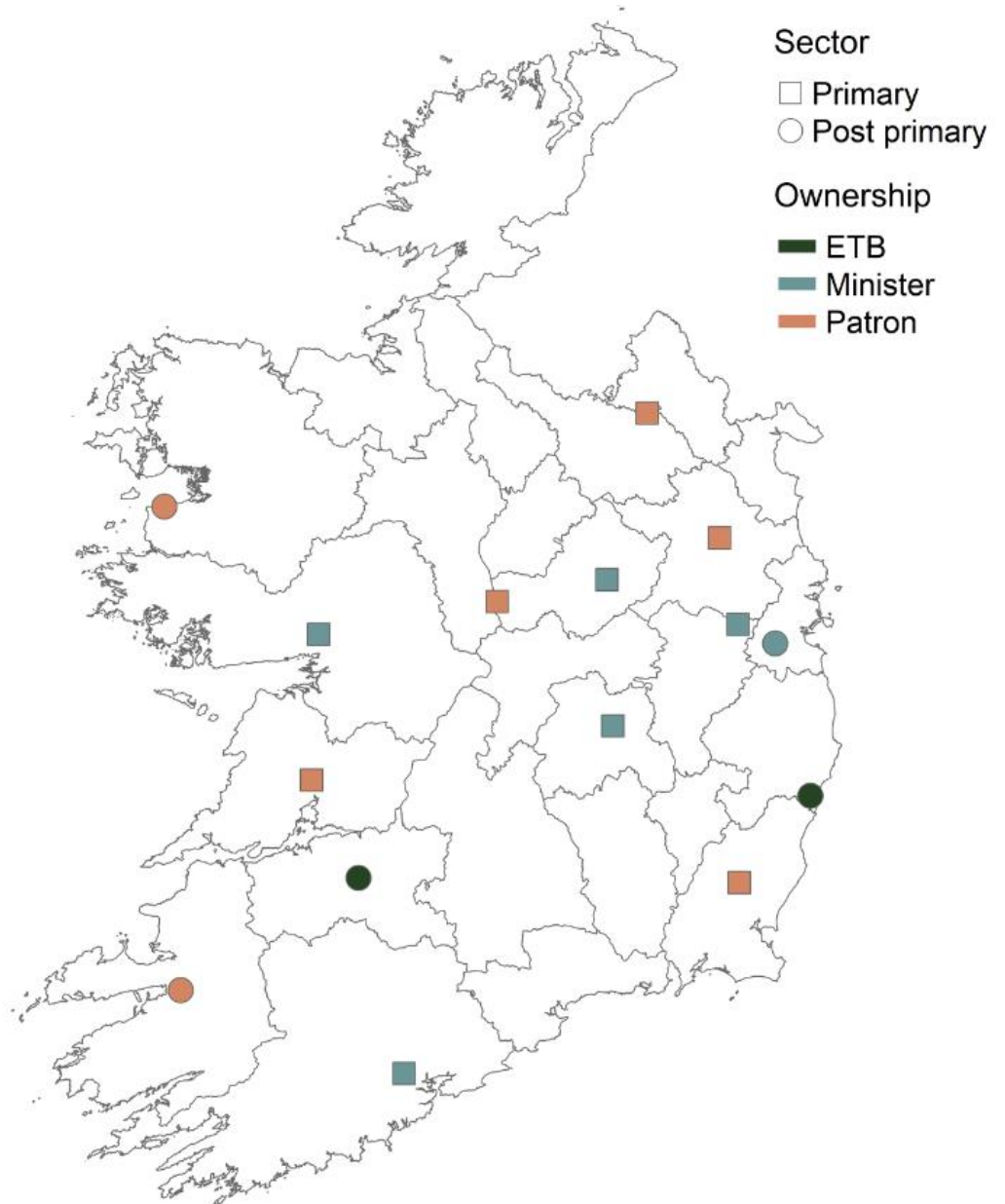
### **Surrendering the Minister's interest in patron-owned sites**

- 7.37** Where a charging lease is in place and in date on a patron-owned site, the patron can request the removal of the Minister's interest in the site by requesting the surrender of the charging lease. The patron can then do whatever they wish with the property.
- 7.38** The patron may wish to have the Minister's interest removed from a portion of the property only and this can lead to a partial surrender of the charging lease. When dealing with surrenders, the Minister's interest is in the money invested by the State throughout the duration of the lease.
- 7.39** If a charging lease has expired, the Minister's interest has expired and there is no requirement on the patron to seek a surrender. Where a charging lease is in date, the Minister may request recoupment of grant monies provided to the patron. In general, where a proposal is for social housing or community use of the site, the Department may decide not to seek recoupment of grant monies. However, if the property is legally outside Ministerial ownership, the end use of the property is also outside the Department's control.
- 7.40** The recoupment amount is pro-rata based on the length of the charging lease, minus the number of years that have elapsed on the lease. The amount is calculated based on the original figures on the charging lease, and is not index linked.
- 7.41** There were 16 surrenders or partial surrenders completed since 2018. Recoupment was sought in four of the 16 cases with funds recouped totalling just under €53,000. The other surrenders related to boundary rectifications or community use. There are currently 68 active surrender or partial surrender requests in process.

### Sample of schools

**7.42** A sample of 15 school projects was selected for review from the population of 482 new school builds or large-scale extensions completed since 2010 (a 3% sample). All the projects in the sample had a value greater than €5 million. The sample comprised ten primary schools and five post primary schools; and there were 12 new school builds and three large-scale extensions. Figure 7.4 provides an overview of the location and profile of the schools selected for review.

**Figure 7.4 Location of school projects reviewed**



Source: Department of Education

### **Legal agreements**

- 7.43** The examination team reviewed the relevant project documentation for the 15 projects, which represented a combined investment of €171.28 million, and interviewed Department staff.
- Legal agreements with patron bodies were not in place for ten schools. The total value of the projects in the sample with no formal legal instruments in place was €115.68 million.
  - Charging leases were available for four of the seven schools located on patron-owned sites; one of these leases had expired in 2003. ‘Evidence of lease’ was noted in one instance and leases were not available for the other two patron-owned schools.
  - In the case of six schools on Minister-owned sites, lease instructions had been sent by the Department to the CSSO in all cases, but these have not yet been implemented.
  - For the two schools located on ETB-owned sites, the Department is relying on the statutory and governance relationships between the Minister and ETBs to secure the Minister’s interests.

### **Land registration**

- 7.44** The examination team reviewed land registry records of all 15 schools in the sample in order to confirm that ownership rights were correctly recorded.
- 7.45** Six schools in the sample were listed as Minister-owned, and of these, five were registered correctly. The remaining school had a local authority as the registered owner from 2020. By way of explanation, the Department confirmed that the local authority acquired the land by compulsory purchase order on behalf of the Department because it does not have statutory compulsory purchase order powers. The Department reported that the CSSO lodged an application in March 2022 with Tailte Éireann to have the site registered in the ownership of the Minister. The transfer to the Minister has now been registered.
- 7.46** Five of the seven patron-owned sites reviewed were recorded correctly with Tailte Éireann. Two of the sites were unregistered. It became compulsory for unregistered property purchased in some counties to be registered in 1964, with other counties added since. The most recent amendment added Cork and Dublin, with registration now compulsory in all of Ireland upon sale or transfer of land or property.<sup>1</sup> It is not clear whether the two sites were acquired by the patrons before acquisition became compulsory.
- 7.47** The two ETB-owned sites were recorded on the land registry, as expected.

<sup>1</sup> [S.I. No. 516/2010 – Registration of Title Act 1964 \(Compulsory Registration of Ownership\) \(Cork and Dublin\) Order 2010](#). (commencement date was 1 June 2011).

<sup>2</sup> [Public financial procedures \(section B.1.2\)](#).

### **Accounting for school assets**

- 7.48** The Department has invested significant sums in the construction and maintenance of schools since the foundation of the State. There is an obligation on the Department to ensure that adequate systems of control are maintained over all of its assets, including those not included in its assets register.<sup>2</sup> Schools are built on land owned by patrons or trustees (85%), by the Minister (9%) and by ETBs (6%).

**7.49** The Department does not consider that the 85% of schools located on patron-owned sites are assets of the Department and so the current accounting treatment is to exclude its investment in them from the statement of financial position in its annual appropriation account. The expenditure incurred on building/extending the schools is charged to the appropriation account in the year incurred, but is not recognised as a capital addition.

**7.50** Schools located on Minister-owned sites are considered to be Department assets and the accounting treatment adopted by the Department is

- expenditure incurred in the construction of the school (including site costs) is included under 'assets under development' in the capital assets note 2.1
- when a school project is completed and control has transferred (*de facto*) to the relevant patron, the Department treats this as an asset disposal and the cumulative expenditure on the building project is removed from note 2.1
- the total disposals figure is disclosed in the annual appropriation account which also notes that, although control of the asset has transferred to the relevant patron, the Department retains ownership of the asset.

**7.51** The Department informed the examination team that the reasoning behind the accounting treatment of schools on Minister-owned sites was informed by the Department of Public Expenditure, National Development Plan Delivery and Reform's (Department of Public Expenditure) accounting policies for appropriation accounts.<sup>1</sup> The Department pointed to the following extract.

*Where lands or buildings are vested in a Minister but are, in fact, controlled/managed by an outside body, they are not included as assets of the Department, but the ownership of the asset is noted in the Department's account. Otherwise, they appear in the account for the relevant Department.*

**7.52** As previously reported, this practice typically results in the school property not appearing on any statement of financial position. In response to a previous recommendation (in 2020), the Department agreed to explore the appropriateness of this situation with the Department of Public Expenditure.

**7.53** The Department stated that it initiated engagement with the Department of Public Expenditure seeking clarity on this issue in July 2022. A final opinion on the matter has not yet been received.

**7.54** As at July 2024, only four lease agreements are in place with patrons for schools located on Minister-owned sites (out of a total of 376 schools). No additional evidence was provided to the examination team to support the position that control of schools built on Minister-owned sites had in fact transferred to the relevant patron.

## Conclusions and recommendations

**7.55** The State has invested significant funds in the schools estate over many years, including in the 85% of schools that are located on lands not owned by the State. The State's capital investment in the provision of some new schools/extensions has not been formally secured due to the absence of effective and appropriate legal agreements with patron bodies. This exposure was previously reported on, in September 2020.

<sup>1</sup> [Circular 22/2023: Requirements for Appropriation Accounts 2023, Section A](#), Department of Public Expenditure.

**7.56** The development of new legal agreements since the publication of the previous report indicates that there has been some effort to improve the protection of the State's interest, but progress has been slow.

**7.57** The Department stated that progress has occurred despite the impact of Covid-19 during which the Department's overriding priority was supporting the operation of the school system through 2020, 2021 and 2022. Further, managing the impact of the war in Ukraine has seen the Department accommodate over 18,000 additional students within the school system over the course of 2022 and 2023.

### ***Legal agreements***

**7.58** Approximately 85% of schools are located on patron-owned sites and a system of charging leases was put in place as a means of protecting the Minister's interests.

**7.59** The examination team found that charging leases were not always in place as expected, or that leases put in place had in fact expired. If the lease has expired, the Minister's interest has also expired. Legally, the patron does not need to apply to have the Minister's interest removed from the site.

**7.60** In 2004, the Chief State Solicitor's Office proposed the implementation of deeds of covenant and charge as a more appropriate mechanism to secure the Minister's interest in building projects on patron-owned sites. In the 20 years since, this mechanism has not been implemented. Engagement on the terms of the deed of covenant and charge has been limited to the largest patron representative groups on non Minister-owned sites. The views of other patron bodies on the terms of the deed have not been established.

**7.61** The Department has made some progress in relation to schools on Minister-owned sites. The Department has developed a *pro-forma* lease agreement but implementation of this has been very slow. Currently, there are signed leases in place in respect of only four — just over 1% — of the 376 schools located on Minister-owned sites.

### ***Lease registers***

**7.62** This examination found that the Department's newly established lease register for the 85% of schools located on patron-owned sites is incomplete and had multiple entries in many instances. The examination team could not conclude on the number of schools where charging leases are in place or if the original lease had in fact expired.

**7.63** The lack of an adequate lease register on patron-owned sites limits the ability of the Department to effectively manage and monitor the status of charging leases with considerable subsequent risks to the Minister's interests.

### **Recommendation 7.1**

For schools located on patron-owned sites, it is recommended that the Department expedite the development of the proposed legal agreements as a means of protecting the Minister's investment in the school estate and that these are implemented as a matter of urgency.

**Accounting Officer response**

Agreed.

The Department has advanced planning in place to implement a single master agreement (which will take the form of a deed of covenant) at individual patron level to protect the Minister's investment in all school properties on patron/trustee-owned sites including those covered by the historical charging leases. This master agreement will be complemented by deeds of covenant and charge for each project costing more than €10 million. The parameters of these new arrangements were provided to the largest patron representative at primary school level who signalled their agreement to the approach. It is envisaged that once the arrangements are formally agreed that they will also apply to other patron representative bodies.

**Timeline for implementation**

Significant work has been done on finalising the arrangements to enable implementation to commence in Q4 2024. The CSSO will have a key role to play in relation to implementation of these arrangements. It is envisaged that implementation should be largely completed by the end of 2025.

**Recommendation 7.2**

It is recommended that the Department develop an adequate system to manage and monitor current and future legal agreements with patron bodies on patron-owned sites so that the Minister's interests are protected in all instances.

**Accounting Officer response**

Agreed.

The Department will be implementing a single master agreement (which will take the form of a deed of covenant) at individual patron level to protect the Minister's investment in all patron/trustee-owned school properties including those covered by the historical charging leases. This master agreement will be complemented by deeds of covenant and charge for each project costing more than €10 million. These arrangements will be reflected in a register held in the Department's Planning and Building Unit.

**Timeline for implementation**

This register will be put in place in Q4 2024. The register will be updated to reflect implementation of the new master agreement and deeds of covenant and charge which should be largely completed by the end of 2025.

**Accounting for school assets**

- 7.64** It would appear that although there are governance requirements in place for boards of management of schools located on Minister-owned sites, ultimate control of these school assets is likely to remain with the Minister. If this is the case, under requirements for appropriation accounts, these assets are required to be included in the Department's statement of financial position.

### **Recommendation 7.3**

It is recommended that the Department liaise with the Department of Public Expenditure to develop a policy for the valuation of schools built on Minister-owned sites and the subsequent accounting treatment and inclusion of these assets in the statement of financial position within the Department's annual appropriation account.

#### **Accounting Officer response**

Agreed.

The Department of Education will engage further with the Department of Public Expenditure in September 2024 to agree and develop a policy for the valuation of schools on Minister-owned sites and the subsequent treatment of these assets in the statement of financial position.

#### **Timeline for implementation**

Discussions will commence with the Department of Public Expenditure in September 2024 and will inform a timeline for implementation of this recommendation. The Department will not be in a position to account for the Minister-owned schools under Central Government Accounting Standard 17 for the 2024 appropriation account. However, the outcome of the discussions with the Department of Public Expenditure will determine the treatment of Minister-owned sites in the appropriation accounts in the future.