

NATIONAL COUNCIL FOR SPECIAL EDUCATION

**AN CHOMHAIRLE NÁISIÚNTA UM OIDEACHAS
SPEISIALTA**

Report and Financial Statements

from date of establishment

24 December 2003

to

31 December 2004

National Council for Special Education

Report and Financial Statements

<u>CONTENTS</u>	<u>PAGE</u>
INFORMATION	3
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL	4
STATEMENT OF RESPONSIBILITES OF THE COUNCIL	5
STATEMENT ON SYSTEM OF INTERNAL FINANCIAL CONTROL	6-7
STATEMENT OF ACCOUNTING POLICIES	8-9
INCOME & EXPENDITURE ACCOUNT	10
BALANCE SHEET	11
NOTES TO THE FINANCIAL STATEMENTS	12 -14

To the Minister for Education

In accordance with the terms of Article 29(3) of Ministerial Order entitled National Council for Special Education (Establishment) Order 2003, the National Council for Special Education (“the Council”) presents its Report and Accounts for the period ended 31 December 2004.

National Council for Special Education

Information

Members of the Council:

Mr Tom Murray (Chairperson)

Mr Christy Lynch

Ms Maisie Dooley

Ms Mary Grogan

Ms Mary Keane

Mr P J Gannon

Ms Antoinette Buggle

Ms Daráine Mulvihill

Ms Frankie Berry

Dr Michael Shevlin

Mr Brendan Ingoldsby

Mr Gearóid Ó Conluain

Ms Sinéad McLoughlin

Chief Executive:

Mr Pat Curtin

National Council for Special Education

Report of the Comptroller and Auditor General

National Council for Special Education Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the National Council for Special Education under Article 29(2) of the National Council for Special Education (Establishment) Order, 2003.

Respective Responsibilities of the Council and the Comptroller and Auditor General

The accounting responsibilities of the Council are set out on page 6. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

Basis of Audit Opinion

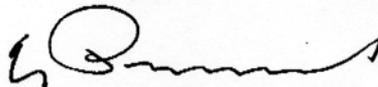
In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, proper books of account have been kept by the Council and the financial statements, which are in agreement with them, give a true and fair view of the state of the Council's affairs at 31 December 2004 and of its income and expenditure for the period then ended.



John Purcell
Comptroller and Auditor General

22 December 2006

National Council for Special Education

Statement of Responsibilities of the Council

The National Council for Special Education was established by Ministerial Order under the provisions of Section 54 of the Education Act 1998. Article 27 of the Ministerial Order requires the Council to keep proper accounts of all income and expenditure of the Council, and of the sources of such income and the subject matter of such expenditure, and of the property, credits and liabilities of the Council. In preparing these financial statements in accordance with best practice the Council is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue in operation.

The Council is also responsible for safeguarding the assets of the Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Council:



Chairperson



Chief Executive

Date 14/12/2006

National Council for Special Education

Statement on System of Internal Financial Control

Responsibility for the System of Internal Financial Control

On behalf of the members of the National Council for Special Education we acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable, and not absolute, assurance that the assets are safeguarded, transactions authorised and properly recorded, and that material errors or other irregularities are either prevented or would be detected in a timely period.

Key control procedures

The Council was established by Ministerial Order, under Section 54 of the Education Act 1998, and commenced on 24th December 2003. Since then the Council has taken initial steps to ensure an appropriate control environment by:

- ensuring the Council complies with its financial obligations under the Act
- ensuring that assets and liabilities of the Council are properly indemnified
- clearly defining management responsibilities in a defined organisational structure with clear segregation of duties; and
- the establishment of appropriate committees of the Council to give greater focus on specific areas.

The Council has plans to identify and evaluate organisational risks by commissioning a risk assessment of the organisation in the near future which will:

- identify the significant strategic, operational, and financial risks of the organisation;
- assess the appropriateness and strength of management controls surrounding risk areas and
- highlight key risk areas for specific management attention and Internal Audit focus.

Following on from this process formal procedures will be formulated and implemented to facilitate the reporting of significant control failures and taking appropriate control action, including the establishment of an Internal Audit function.

The system of internal financial control is based on a framework, which aims to provide regular management information, administrative procedures (including segregation of duties, authorisation limits and a documented procedures manual), and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget, which is reviewed and agreed by the Council prior to presentation to the Department of Education and Science;

National Council for Special Education

Statement on System of Internal Financial Control

- detailed review by the Executive and the Council of monthly and period to date financial reports which indicate financial performance against both budget and prior period;
- regular review by the Executive and the Council of financial reports and key operational indicators and
- clearly defined procurement, tendering and capital investment guidelines.

As noted above the Council intends to commission a risk review to assess the key risk areas and control weaknesses of the organisation, in accordance with Internal Audit Best Practice, as a first step in the establishment of a formal Internal Audit function. The findings and recommendations of this risk review will serve to form the basis of a cyclical internal audit plan to review in detail the key risks of the organisation.

The Council's monitoring and review of the effectiveness of the system of internal financial control is informed by the Executive management team who have responsibility for the development and maintenance of the financial control framework. Once in place, the Internal Audit function will also have a role to play in the monitoring and review of internal financial control effectiveness.

Annual Review of Controls

The Council has not to date conducted a review of the effectiveness of the system of internal financial control. However, it considers that the significant progress made to date toward the establishment of an appropriate system of governance and the steps being formulated toward the establishment of an Internal Audit function will serve to provide assurance as to the effectiveness of the financial control environment going forward.

Information about weaknesses in controls

The National Council for Special Education did not suffer any material loss in the period ended 31 December 2004, arising out of weaknesses in the system of internal financial control, which would result in the inclusion of any provision, contingency or uncertainty in the financial statements for the year.

Signed on behalf of the Council:



Chairperson, National Council for Special Education

14/12/2006 (Date)

National Council For Special Education

Statement of Accounting Policies

1. Basis of Accounting

The financial statements are prepared on the accruals basis of accounting, except as outlined below, in accordance with generally accepted accounting principles and under the historical cost convention and comply with the financial reporting standards of the Accounting Standards Board and are in the form approved by the Minister for Education and Science.

2. Accounting Period

The Financial Statements cover the period 24 December 2003 to 31 December 2004.

3. Oireachtas Grants

Oireachtas Grants represent the amount paid directly to the Council by the Department of Education and Science and amounts paid by the Department of Education and Science on behalf of the Council in the period of account.

4. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis at rates which are estimated to reduce the assets to realisable values by the end of their expected useful lives as follows:

Furniture & fittings	10 years	Computer Equipment	5 years
Office Equipment	5 years	Leasehold Refurbishment	20 years

5. Capital Account

The Capital Account represents the unamortised value of the income used to finance fixed assets.

National Council For Special Education

Statement of Accounting Policies

6. Pensions

Amounts to cover the cost of pension provision including staff contributions are paid over to the Department of Education and Science in respect of NCSE staff who are seconded primary, secondary, community and comprehensive teachers and who continue in membership of the teacher pension schemes; to VECs in respect of staff that are seconded VEC teachers; and to the Department of Education and Science for staff that are seconded civil servants of that Department.

Directly recruited Special Education Needs Organisers are civil servants and members of a defined benefits scheme which is unfunded and is administered by the Department of Finance. There is no charge in the financial statements for any liabilities which may arise in respect of these staff. Contributions deducted from salaries are remitted to the Department of Finance.

National Council for Special Education
Income and Expenditure account
for the period ended 31 December 2004

	Notes	2004 €
Income		
State Grant	1	4,029,893
Transfer to Capital Account	7	(834,179)
		3,195,714
Expenditure	2	(2,763,523)
Excess of income over expenditure		432,191

There were no other recognised gains or losses in the period, other than those dealt with in the Income and Expenditure Account.

The results for the period relate to continuing operations.
The Statement of Accounting Policies and notes 1 to 11 form part of these financial statements.

On behalf of the Council:



Chairperson

Date 14/12/2006



Chief Executive

National Council for Special Education

Balance Sheet as at 31 December 2004

	Notes	€	2004 €
FIXED ASSETS			
Tangible assets	4		<u>865,838</u>
CURRENT ASSETS			
Debtors & Prepayments	5	324,534	
Cash on Hand		<u>427,477</u>	
Total Current Assets		752,011	
CREDITORS (amounts falling due within one year)	6	<u>319,820</u>	
NET CURRENT ASSETS			<u>432,191</u>
Total assets less current liabilities			<u>1,298,029</u>
FINANCED BY			
Accumulated excess income over expenditure			432,191
Capital Reserves	7		<u>865,838</u>
			<u>1,298,029</u>

The Statement of Accounting Policies and notes 1 to 11 form part of these financial statements.

On behalf of the Council:



Chairperson



Chief Executive

Date 14/12/2006

National Council for Special Education

Notes (forming part of the financial statements)

1. INCOME	2004
	€
Direct funding by Department of Education and Science (DES)	1,666,395
Payments made by DES on behalf of NCSE	1,622,713
Payments made by DES to OPW on behalf of NCSE	<u>740,785</u>
	<u>4,029,893</u>
2. EXPENDITURE	2004
	€
Printing, postage and stationery	42,214
Rent and rates	90,726
Telephone	75,592
Light and heat	450
Repairs and maintenance	1,338
Training and development	260,891
Travel and subsistence expenses	216,716
Meeting expenses	23,094
General expenses	4,884
Recruitment fees	12,706
Research expenditure	2,076
IT expenses	11,069
Consultancy fees	42,686
Audit fee	7,000
Accountancy fees	41,419
Wages and salaries (Note 3)	1,830,264
Social Welfare Costs	77,512
Depreciation	<u>22,886</u>
Total Expenditure	<u>2,763,523</u>

3. WAGES AND SALARIES

The number of staff employed by the Council in December 2004 was 87 made up of 72 Special Educational Needs Organisers (SENOs) commencing employment from September 2004, and 15 Head Office staff. Expenditure on salaries for SENOs amounted to €1,130,927 and Head Office staff salaries to €699,337 giving a total of €1,830,264.

National Council for Special Education

Notes (forming part of the financial statements)

4. FIXED ASSETS

Cost	Leasehold Refurbishment ¹	Office Equipment	Furniture & Fittings	Computer Equipment	Total
	€	€	€	€	€
Assets transferred from DES to NCSE in 2003 ²		<u>6,655</u>	<u>583</u>	<u>24,421</u>	<u>31,659</u>
Additions	<u>440,223</u>	<u>18,732</u>	<u>100,253</u>	<u>297,857</u>	<u>857,065</u>
At 31 December 2004	<u>440,223</u>	<u>25,387</u>	<u>100,836</u>	<u>322,278</u>	<u>888,724</u>
Accumulated Depreciation					
Charge for the period	-	<u>1,694</u>	<u>1,890</u>	<u>19,302</u>	<u>22,886</u>
At 31 December 2004	-	<u>1,694</u>	<u>1,890</u>	<u>19,302</u>	<u>22,886</u>
Net Book Value					
At 31 December 2004	<u>440,223</u>	<u>23,693</u>	<u>98,946</u>	<u>302,976</u>	<u>865,838</u>

¹The refurbishment to lease premises was not complete at 31 December 2004 and was expected to incur further expenditure in the sum of €166,948. In accordance with circular 19/96 issued by the Department of Finance assets under development should not be depreciated until the project has been completed

² Assets transferred to NCSE in 2003 of €31,659 were provided out of DES funding. A full years depreciation for 2004 was charged on these assets and is included in the charge for the period amount.

5. DEBTORS AND PREPAYMENTS

	2004
	€
Prepayments	113,005
OPW - advance	<u>211,529</u>
	<u>324,534</u>

National Council for Special Education

Notes (forming part of the financial statements)

6. CREDITORS

	2004
	€
PAYE/PRSI	104,491
Pensions	160,841
Income continuance	330
VHI	2,016
Instalment savings	69
Union deductions	230
Accruals	<u>51,843</u>
	<u>319,820</u>

7. CAPITAL ACCOUNT

	2004
	€
Assets transferred from the Department of Education and Science	31,659
Income used to acquire Assets	857,065
Amortisation in line with asset depreciation	<u>(22,886)</u>
Transfer from Income and Expenditure Account	<u>834,179</u>
Closing Balance at 31 st December 2004	<u>865,838</u>

8. PROMPT PAYMENTS

The Council is aware of its responsibilities under the Prompt Payments legislation and is establishing appropriate procedures and processes to ensure that all payments are made in accordance with the legislation. No prompt payment interest was paid by the National Council for Special Education during the period.

9. CONTINGENT LIABILITY

There are no contingent liabilities.

10. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Council on 14th December 2006.

11. PRE-ESTABLISHMENT EXPENDITURE

In addition to the amounts recorded in these financial statements, €432,000 was expended on this service by the DES prior to the formal establishment of the Council.