

NATIONAL COUNCIL FOR SPECIAL EDUCATION

AN CHOMHAIRLE NÁISIÚNTA UM OIDEACHAS SPEISIALTA

Report and Financial Statements

For year ending 31 December 2015

National Council for Special Education

Report and Financial Statements

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National Council for Special Education

Information

Members of the Council of the National Council for Special Education in 2015.

Mr Eamon Stack (Chairperson)

Mr Pat Kinsella (Deputy Chairperson)

Ms Maureen Costello

Professor Sheelagh Drudy

Ms Jenny Ennis

Ms Eithne Fitzgerald

Ms Mary Friel

Ms Helen Guinan

Mr Johnny Murphy

Mr Philip O'Callaghan

Mr James O'Grady

Mr Tom O'Sullivan

Ms Joan Russell

Chief Executive:

Ms Teresa Griffin

The three year term of the Council ended 31 December 2015. The Minister for Education & Skills re-appointed Mr Eamon Stack as Chairperson of the Council to end 31 December 2018. The remaining members of the Council were not appointed prior to completion of the audit and signing of the final accounts.

National Council for Special Education

Report of the Comptroller and Auditor General



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Council for Special Education

I have audited the financial statements of the National Council for Special Education for the year ended 31 December 2015 under the Education for Persons with Special Educational Needs Act 2004. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 29 of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Members of the Council

The Council is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Council's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Council as at 31 December 2015 and of its income and expenditure for 2015; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Council were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on internal financial control does not reflect the Council's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

Review of internal financial control system

The statement on internal financial control discloses that no review by the Council of the effectiveness of the system of internal financial control took place in respect of 2015.

Colette Drinan

For and on behalf of the
Comptroller and Auditor General

30 June 2016

National Council for Special Education

Statement of Responsibilities of the Council

The National Council for Special Education (NCSE) was established under the Education for Persons with Special Educational Needs Act 2004. Section 29 of the Act requires the NCSE to keep proper accounts of all income and expenditure of the NCSE, and of the sources of such income and the subject matter of such expenditure, and of the property, credits and liabilities of the NCSE. 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 National Council for Special Education will continue in operation.

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

Signed:



Mr Eamon Stack
Chairperson



Ms Teresa Griffin
Chief Executive

30 June 2016

30 June 2016

National Council for Special Education

Statement on Internal Financial Control

Responsibility for the System of Internal Financial Control

On behalf of the members of the Council of the National Council for Special Education, I as chairman acknowledge 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 has taken steps to ensure an appropriate control environment by:

- ensuring the NCSE complies with its financial obligations under the Act
- clearly defining management responsibilities in a defined organisational structure with clear segregation of duties
- developing and implementing appropriate control procedures
- establishing appropriate committees of the Council to give greater focus on specific areas
- establishing an internal audit function and
- establishing processes to identify and evaluate business risks

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 Skills;
- an operational budget agreed by the Council based on prescribed budget limits set by the Department of Education and Skills;
- detailed review by the Executive and the Council of monthly and period to date financial reports which indicate financial performance against budget;
- regular review by the Executive and the Council of financial reports and key operational indicators and
- clearly defined procurement and tendering guidelines.

National Council for Special Education

Statement on Internal Financial Control

The Council's monitoring and review of the effectiveness of the system of internal financial control is informed by the audit committee, the internal audit function and the Executive management team.

The Council appointed audit committee reviews the annual financial statements and oversees the effective implementation of the internal audit function and any issues arising in connection with external audit.

The Council appointed finance committee reviews the preparation of draft budgets, the implementation of the agreed operational budget, examines accounts and reviews financial controls.

Annual Review of Controls

In 2015 an internal audit review of the system of internal financial control was conducted. There were no significant items identified. However, time did not allow for the report of this internal review to be approved by Council. The report will be on the agenda for the incoming Council.

Signed:



Mr Eamon Stack
Chairperson
National Council for Special Education

30 June 2016

National Council for Special Education

Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December 2015

	Notes	2015 €	2014 €
State Grant	2	7,986,298	7,988,565
Transfer from Capital Account	10	84,812	95,314
Other Income	3	<u>30</u>	<u>15</u>
		8,071,140	8,083,894
Expenditure	4	<u>(7,995,222)</u>	<u>(8,128,287)</u>
Surplus / (Deficit) for the year	17	75,918	(44,393)
Retained revenue reserves at beginning of year	17	<u>(347,690)</u>	<u>(303,297)</u>
Retained revenue reserves at end of year		<u>(271,772)</u>	<u>(347,690)</u>

There were no other recognised gains or losses in the year, other than those dealt with in the Statement of Income and Expenditure and Retained Reserves.

Notes 1 to 18 form part of these financial statements.

Signed:



Mr Eamon Stack
Chairperson



Ms Teresa Griffin
Chief Executive

30 June 2016

30 June 2016


National Council for Special Education

Statement of Financial Position at 31 December 2015

	Notes	2015 €	2014 €
FIXED ASSETS			
Tangible assets	7	396,693	481,505
CURRENT ASSETS			
Debtors & Prepayments	8	131,253	65,156
Cash on Hand		<u>3,253</u>	<u>26,743</u>
Total Current Assets		134,506	91,899
CREDITORS			
Amounts falling due within one year	9	<u>(406,278)</u>	<u>(439,589)</u>
NET CURRENT LIABILITIES		<u>(271,772)</u>	<u>(347,690)</u>
Total assets less current liabilities		<u>124,921</u>	<u>133,815</u>
FINANCED BY			
Retained Revenue Reserves	17	<u>(271,772)</u>	<u>(347,690)</u>
Capital Account	10	<u>396,693</u>	<u>481,505</u>
		<u>124,921</u>	<u>133,815</u>

Notes 1 to 18 form part of these financial statements.

Signed:



Mr Eamon Stack
Chairperson



Ms Teresa Griffin
Chief Executive

30 June 2016

30 June 2016

National Council for Special Education

Statement of Cash Flows for the year ended 31 December 2015

	Notes	2015 €	2014 €
Reconciliation of operating deficit to net cash inflow from operating activities			
Operating surplus/(deficit) for year		75,918	(44,393)
Depreciation	7	99,674	114,000
Transfer (from)/to Capital Account	10	(84,812)	(95,314)
(Increase)/decrease in debtors	8	(66,097)	(21,307)
Increase/(decrease) in creditors	9	(33,311)	83,367
Net cash inflow from operating activities		(8,628)	36,353
Cash flow from investing activities			
Payments to acquire tangible fixed assets	7	(14,862)	(18,686)
(Decrease)/increase in cash and cash equivalents		(23,490)	17,667
Cash and cash equivalents at 1 January		26,743	9,076
Cash and cash equivalents at 31 December		3,253	26,743
(Decrease)/increase in cash and cash equivalents		(23,490)	17,667

Notes 1 to 18 form part of these financial statements.

Signed:



Mr Eamon Stack
Chairperson



Ms Teresa Griffin
Chief Executive

30 June 2016

30 June 2016

National Council for Special Education

Notes (forming part of the financial statements)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The Council adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is given in Note 17.

1.1 Basis of Accounting

The financial statements have been prepared in compliance with Financial Reporting Standard 102 “The Financial Reporting Standard Applicable in the UK and Republic of Ireland” (“FRS102”). The financial statements have been prepared on the accruals basis of accounting in accordance with generally accepted accounting principles and under the historical cost convention.

The financial statements of the Council are presented in Euro (“€”) which is also the functional currency of the Council. The Council is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant impact on the amounts recognised in the financial statements.

1.2 Accounting Period

The Financial Statements cover the year 1 January 2015 to 31 December 2015.

1.3 Income

Income is on a cash receipts basis and represents the amount paid directly to the NCSE by the Department of Education and Skills for the year by way of grant in accordance with Section 43 of the Education for Persons with Special Educational Needs Act 2004.

1.4 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 write off the cost of the assets over their expected useful lives as follows:

Furniture & fittings	10 years	Computer Equipment	5 years
Office Equipment	5 years	Leasehold Refurbishment	19 years
Computer Software	3 years		

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

National Council for Special Education

Notes (forming part of the financial statements)

1.4 Tangible Fixed Assets (continued)

NCSE policy on procurement and disposal of NCSE fixed assets is set out in its Financial Policies and Procedure Manual which is in line with Department of Finance circulars, the Public Financial Procedures and the Code of Practice for Governance of State Bodies.

1.5 Capital Account

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

1.6 Employee benefits

The Council provides a range of benefits to employees, including paid holiday arrangements.

Short term benefits

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

Retirement benefit cost

Section 25 (5) of the EPSEN Act, provides that staff of the National Council for Special Education are civil servants. The Civil Service Superannuation Schemes are defined benefit schemes which are unfunded and administered by the Department of Public Expenditure and Reform. There is no charge in the financial statements for any liabilities which may arise in respect of these staff.

Benefit entitlements of staff will be a function of their service with the Council and of their previous service in the civil or public service, where appropriate. The Council is not funded in respect of such benefit entitlements.

As a result the requirements in FRS 102 with regard to defined benefit plans are not deemed to apply and no further disclosures are considered necessary.

2. INCOME	2015	2014
	€	€
The Department of Education and Skills made the following funds available to the Council:		
Grant to the Council (Vote 26 - Subhead: A11.5 Pay & Non Pay)	<u>7,986,298</u>	<u>7,988,565</u>
3. OTHER INCOME	2015	2014
	€	€
Freedom of Information	<u>30</u>	<u>15</u>

National Council for Special Education

Notes (forming part of the financial statements)

4. EXPENDITURE	2015 €	2014 €
Printing, postage and stationery	115,039	158,332
Rent and rates	359,102	357,940
Telephone	159,077	144,686
Light and heat	40,135	54,195
Repairs and maintenance	92,479	95,203
Training and development	31,043	44,435
Travel and subsistence expenses	243,103	251,780
Meeting expenses	18,978	23,864
General expenses	5,665	4,681
Research expenditure	234,811	247,368
IT expenses	182,196	248,330
Outsourced Services & Consultancy fees	19,493	13,166
Internal Audit fee	17,468	9,724
External Audit fee	11,200	11,120
Accountancy fees	7,713	8,528
Legal Fees	1,393	-
Wages & salaries (Note 5)	5,875,767	5,863,418
Employers' PRSI	480,886	477,517
Depreciation	<u>99,674</u>	<u>114,000</u>
Total Expenditure	<u>7,995,222</u>	<u>8,128,287</u>

5. WAGES AND SALARIES

Government policy in relation to the pay of the chief executive and all state body employees is being implemented. The number of staff employed by the Council at year end 2015 was 99, made up of 9 Senior Special Educational Needs Organisers (SSENOs), 1 Head of Local Services, 69 Special Educational Needs Organisers (SENOs) and 20 Head Office staff.

Expenditure on salaries for SSENOs and SENOs amounted to €4,520,643 and Head Office staff salaries to €1,355,124 giving a total of €5,875,767. Superannuation contributions of €281,215 were deducted from staff salaries and remitted to the Department of Finance. In addition, pension levy deductions of €407,139 were made from staff salaries and remitted to the Department of Education & Skills.

Range of total employee benefits

From	To	Number of employees	
		2015	2014
€60,000 - €69,999		53	53
€70,000 - €79,999		2	2
€80,000 - €89,999		1	1
€90,000 - €99,999		4	4
€100,000 - €109,999		-	-
€110,000 - €119,999		-	-
€120,000 - €129,999		-	-
€130,000 - €139,999		1	1

National Council for Special Education

Notes (forming part of the financial statements)

6. EXPENSES, DIRECTORS' FEES AND CEO REMUNERATION

There were no fees paid in 2015 to individual council members. The total paid for travel & subsistence expenses claimed by the board members in 2015 was €25,709 (2014: €22,711).

The Chief Executive Officer (CEO) is a civil service Assistant Secretary General. Total annual salary paid to the CEO in 2015 was €130,706 (2014: €130,706). The CEO is a member of the superannuation scheme for Established Civil Servants and pension entitlements do not extend beyond the standard entitlements of the scheme – see also Note 1.6. Employee Benefits.

7. FIXED ASSETS

Cost	Leasehold Refurbishment €	Office Equipment €	Furniture €	Computer Equipment €	Computer Software €	Total €
At 31 December 2014	610,351	65,065	271,111	528,969	391,215	1,866,711
Additions	-	203	4,071	10,588	-	14,862
Disposals	-	-	-	-	-	-
At 31 December 2015	<u>610,351</u>	<u>65,268</u>	<u>275,182</u>	<u>539,557</u>	<u>391,215</u>	<u>1,881,573</u>
Accumulated Depreciation						
At 31 December 2014	321,237	59,676	222,798	414,039	367,456	1,385,206
Charge for the year	32,124	1,817	13,146	35,717	16,870	99,674
Disposals	-	-	-	-	-	-
At 31 December 2015	<u>353,361</u>	<u>61,493</u>	<u>235,944</u>	<u>449,756</u>	<u>384,326</u>	<u>1,484,880</u>
Net Book Value						
At 31 December 2014	<u>289,114</u>	<u>5,389</u>	<u>48,313</u>	<u>114,930</u>	<u>23,759</u>	<u>481,505</u>
At 31 December 2015	<u>256,990</u>	<u>3,775</u>	<u>39,238</u>	<u>89,801</u>	<u>6,889</u>	<u>396,693</u>

8. DEBTORS AND PREPAYMENTS

	2015 €	2014 €
Prepayments	129,058	56,262
Debtors	2,195	8,536
Other Payroll Deductions	-	358
	<u>131,253</u>	<u>65,156</u>

National Council for Special Education

Notes (forming part of the financial statements)

9. CREDITORS	2015	2014
	€	€
Supplier Creditors	65,091	7,042
VAT Payable	8,627	6,512
PSWT	7,765	13,202
Payroll Deductions	3,039	-
Provision for holiday pay	281,212	283,270
Accruals	<u>40,544</u>	<u>129,563</u>
	<u>406,278</u>	<u>439,589</u>

10. CAPITAL ACCOUNT	2015	2014
	€	€
Opening Balance	481,505	576,819
Income used to acquire Assets	14,862	18,686
Amortisation in line with asset depreciation	<u>(99,674)</u>	<u>(114,000)</u>
Transfer to Income and Expenditure Account	(84,812)	(95,314)
Closing Balance	<u>396,693</u>	<u>481,505</u>

11. COMMITMENTS UNDER OPERATING LEASES

The NCSE operates a network of 33 offices throughout the State including its Headquarters in Trim, County Meath. The majority of offices are rented from Government funded entities. Six offices are operated through lease agreements* between the NCSE and commercial bodies.

The NCSE letting agreements with 6 commercial bodies:

- Lease 1 for 4 years 9 months expired in February 2013; however the accommodation is currently rented on a month to month basis while alternative accommodation is being sourced
- Lease 2 for 4 years 9 months expired January 2015; discussions with OPW are ongoing to source alternative accommodation
- Lease 3 for 1 year commencing July 2015
- Lease 4 for 4 years 11 months commencing 1st January 2011
- Lease 5 for 3 years commencing 1st August 2015
- Lease 6 for 4 years 9 months commencing 1st August 2015

National Council for Special Education

Notes (forming part of the financial statements)

11. COMMITMENTS UNDER OPERATING LEASES *(continued)*

The annual rental charged to the Income & Expenditure account for these lease agreements amounted to €42,243. The NCSE has the following annual commitments under operating leases which expire:

	2015	2014 (restated)
	€	€
within 1 year	29,233	29,233
during the years 2 to 5	24,760	-
expiring thereafter	-	-

*These agreements are not subject to rent reviews.

At the year end, the Council has outstanding commitments under operating leases that fall due as follows:

	2015	2014
	€	€
within 1 year	32,858	11,284
later than one year but within five years	56,703	5,400
later than five years	-	-
	<u>89,561</u>	<u>16,684</u>

12. PREMISES

The NCSE occupies premises at 1-2 Mill Street, Trim, Co. Meath under a rental agreement with OPW. This agreement which commenced in 2004, is for a term of 20 years. In addition, the Council has rental agreements on 32 other properties in various locations nationally. The total annual rental charge included in the financial statements for 2015 is €359,102.

13. CONTINGENT LIABILITY

There are no contingent liabilities.

14. FUNDING POSITION

NCSE income is a grant from the Department of Education and Skills which is provided to meet liabilities maturing during the year, as opposed to expenditure incurred during the year. Any deficit is met by future funding provided to the NCSE by the Department of Education and Skills.

15. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

National Council for Special Education

Notes (forming part of the financial statements)

16. COUNCIL MEMBERS – DISCLOSURE OF INTERESTS

The Council has adopted procedures in accordance with the Department of Public Expenditure and Reform Code of Practice for the Governance of State Bodies in relation to the disclosures of interests of Council Members.

There were no payments to Council Members during 2015.

17. TRANSITION TO FRS 102

This is the first year that the Council have presented its results under FRS 102. The last financial statements under the Irish GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

Set out below are the adjustments which reconcile the total deficit as at 1 January 2014 and 31 December 2014 and deficit for the financial year ended 31 December 2014 between Irish GAAP as previously reported and FRS 102.

Reconciliation of reserves	1 January 2014 €	31 December 2014 €
Reserves as previously reported	(57,552)	(64,420)
Holiday pay accrual (Adjustment 1)	(245,745)	(283,270)
Reserves restated	(303,297)	(347,690)
Reconciliation of deficit for the year ended 31 December 2014		€
Deficit as previously reported		(6,868)
Increase in holiday pay accrual (Adjustment 1)		(37,525)
Deficit restated		(44,393)

Adjustment 1

The Council had previously not accrued for holiday pay earned by employees but not availed of by the reporting date. Under FRS 102, the financial statements must recognise such accruals.

The impact of this change is an increase of €245,745 in creditors at the transition date and €283,270 at 31 December 2014. The deficit is increased by €37,525 for the year ended 31 December 2014. 2014 figures are restated for comparative purposes to reflect the application of FRS 102 in the 2015 accounts. The agreed accounts for 2014 are not affected.

18. APPROVAL OF FINANCIAL STATEMENTS

As only the Chairman's position of the new Council has been filled, alternative government arrangements were agreed with the Department to facilitate the preparation of final accounts. The financial statements were approved by the Chairman and CEO on 30 June 2016.