



INDEPENDENT REVIEW OF
THE VOLUNTARY MESS
COMMITTEES (VMC)
OPERATIONS WITHIN THE
IRISH PRISON SERVICE

Summary Report – April 2022



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1. EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary MESS Committees (VMCs) and the financial control frameworks in place within the MESSs that operate across the Irish Prison Service (IPS).

There are eight independent staff canteens in operation across the IPS. They are noted below together with their staff numbers.

	Prison	Staff Numbers ¹
1	Castlerea	217
2	Cloverhill	324
3	Cork	199
4	Limerick	213
5	Midlands	460
6	Mountjoy	596
7	Portlaoise	285
8	Wheatfield	361
	Total	2,655

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The IPS provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMCs and are set to cover the cost of the food purchased (i.e., cost neutral).

¹ Source - <https://www.irishprisons.ie/>

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The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements with the VMCs. The Service Agreements are currently being embedded and provide for an improved level of oversight of the MESSs; they afford for the use of prison facilities and outline the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

It is noted that while the level of oversight by Prison Service Management has improved since 2021, the VMCs are not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESSs operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

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The review provided for four objectives; summary findings and conclusions for each are noted below:

	Objective	Summary Findings and Conclusions
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ➤ Two of the eight MESSs (Castlerea and Castlerea) had accounts for all years under review with a further three MESSs (Limerick, Mountjoy and Wheatfield) having accounts available from 2015, in line with best practice record retention. The remaining three MESSs (Cloverhill, Cork and Midlands) did not have accounts available or the accounts were incomplete for the periods under review. ➤ Due to the incomplete records available for three of the MESS operations (Cloverhill, Cork and Midlands), it was not possible to provide assurances in relation to completeness and accuracy of the accounts provided. For the remaining MESSs, whilst a number of exceptions or anomalies were identified for each, some assurances could be provided with accounts being prepared to a reasonable / good standard. <p><u>Conclusion:</u></p> <p>It is appreciated that the staff administering the accounting processes have limited finance experience. Improvements have been made in each MESS operation in relation to record maintenance throughout the period of review. This further extends to improvements in the production of accounts with the exception of the Cork MESS where, despite financial records being maintained, they do not prepare accounts.</p>
2	Determine the nature and extent of the financial controls in place for the Mess Committee	<p><u>Findings²:</u></p> <ul style="list-style-type: none"> ➤ Financial Records were maintained to a substantial level in five of the VMCs; i.e., there was evidence of record keeping being maintained for all, or the majority of the period under review. For three VMCs (Midlands, Cork and Cloverhill) there was a lack of evidence of accounting records/accounts being prepared/maintained for the majority of the period time under review. The record management has improved in recent years. ➤ Based on the samples reviewed, suppliers were being paid in a timely manner in five of the VMCs during the period of review. The remaining three VMCs (Cloverhill, Midlands and Wheatfield) had evidence of suppliers being paid outside the 1-month time period. ➤ Financial stability of the VMCs during the period under review was considered based on the appropriate cash reserves held to maintain continuity of service and ensure that the VMC was not operating at a net deficit position. Two of the VMCs were evidenced as having substantial financial stability (Mountjoy and Wheatfield), with funds on hand markedly greater than the debt liabilities on occasions. Four of the VMCs were evidenced as having adequate financial stability

² Levels of control are defined under objective two

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		<p>(Castlerea, Cork, Limerick and Portlaoise). For these VMCs there was evidence of sufficient cash being retained to service debt. For both Cloverhill and Midlands VMCs, there was evidence that each VMC was operating at a net deficit position on occasions during the period under review.</p> <ul style="list-style-type: none"> ➤ There was adequate cash management evidenced for four of the VMCs (Limerick, Mountjoy, Portlaoise and Wheatfield); there were processes in place to ensure that funds were sufficient to meet supplier payments. For the remaining four VMCs (Castlerea, Cloverhill, Cork and Midlands) there was evidence of limited cash management. ➤ It is noted that all MESSs have suppliers that are in receipt of substantial funds. For two of the VMCs reviewed (Cloverhill and Midlands), there was evidence of one supplier in receipt of amounts in excess of €100k in a year. Whilst the VMCs are not subject to government procurement practices, it is good practice to document a supplier review on a periodic basis to ensure that that value for money is being achieved. <p><u>Conclusion:</u></p> <ul style="list-style-type: none"> ➤ There are varying degrees of financial controls in place across the VMCs. There is evidence that these have improved across the period under review, not least due to the introduction of systems of electronic payment in all VMCs. This has eliminated or reduced (Wheatfield VMC are not yet completely cashless at March 2022) the risks associated with storing and handling cash. Areas to be strengthened have been identified for each individual VMC and recommendations made accordingly.
3	<p>Determine if cross subsidisation of supplies has occurred between the main prison canteen/kitchens and the Staff Mess;</p>	<p><u>Findings:</u></p> <ul style="list-style-type: none"> ➤ Based on the sample testing completed, there was no instances identified that cross subsidisation was occurring in five of the MESSs (Cloverhill, Limerick, Mountjoy, Portlaoise and Wheatfield) pre-2020. ➤ There were instances identified that cross subsidisation occurred historically in the remaining three MESSs; this was in relation to milk and bread supplies and meals provided to prisoners working within the MESS. These arrangements could not be quantified due to the incomplete nature of records maintained. ➤ Based on the sample testing completed, cross- subsidisation was not identified as occurring currently across the MESS operations. <p><u>Conclusion:</u></p> <p>Review of recent years transactions indicates that cross subsidisation previously identified as occurring in relation to milk and bread has ceased. Historically, there was an inconsistent treatment and apparent confusion around who should be paying for the meals consumed by prisoners working in the MESSs, this matter has now been addressed. The Service Agreements issued in 2020/2021 advises that the VMCs are to "meet the costs of meals for prisoners working in the MESS kitchen". Testing indicates that this is being adhered to. It is however unclear from the Service Agreement as to what overheads are absorbed by the IPS in relation to the MESS operations, a review of same has been recommended to be completed by IPS and formally documented in the Service Agreements.</p>

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4	<p>Review the effectiveness and reasonableness of the governance arrangement over the Mess Committees.</p>	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in (2020/2021) with the roll out of Service Agreements with the VMCs; the Service Agreements provide for improved and more formal oversight than the previous guidance. These arrangements are currently being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).</p> <p>Each VMCs current compliance with the 2017 guidelines was mapped and the following noted:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> • 5/8 MESSs did not conduct quarterly minuted meeting in line with guidance. • 2/8 MESS facilities do not have secure financial accountable systems in place. • All MESS facilities have separate banks accounts from the prison accounts. • 6/8 MESS facilities do not have appropriate segregation of duties surrounding payments. • All MESS supplier accounts are separate from prison accounts. • All MESS requisitions are made separately from prison requisitions. • 4/8 MESSs credit terms with suppliers were not adhered to i.e., did not exceed one month³. • 1/8 MESSs prices system is not cost effective and self-financing. • No MESSs makes cost charges to the prison vote⁴. • 1/8⁵ MESS did not have an appropriate system to account for all receipts. • All MESSs procure for the MESS training kitchen raw materials and liaise with Work and Training regarding the preparation of food. • 3/8⁶ VMCs membership is not in line with governance guidance. • All VMCs are compliance with committee responsibilities as outlined in the guidance with the exception of Cork that does not have an operational VMC in place. <p><i>The following is also noted:</i></p> <ul style="list-style-type: none"> • 6/8 MESSs do not have any VMC policies and procedures in place.
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³ This is at odds to Objective 2 which lists 5 VMCs meeting credit terms. Objective 4 reflects current rather than historic (2012-2019) practices, and difference is the Portlaoise VMC where there was evidence of current supplier payments exceeding 1 month.

⁴ janitorial products at Mountjoy VMC circa €800 per month, it is unclear if this cost is absorbed as part of MESS overheads.

⁵ It has been advised that Castlerea VMC have introduced a card system post review (March 2022) which should address this concern

⁶ This includes Cork which has no operational VMC

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		<ul style="list-style-type: none"> • With the exception of Cork, the MESS administrations work was conducted during IPS working hours, however only one prison (Mountjoy) has formally approved this. • Staff administering the accounting processes across the MESSs do not have adequate finance expertise. • One occasion was noted in 2018 where one MESS (Mountjoy) was not compliant with the Civil Service Alcohol and Drugs Misuse Policy. <p><u>Conclusion:</u> Governance arrangements surrounding the MESS operations should be formalised and strengthened across all the VMCs. There is particular concern surrounding Cork MESS which does not have an operational VMC. VMC policies and procedures require to be drafted and embedded across the prison network and a consistent and appropriate approach to the allocation of the IPS staff time to service the administration of the MESS during employed hours requires to be considered and agreed. Full compliance with the IPS Service Agreement will go some way to addressing the governance weaknesses identified.</p>
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It is appreciated that the VMC members are operating in a voluntary capacity, often completing duties in their own time with little to no expertise in the areas of finance and governance. This has proved challenging and is reflected in the findings across the four objectives. Notwithstanding this, improvements in many areas can be seen across the period under review. The introduction of electronic payments systems across the MESSs has eliminated or gone some way⁷ to strengthen the nature of financial controls in place and reduce the administrative burden associated with the collection, retention and lodging of cash receipts.

The introduction of the Service Agreements in 2020/2021 by the IPS has and should continue to strengthen the oversight of the MESS operations once fully embedded. The IPS will require to have appropriate oversight that the contents of the agreements are being adhered to effectively; this will require particular prominence in Cork MESS as a VMC is not operational.

Based on the review findings and conclusions, recommendations have been made for consideration both by the IPS and the VMCs. It is recommended a high-level review is carried out of the MESS arrangements in IPS to confirm the current model represents the optimum strategy going forward. A further six recommendations have been made for consideration by IPS to strengthen the Service Agreement in place and enhance general oversight of the MESS operations. Seventeen recommendations have been made for consideration across the MESSs, including for: the drafting of VMC policies and procedures to include all operational and financial activities; a move to a fully cashless system (where this is not currently in effect); a more formalised approach to record retention and structured format for financial reporting and oversight.

⁷ Wheatfield MESS facilities are currently not operating on a fully cashless basis

2. INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs)⁸ and the financial control frameworks in place within the MESSs⁹ that operate across the Irish Prison Service (IPS).

3. BACKGROUND

There are independent eight staff canteens in operation across the IPS. They are noted below together with their staff numbers.

	Prison	Staff Numbers ¹⁰
1	Castlerea	217
2	Cloverhill	324
3	Cork	199
4	Limerick	213
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6	Mountjoy	596
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	Total	2,655

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid, together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming ‘cost neutral’. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary Mess Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operations of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The IPS provide the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and

⁸ The Committee that has oversight of the MESS Operations

⁹ The physical and operational structure for the canteen facilities for staff food provisions

¹⁰ Source - <https://www.irishprisons.ie/>

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bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – Mess Committees”. New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements with the VMCs. The Service Agreements are in the process of being embedded and provide for an improved level oversight of the MESSs; they afford for the use of prison facilities and outline the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMCs are not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESSs operations which are self-governed.

3.1 FINANCIAL OVERVIEW OF MESS OPERATIONS**3.1.2 Annual Sales¹¹ (€)**

	MESS	2012	2013	2014	2015	2016	2017	2018	2019
1	Castlerea	85,004	102,385	94,818	88,469	83,688	81,197	85,601	86,789
2	Cloverhill	-	-	-	-	-	-	102,505	125,199
3	Cork	-	-	-	-	-	-	90,822	89,786
4	Limerick	-	-	107,649	103,119	97,476	91,670	78,507	81,181
5	Midlands	-	-	-	-	-	248,201	286,000	318,597
6	Mountjoy	-	-	95,626	113,057	185,256	228,026	284,311	303,460
7	Portlaoise	54,347	64,075	80,175	100,005	97,833	93,129	123,061	125,980
8	Wheatfield	-	222,623	235,272	235,358	235,750	256,314	253,772	304,610

3.1.3 Bank Balances as at 31 December Year End¹² (€)

	MESS	2012	2013	2014	2015	2016	2017	2018	2019
1	Castlerea	N ¹³	N	N	N	N	N	4,677	4,874
2	Cloverhill	17,889	11,002	8,688	12,503	7,868	3,804	8,266	2,483
3	Cork	-	-	12,584	492	13,454	2,719	9,647	5,177
4	Limerick	-	604	1,497	10,717	3,247	6,926	5,716	4,231
5	Midlands	11,159	13	6,881	11,097	5,108	5,935	943	1,932
6	Mountjoy	-	-	-	-	-	37,641	24,574	21,609
7	Portlaoise	9,715	8,428	11,368	10,073	8,829	10,598	14,328	7,790
8	Wheatfield	-	-	18,242	45,298	60,774	57,911	29,517	51,994

¹¹ Information is as provided by the VMCs and have not been amended for any discrepancies identified. Where applicable, these are recorded under objective 1 of the individual VMC reports. A nil (-) entry has been made where information was not available at the time of review.

¹² A nil (-) entry has been made where information was not available at the time of review.

¹³ N = None, Bank Account opened in 2018. Prior to this, receipts were retained in a central safe with supplier's accounts settled using the receipts.

4. TERMS OF REFERENCE

The Agreed Terms of Reference provided for the following scope and methodology.

4.1 REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the MESS Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/kitchens and the Staff MESS; and
4. Review the effectiveness and reasonableness of the governance arrangement over the MESS Committees.

4.2 METHODOLOGY

The review methodology included the following:

- An initial information request was sent to each VMC requesting:
 - A Chart or equivalent, showing the management/responsibilities of the MESS
 - A copy of any VMC financial policies and procedures in place
 - A copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - A Copy of any governance arrangements in place
 - A list of the main suppliers used
- Communication with the VMC point of contact to gain an understanding of the MESS operations at each of the eight prisons.
- Site visits to each MESS; These were conducted between August and December 2021 and included a review of the available accounting records for the period under review, a review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communications with the VMC point of contact to finalise outstanding queries.
- Issued draft report to VMC representatives for review of factual accuracy prior to finalisation.
- Issued final report to the Department of Justice (DOJ) and the IPS.

5. ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the VMC members and MESS representatives during the course of the review.

6. SUMMARY FINDINGS

6.1 OBJECTIVE 1

Review of the annual accounts¹⁴ (2012¹⁵ – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate:

Accounts in place

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

The below table shows a summary of the Accounts available across the MESSs for the period of review.

	2012	2013	2014	2015	2016	2017	2018	2019
Castlerea	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cloverhill	No	No	No	No	No	No	Incomplete	Incomplete
Cork ¹⁶	No	No	No	No	No	No	No	No
Limerick	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Midlands	No	No	No	No	No	Incomplete	Incomplete	Incomplete
Mountjoy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Portlaoise	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wheatfield	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

¹⁴ Income and Expenditure Account or equivalent.

¹⁵ 2012 was the year that VMCs were introduced across the prison network.

¹⁶ Financial records are maintained but accounts are not produced

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Accounts are complete and Accurate

Castlerea	Accounts were maintained to a reasonable standard with a number of exceptions noted.
Cloverhill	It was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in any given periods / years and thus provide assurances that the accounts provided were accurate due to the incomplete records maintained.
Cork	It was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in the given periods / years and thus provide assurances that the accounts available were accurate due to the incomplete records maintained.
Limerick	Accounts were maintained to a good standard with a small number of exceptions noted.
Midlands	It was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in the given periods / years and thus provide assurances that the accounts available were accurate due to the incomplete records maintained.
Mountjoy	Accounts were maintained to a reasonable standard with a number of exceptions noted.
Portlaoise	Accounts were maintained to a reasonable standard with a number of exceptions noted.
Wheatfield	Accounts were maintained to a reasonable standard with a number of exceptions noted.

Summary Findings:

- Two of the eight MESSs (Castlerea and Portlaoise) had Accounts for all years under review with a further three MESSs (Limerick, Mountjoy and Wheatfield) having accounts available from 2015, in line with best practice record retention. The remaining three MESSs (Cloverhill, Cork and Midlands) did not have accounts available or the accounts were incomplete for the period under review.
- Due to the incomplete records available for three of the MESS operations (Cloverhill, Cork and Midlands), it was not possible to provide assurances in relation to the completeness and accuracy of accounts provided. For the remaining MESSs, whilst a number of exceptions or anomalies were identified for each, some assurances could be provided with accounts being prepared to a reasonable / good standard.

Conclusion:

It is appreciated that the staff administering the accounting processes have limited finance experience. Improvements have been made in all MESS operations in relation to record maintenance throughout the period of review. This further extends to improvements in the production of accounts with the exception of Cork where despite financial records being maintained they do not prepare accounts.

6.2 OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in each VMC were considered. A summary of findings for the period of review 2012-2019 is presented below by VMC.

Financial Control Area	Castlerea	Cloverhill	Cork	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
Financial Records were appropriately maintained	Substantial	Limited	Limited	Substantial	Limited	Substantial	Substantial	Substantial
Suppliers were being paid in a timely manner (i.e., within 1 month)	Substantial	Limited	Substantial	Substantial	Limited	Substantial	Substantial	Limited
Financial stability of the MESS during the period of review	Adequate	Limited	Adequate	Adequate	Limited	Substantial	Adequate	Substantial
Level of Cash Management in the VMC activities	Limited	Limited	Limited	Adequate	Limited	Adequate	Adequate	Adequate
Value for money in relation to suppliers is sufficiently considered and documented¹⁷	-	No	-	-	No	-	-	-

The rating structure used to classify the nature and extent of the financial controls in place is set out in the table below:

CATEGORY	CATEGORY DESCRIPTION
Substantial	Key controls exist but there may be some inconsistency in application. Assurance can be given that the system, process or activity will achieve its objectives effectively.
Adequate	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system, process or activity will achieve its effectively.
Limited	Some controls are in place but these are not sufficient or the controls in place are not being effectively applied. Limited assurance can be given that the system, process or activity will achieve its objectives effectively.

¹⁷ Review limited to where individual suppliers were in receipt of funds exceeding €100k in any given year.

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Summary Findings:

- Financial Records were maintained to a substantial level in five of the VMCs i.e. there was evidence of record keeping being maintained for all, or the majority of the period under review. For three MESSs (Cloverhill, Cork and Midlands) there was a lack of evidence of accounting records/Accounts being prepared/maintained for the majority of the period time under review. The record management has improved in recent years.
- Based on the samples reviewed, suppliers were being paid in a timely manner in five of the VMCs during the period of review. The remaining three VMCs (Cloverhill, Midlands and Wheatfield) had evidence of suppliers being paid outside the 1-month time period.
- Financial stability of the MESS during the period under review was considered based on the appropriate cash reserves held to maintain continuity of service and ensure that the MESS was not operating at a net deficit position. Two of the VMCs were evidenced as having substantial financial stability (Mountjoy and Wheatfield), with funds on hand markedly greater than debt liabilities on occasions. Four of the VMCs were evidenced as having adequate financial stability (Castlerea, Cork, Limerick and Portlaoise). For these VMCs there was evidence of sufficient cash being retained to service debt. For Cloverhill and Midlands VMC, there was evidence that the VMC was operating at a net deficit position on occasions during the period under review.
- There was adequate cash management evidenced for five of the VMCs; there were processes in place to ensure that funds were sufficient to meet supplier payments. For the remaining three VMCs (Cloverhill, Cork and Midlands) there was evidence of limited cash management.
- It is noted that all MESSs have suppliers that are in receipt of substantial funds. For two of the MESSs reviewed (Cloverhill and Midlands), there was evidence of one supplier in receipt of amounts in excess of €100k in a year. Whilst the MESSs are not subject to government procurement practices, it is good practice to document a supplier review on a periodic basis to ensure that value for money is being achieved.

Conclusion:

There are varying degrees of financial controls in place across the VMCs. There is evidence that these have improved across the period under review, not least due to the introduction of systems of electronic payment in all VMCs. This has eliminated or reduced (Wheatfield are not yet completely cashless) the risks associated with storing and handling cash. Areas to be strengthened have been identified for each individual VMC and recommendations made accordingly.

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6.3 OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

Summary results are as follows by MESS operation.

MESS	Cross-subsidisation occurring 2012-2019	Cross-subsidisation occurring currently
Castlerea	➤ There was evidence that cross subsidisation occurred in the form of prisoner meals (for those prisoners working in the MESS) and milk supplies.	➤ None identified
Cloverhill	➤ None identified	➤ None identified
Cork	➤ Prior to February 2019, there is no evidence that bread and milk supplies were separately purchased by Cork MESS.	➤ None identified
Limerick	➤ None identified	➤ None identified
Midlands	<ul style="list-style-type: none"> ➤ Pre 2020 there was evidence that cross subsidisation occurred in the form of goods / funds for meals for those prisoners working in the MESS. ➤ In 2017 there was no evidence that sufficient quantities of milk supplies (compared to other years) were separately purchased by the MESS. 	➤ None identified
Mountjoy	➤ None identified	➤ None identified
Portlaoise	➤ None identified	➤ None identified
Wheatfield	➤ None identified	➤ None identified

Independent Review of the VMC Operations

Summary Findings:

- Based on the sample testing completed, there was no instances identified that cross subsidisation was occurring in five of the MESSs (Cloverhill, Limerick, Mountjoy, Portlaoise and Wheatfield) pre-2020.
- There were instances identified that cross subsidisation occurred historically in the remaining three MESSs; this was in relation to milk and bread supplies and meals provided to prisoners working within the MESS. These arrangements could not be quantified due to the incomplete nature of records maintained.
- Based on the sample testing completed, cross- subsidisation was not identified as occurring currently across the MESS operations.

Conclusion:

Review of recent years transactions indicates that cross subsidisation previously identified as occurring in relation to milk and bread has ceased. Historically, there was an inconsistent treatment and apparent confusion around who should be paying for the meals consumed by prisoners working in the Mess, this matter has now been addressed . The Service Agreements issued in 2020/2021 advises that the VMCs are to "meet the costs of meals for prisoners working in the MESS kitchen". Testing indicates that this is being adhered to. It is however unclear from the Service Agreement as to what overheads are absorbed by the IPS in relation to the MESS operations, a review of same has been recommended to be completed by IPS and formally documented in the Service Agreements.

6.4 OBJECTIVE 4

Review of the effectiveness and reasonableness of the governance arrangements over the VMC.

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of the staff MESSs.

New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements with the VMCs; the Service Agreements provide for improved and more formal oversight than the previous guidance and have been signed by a VMC representative. They afford for the use of prison facilities and outline the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreements are currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has improved since 2021, the VMCs are not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

Independent Review of the VMC Operations

Summary Findings:

The following table maps each of the VMCs current compliance ¹⁸with the 2017¹⁹ guidelines:

Good Governance								
Guidance	Castlerea	Cloverhill	Cork ²⁰	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
The MESS Committee to meet at least on a quarterly basis and record minutes	Yes	Yes	N/a - No prior to dissolution	Yes	No	No	No	No
A secure financial accountable system should be established and maintained.	No ²¹	Yes	No	Yes	Yes	Yes	Yes	Yes
The Mess Committee Bank Account must be separate from Prison Bank Account	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All of the MESS committees should operate a bank account requiring not less than two signatures for payments	No	No	No	No	No	Yes	No	Yes
Accounts with suppliers should be open and transparent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Requisitions from suppliers must be made separately from prison requisitions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

¹⁸ Results at date of review (2021) – this may have varied throughout the review period and to date of sign off of report (April 2022).

¹⁹ Relevant to the period under review.

²⁰ There is no VMC operational in Cork. Operations are overseen by an Officer (who signed the Service Agreement) and de facto ‘feedback committee’. It has been advised that the feedback committee are an informal arrangement and have no input into financial decisions.

²¹ It is noted that the Castlerea VMC have addressed this issue subsequent to fieldwork and have introduced a card system and went fully cashless on 13th March 2022, this will help ensure there is a secure financial accountable system established and maintained going forward.

Independent Review of the VMC Operations

Good Governance Contd.								
Guidance	Castlerea	Cloverhill	Cork ²²	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
The MESS committee supplier accounts must be separate from prison accounts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Credit from suppliers should not exceed one months	Yes	No	Yes	Yes	No	Yes	No ²³	No
Prices should be determined to ensure the system is cost effective and self-financing	Yes	No ²⁴	Yes	Yes	Yes	Yes	Yes	Yes
Prices must cover all costs associated with operating the MESS Committee- costs must not be charged to the prison vote ²⁵	Yes	Yes	Yes	Yes	Yes	Yes ²⁶	Yes	Yes
An appropriate system should account for all receipts	No ²⁷	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Procure for the MESS training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

²² There is no VMC operational in Cork. Operations are overseen by an Officer (who signed the Service Agreement) and de facto 'feedback committee'. It has been advised that the feedback committee are an informal arrangement and have no input into financial decisions.

²³ This is at odds to Objective 2 which notes substantial assurance as this table reflects current rather than historic (2012-2019) practices.

²⁴ Current net deficit requires to be addressed.

²⁵ Governor Sales are charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison.

²⁶ Janitorial costs are charged to the prison vote (approx. €800 per month), it is unclear if this cost is absorbed as part of MESS overheads.

²⁷ It is noted that the Castlerea VMC have addressed this issue subsequent to fieldwork and have introduced a card system and went fully cashless on 13th March 2022, this will help ensure that an appropriate system to account for all receipts is in place.

Independent Review of the VMC Operations

Good Governance Contd.								
Guidance	Castlerea	Cloverhill	Cork ²⁸	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
Report on the quality of food stuff to Work & Training area	Outside scope of review							
The MESS Committee Current Membership								
Guidance	Castlerea	Cloverhill	Cork ²⁹	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
Governor (or Governor representative)	Yes (Assistant Governor)	Yes (Assistant Governor)	-	Yes (Chief Officer)	Yes (Assistant Governor)	Yes (Assistant Governor)	Yes (Assistant Governor)	Yes (Assistant Governor)
Work and Training (Catering) representative	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
Union Representative	Yes	Yes	-	Yes	No	Yes	No	Yes
Other Staff Member	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
The MESS Committee is separate and independent entity to the IPS	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
Members to rotate every 2 -3 years	No evidence of same	No evidence of same	-	No evidence of same	No evidence of same	No evidence of same	No evidence of same	No evidence of same
Committee Responsibilities								
Guidance	Castlerea	Cloverhill	Cork	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
Setting prices	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
Making payments ³⁰	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
Cash Management ³¹	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes

²⁸ There is no VMC operational in Cork. Operations are overseen by an Officer (who signed the Service Agreement) and de facto 'feedback committee'. It has been advised that the feedback committee are an informal arrangement and have no input into financial decisions

²⁹ There is no VMC operational in Cork. Operations are overseen by an Officer (who signed the Service Agreement) and de facto 'feedback committee'. It has been advised that the feedback committee are an informal arrangement and have no input into financial decisions

³⁰ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

³¹ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

Independent Review of the VMC Operations

Committee Responsibilities Contd.								
Guidance	Castlerea	Cloverhill	Cork	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
Financial/ procurement controls, procedures and reports	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.							
The MESS Committees are requested to meet collectively every 6 months	No evidence of same							

Other Considerations (Not covered by the Governance guidance document)

	Castlerea	Cloverhill	Cork	Limerick	Midlands	Mountjoy	Portlaoise	Wheatfield
VMC policies and procedures in place governing the MESS operations	Yes	No	No	No	No	Yes	No	No
There is IPS staff involvement in the administration of the MESS operations during employed hours	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Dedicated time allocated to the IPS staff to service the MESS administrations during employed hours	No	No	N/a	No	No	Yes	No	No
Staff administering the MESS accounting processes have adequate finance expertise	No	No	No	No	No	No	No	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes

Independent Review of the VMC Operations

Conclusion:

Governance arrangements surrounding the MESS operations should be formalised and strengthened across all VMCs. There is particular concern surrounding Cork MESS which does not have an operational VMC.

VMC policies and procedures require to be drafted and embedded across the prison network and a consistent and appropriate approach to the allocation of the IPS staff time to service the administration of the MESS during employed hours requires to be considered and agreed. Full compliance with the IPS Service Agreement will go some way to addressing the governance weaknesses identified.

7. SUMMARY RECOMMENDATIONS

7.1 IPS RECOMMENDATIONS

Key Recommendation

It is recommended a high level review is carried out of MESS arrangements across the IPS to confirm that the current model represents the optimum strategy going forward. It is recommended that such a review is completed within a timeline of no more than 8-12 weeks in order that relevant recommendations in this report can be implemented as soon as possible.

General Recommendations

1. It is acknowledged that whilst the MESS operations are independent of the IPS and the current Service Agreement provides for a control framework, this could be further strengthened as follows:
 - I. Stronger direction should be provided in relation to the VMC composition in the absence of a constitution being in place.
 - II. Consideration should be given to including a requirement for the MESSs to retain financial records for an appropriate period of time (i.e., 6 years in line with good governance arrangements).
 - III. Consideration should be given to directing that Accounts must be prepared using the format / template as circulated by the IPS.
 - IV. Consideration should be given to providing for a right of access to the MESS records being afforded to the IPS.
 - V. All the MESS overheads covered by the IPS should be identified by MESS location and reviewed for consistency and appropriateness and included for in their Service Agreements.
2. There should be periodic oversight by the IPS re Service Agreement requirements i.e., to ensure that the submission of audited accounts and annual reports by the MESSs occur on a timely basis and that the VMC are operating in line with requirements. Specific attention will be required in relation to the Cork MESS where a VMC is currently not operational.
3. Consideration should be given to issuing a monthly excel template in addition to the current 'Accounts & Annual Statement'. The monthly template should provide for the following:
 - All income being recorded as sales to include "Governor Sales"
 - All non-cost of sale items (i.e., goods purchased that are not used in the production of food sold) should be stripped out of the purchases of food stock total and reported as non-cost of sales in the accounts.
 - Monthly bank reconciliations.
 - Supplier statement reconciliations (Creditor days)
4. It was noted throughout the reviews that better records were maintained by the MESSs where specific staff resources had been allocated to the MESS administrations; this should be considered across all prisons subject to any HR issues.

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5. A record book should be maintained by the main prison kitchen for any goods that have been transferred between the main kitchen and the MESS (and vice versa). Any transfer of goods should be approved and signed off by the Officer in charge.
6. Consideration should be given to agree and disseminate an alcohol policy for the MESSs, providing for the allowed use or otherwise of alcohol for cooking purposes and the safeguarding of same if permitted, to ensure that the safety, health and welfare of individuals is not compromised.

In the event that a zero-alcohol policy is agreed, this should be advised in the Service Agreements.

7.2 VMC RECOMMENDATIONS

The following is a summary of the recommendations made across the eight VMC reports:

1. VMC Standard Operating Procedures (SOPs) of the MESS operations should be drafted to include all operational and financial activities.
2. A VMC should be established with immediate effect in the Cork MESS. All VMCs should meet at least quarterly with the meetings being minuted. Minutes should include the date of meeting, attendees and their positions held and a high level overview of agenda items discussed. The MESS committees should meet collectively throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. All financial records to include the monthly and annual Accounts together with supporting financial records i.e. invoices, supplier statements, lodgement records, till readings, ad hoc (cash) expenditure receipts (to be phased out) and stock take listings should be securely retained for a minimum of 6 years in line with best practice.
4. Accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for reporting monthly receipts and expenditure.
5. Annual Accounts should be produced using the template as provided by the IPS. Once approved by the VMC they should be verified by an independent professional. This verification should be provided by a qualified Accountant to include an Accountant's Certificate. We note that the Service Agreement requires that Accounts should be subject to verification by an external Auditor, from our review current practice is some distance from this position.
6. Training should be put in place in order to ensure effective implementation of recommendations 4 and 5.
7. All VMCs should operate a fully cashless system.
8. Where appropriate, a bank card should be sourced for the MESS bank account and be used for any ad hoc purchases. Refunds for cash expenditure should no longer be made via the card machine and /or petty cash should no longer be in circulation.
9. Bank reconciliations should be completed on a monthly basis to help with financial management, to effectively manage cashflow and ensure accuracy of Accounts.
10. There should be no supplier debt greater than one month.

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11. There should be segregation of duties for all payments including E-banking payments, one preparer and one approver (being two individual officers). Payments should not be processed on individual's electronic devices.
12. The bank mandate for the MESS bank account should be reviewed periodically to ensure that only current VMC members are named on the mandate.
13. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
14. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the Officer in charge.
15. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
16. The MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
17. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 1 – CASTLEREA VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) have been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Castlerea Prison.

Castlerea prison is a closed, medium security prison for adult males. It is the committal prison for remand and sentenced prisoners in Connacht and also takes committals from counties Cavan, Donegal and Longford. It has 217 staff and an operational capacity of 340 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with the Castlerea VMC in February 2021 and is currently being embedded. It provides for an improved level oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has improved since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Accounts and supporting documentation were available for all years under review 2012-2019. 2. Accounts were maintained to a reasonable standard with a number of exceptions noted. <p><u>Conclusion:</u></p> <p>It is appreciated that the staff administering the accounting processes have limited finance experience, despite this, annual accounts were available for the complete period under review and were prepared to a reasonable level of accuracy.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were substantial controls in place in relation to financial records being appropriately maintained in the period of review. 2. There were substantial controls in place in relation to debt management in the period of review, suppliers were being paid in a timely manner i.e., within 1 month 3. There were adequate controls in place in relation to the financial stability of the MESS during the period of review. 4. There were limited controls in place in relation to cash management throughout the review period. <ul style="list-style-type: none"> ➤ There was not an appropriate system in place to account for all receipts, these were recorded manually in a ledger. It is noted that a card system has been introduced effective 13th March 2022. ➤ Cash was the only payment method at the time of fieldwork; it has been advised that a with the introduction of the card system in

Independent Review of the VMC Operations

		<p>March 2022 cash will no longer be accepted as a means of payment.</p> <ul style="list-style-type: none"> ➤ There was a second bank account unnecessarily in operation. ➤ There was no segregation of duties in relation to the processing of payments. ➤ The bank accounts were not reconciled periodically. <p><u>Conclusion:</u> Throughout the period of review there was no system in place to records receipts with reliance on manual ledgers, this was coupled with the additional risks associated with handling and storing cash. The transition to a cashless facility in March 2022 is welcomed and will strengthen financial controls going forward.</p>
3	Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Meals for prisoners who worked in the MESS were, at a time (Pre Dec 2020), being provided from the main kitchen. There was confusion around who should be paying for the meals consumed by prisoners working in the MESS, this matter has now been addressed with guidance being provided by IPS in 2020 with meals being absorbed by the MESS from that point forward. 1. Prior to February 2020, there is no evidence that milk supplies were separately purchased by the Castlereas MESS. 2. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently.
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✓ There was evidence of Quarterly minuted meetings occurring in line with guidance. ✓ There is a separate VMC bank account from the prison bank account.

Independent Review of the VMC Operations

		<ul style="list-style-type: none"> ✘ There was no appropriate segregation of duties surrounding payments. ✓ MESS supplier accounts are separate from prison accounts. ✓ Credit terms with suppliers were always adhered to i.e., does not exceeded one month. ✓ Prices set ensure the system is cost effective and self-financing. ✓ There are no cost charges currently made to the prison vote.³² ✘ There is not an appropriate system to account for all receipts. This has been addressed post review fieldwork with a card system being introduced (March 2022). ✓ There was evidence that the VMC membership is in line with governance guidance. ✓ There is compliance with committee responsibilities as outlined in the guidance. <p>The following is also noted:</p> <ul style="list-style-type: none"> ✓ There are basic VMC policies and procedures in place. ✘ MESS administrations are being conducted during the IPS working hours without formal approval. ✘ Staff administering the accounting processes do not have adequate finance expertise. ✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy. <p><u>Conclusion:</u> Governance arrangements surrounding the MESS operations could be strengthened. Full compliance to the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.</p>
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The key concerns arising from the review included the risks associated with the handling and storage of cash as the only form of payment accepted in the MESS and the lack of an appropriate system to account for receipts. It has been advised that Castlerea VMC have addressed these concerns subsequent to fieldwork taking place and have implemented a card payment system within the MESS facility effective 13th March 2022, and are now fully cashless. Whilst the system has not been independently reviewed it should go some way to eliminating these concerns.

Based on the review findings and conclusions, twelve recommendations have been made for consideration by the Castlerea VMC to help address the financial and governance concerns identified. It is noted that full compliance with the Service Agreement will continue to strengthen the MESS operations once fully embedded.

³² Governor Sales are charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

INTRODUCTION

KOSI Corporation Ltd (KOSI) have been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)³³ and financial control framework in place within the MESSs³⁴ across the Irish Prison Service (IPS) including Castlereagh Prison.

BACKGROUND

Castlereagh prison is a closed, medium security prison for adult males. It is the committal prison for remand and sentenced prisoners in Connacht and also takes committals from counties Cavan, Donegal and Longford. It has 217 staff and an operational capacity of 340 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS with the roll out of Service Agreements. This was signed effective with the Castlereagh VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

³³ The Committee that has oversight of the MESS Operations

³⁴ The physical and operational structure for the canteen facilities for staff food provisions

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date on Service Agreement with the IPS	20/02/21
VMC Policies and Procedures in place Governing MESS operations	A Standard Operating Procedures document that covers at a high level: cash collection/invoice processing and payments
Voluntary Mess Committee (VMC) in place	Yes
Number. of members on the VMC	12 – An Assistant Governor, 1 Assistant Chief Officer, 1 Chief Work Training Officer, 1 Work Training Officer and 8 Prison Officers
MESS Banking Provider and primary payment method	Bank of Ireland – payments primarily by electronic transfer at time of the review
Number of staff in Castlerea Prison	217 ³⁵
Number of persons working in MESS Kitchen Vote funded	2 Work Training Officers and 1 Officer
Operating Capacity - Max Number of committals	340 ³⁶
Number of prisoners working in MESS Kitchen	Up to 10 prisoners

³⁵ Source – Irish Prison Service

³⁶ Source: <https://www.irishprisons.ie/prison/castlerea-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts ³⁷ Provided (€)	Total Expenditure per Accounts (€)	Surplus / Deficit Per Accounts (€)	Receipts lodged to bank in the year (€) ³⁸	Variance between Sales Per Accounts Vs Bank Lodgements	Year End December Bank Balance (€)
P/e 2012	85,004 ³⁹	85,255	(251)	N	N/a	N
Y/e 2013	102,385	100,189	2,195	N	N/a	N
Y/e 2014	94,818	91,756	3,062	N	N/a	N
Y/e 2015	88,469	90,124	(1,654)	N	N/a	N
Y/e 2016	83,688	82,917	770	N	N/a	N
Y/e 2017	81,197	82,295	(1,098)	N	N/a	N
Y/e 2018	85,601	78,241	7,360	74,025	11,576	4,677
Y/e 2019	86,789	86,470	318	86,516	273	4,874

³⁷ Accounts figures relate to Annual Accounts and are stated as provided by the Castlereva VMC. The table has not been adjusted for arithmetical errors as identified under Objective 1 of this report.

³⁸ N = No Account. Prior to January 2018 Castlereva did not have a bank account for the MESS operations. Cash was retained in a safe in General office and suppliers were paid cash on delivery.

³⁹ The MESS accounts include income and exp for Jan 2012 (1325 income and 871.80 exp) – this is at odds with previous contractor terminating services in Feb 2012

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the MESS Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/kitchens and the Staff MESS; and
4. Review the effectiveness and reasonableness of the governance arrangement over the MESS Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Castlerea VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- An initial call on 22nd July 2021 with the MESS point of contact to gain an understanding of the MESS activities at the Castlerea prison
- A review of the financial information received (bank statements, invoices, supplier statements, cash book) prior to site visit
- Site visit to the Castlerea MESS on 14th and 15th October 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Castlerea VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above, annual accounts⁴⁰ were available for all years under review 2012-2019.

During the early years of the review period the MESS operated on cash basis; receipts were retained in a safe, with suppliers being paid on delivery. The VMC opened a bank account in January 2018 and began paying suppliers through the E-banking facility commencing March 2018.

Bank statements were available for review from January 2018 to December 2019 and supporting documentation in the form of invoices and daily taking docketts were also available.

The work completed in interrogating the financial data is outlined below:

- A high-level review of the accounts prepared for 2012-2017 was completed. During this period no bank account was in use by Castlerea which limited the testing available, however the income and expenditure was reviewed for consistency with a number of spot checks to source documents completed.
- A forensic review for 3 months banking activity during 2018 and 2019 was completed (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, the Castlerea VMC were able to provide supplier invoices to support the payments. All payments were made through the online banking platform at an invoice level.

- Bank lodgements were made on fortnightly basis in the months under review. Cash docketts were reviewed to lodgements for 2018 and 2019
- The remaining 21 months expenditure in 2018 and 2019 was analysed, to identify any unusual transactions.

⁴⁰ Income and expenditure account or equivalent

Independent Review of the VMC Operations

Findings:

1. Accounts and supporting documentation were available for the years 2012-2019.
2. Accounts were maintained to a reasonable standard with a possible number of exceptions noted below:
 - I. Staff make payments for their meals at the start of each week / day to the prison shop officer, who records same in the 'payment received book'. Payments can be made for an individual meal (breakfast, lunch or dinner) or for a combination of meals at a discounted rate. Payments may also be made for a full week in advance. The individual staff then record their meal choice in the kitchen book.

The number of payments received in the 'payment received book' was reconciled to the kitchen book for daily orders on a sample of days and a number of discrepancies noted. It was advised that this was likely due to officers on occasion having no cash available on the day for payment but who would subsequently settle the outstanding sums.

As the accounts are produced on a cash basis, these daily fluctuations should in theory smooth out over the month / year unless debts remained outstanding at year end. It was noted in the VMC minutes of December 2021 that an e-mail would be sent to all staff encouraging them to pay any outstanding monies. The amounts outstanding could not be fully quantified.

- II. A number of non-food items were identified within the expenditure records that did not relate to cost of sales e.g., Christmas selection boxes. Although these do not impact on the bottom-line figures reported (surplus / deficit) it distorts the interpretation of the cost of operating the MESS and should be split out separately as non-cost of sale items.

Conclusion:

It is appreciated that the staff administering the accounting processes have limited finance experience, despite this, accounts were available for the complete period under review and were prepared to a reasonable level of accuracy.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted:

1. Financial records

The financial records were appropriately maintained, with annual accounts and supporting documentation being retained in above good practice guidelines.

2. Supplier Debt Management

The payments for suppliers are performed by an administration officer who does not sit on the VMC; however, the officer does attend the VMC meetings. The officer advised that suppliers are paid at an invoice level, once goods are received, and the funds are available.

Based on sample testing suppliers were found to be paid in a timely manner i.e., within 1 month.

3. Financial Stability

Cashflow was found to be well managed throughout the period of review, the MESS consistently maintained a bank balance sufficient to service its liabilities.

At the end of December 2021, Castlerea had a bank balance of €1,068, with a further €3,437 cash on hand to be lodged. The VMC representative advised that invoices were paid in the month for the majority of suppliers and that the total cash position at end of December 2021 was sufficient to cover outstanding debts.

4. Cash management

At the time of review (2021), it was advised that a card payment system was under consideration for implementation. It has been advised that this has been introduced effective 13th March 2022, with cash no longer being accepted as a form of payment.

We note the following throughout the review period:

- i. The Governance Practice document (2017) calls for “an appropriate system should account for all receipts”, the procedures in Castlerea are at odds to this.

The MESS receipts / sales are based on cash payments recorded in a hard copy ledger. There was no till in place at the time of review and the records were maintained by a single individual.

- ii. A review of the cash handling procedures was completed on site, and a count of cash held completed:

Independent Review of the VMC Operations

All Payments (cash) for meals are collected each morning by the prison shop Officer. Cash is counted and bagged; the daily takings amount is recorded on a cash docket with the cash being put into a drop safe. Keys are required to be signed out to gain access to the safe. The cash is then transferred periodically to a larger safe. Bank lodgements are made fortnightly by the prison shop officer/ VMC members.

- At the time of review there were no funds in the drop safe
 - There was €1,541.18 in cash and also €1k cheque re Governor Sales⁴¹. Amounts in the safe reconciled to amounts per general office records.
 - The Prison Executive Officer (General Office) had €145.75 on hand – this related to takings from an ‘honesty’ cup which is used when purchasing coffee (€1 per cup).
 - A coke vending machine is also emptied and lodged periodically; this did not occur at the time of review.
- iii. The MESS has a second bank account in operation (both accounts opened in January 2018). This second bank account was set up to facilitate card payments to suppliers (i.e., through debit card), however this account was only used for payments to 4 suppliers in the 4 years it has been open. The account activity since January 2020 has only been the €15 quarterly bank fees.
- iv. There is no segregation of duties in relation to payments / transfers. There were two occasions where it was identified that payments were made to an incorrect supplier:
- On 7th January 2019 there were 2 erroneous payments made to a supplier for €543.97 and €260.92 respectively. The correct supplier was paid on 14th January 2019, with the incorrectly paid supplier returning the funds to on 18th January 2019.
 - On 5th June 2019 a payment of €382.94 was returned by a supplier. This had been paid erroneously to this supplier on 31st May 2019. The correct supplier that this payment related to was then paid €382.94 on the date the returned payment was received (5th June 2019).
- v. Bank reconciliations are not completed on a periodic basis, although sufficient funds are always on hand to meet demands, routine reconciliations would be good practice.

⁴¹ Governor sales are sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor’s Office on a periodic basis, e.g., Outside training providers visiting prison

Independent Review of the VMC Operations

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Castlereva VMC are summarised as follows:

Financial Control Area	Level of control⁴²
Financial Records were appropriately maintained	Substantial
Suppliers were being paid in a timely manner (i.e., within 1 month)	Substantial
Financial stability of the MESS during the period of review	Adequate
Level of Cash Management in the VMC activities	Limited

At the time of review there was no system in place to record receipts with reliance on manual ledgers, this was coupled with the additional risks associated with handling and storing cash. The transition to a cashless facility in March 2022 will strengthen financial controls going forward.

⁴² See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; some MESS supplies are stored in the MESS kitchen (mainly dry goods), but due to space constraints supplies are also stored in the main stores area; this area is also used to store goods belonging to the main kitchen and the Grove⁴³ area. The goods in the stores are labelled for the MESS and the prison Kitchen respectively. The stores area was inspected on site and goods labelled for the MESS in the fridge and freezer areas were visible; it was noted that not a large amount of stock was held across both stores.

2. Suppliers

The Castlerea VMC historically used local suppliers who are separate and distinct from the main kitchen suppliers. However, in recent years and in line with a VMC review of costs, they have moved to larger nationwide suppliers. There has subsequently been a cross over in suppliers with the main kitchen for bread, milk and general supplies.

For the common suppliers, it was confirmed that the Castlerea VMC have a separate account in operation from the main prison kitchen.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

The Work Training Officer mainly orders all goods as and when required; we note however that there are 'standard orders' in place for bread and milk currently. Goods are ordered based on expected demand and on upcoming menus. In the event of the Work Training Officer going on leave, goods are pre-ordered in advance.

Deliveries are received directly to the stores - goods are cross checked on arrival by stores staff to the delivery note. Any discrepancies between the delivery docket and that received is flagged with the supplier with a credit note being raised where appropriate.

The goods are then labelled as 'MESS' produce and are stored in a dedicated area.

It is noted that goods from local suppliers may also be collected directly. These sales are on account, and goods are checked to invoice upon receipt by the officer collecting the goods.

⁴³ The Grove is a semi-open facility on the prison grounds where inmates who are not classified as a major security risk stay in conventional houses

Independent Review of the VMC Operations

The VMC representative advised that deliveries to the main kitchen follow the same process. An independent review of the receipt of goods process at the main prison kitchen was outside the scope of this review.

4. Stock profiling

A review of the stock on hand at the date of the delivery was carried out and was deemed reasonable in product range and quantity for the activities carried out by the MESS.

No physical stock takes are completed to enable the validation of quantities on hand against typical stock levels. It has been advised that there are regular communications between Stores and the MESS re the quantity of stock maintained in the Store.

A review of supplier invoices showed a reasonable consistency in quantity and values ordered over the review period. However, the below was noted:

From a review of invoices, it was identified that milk was not being purchased by the MESS in 2018; it was advised that “no invoices for milk were available for 2018 and that it would appear that prison resources were being used at that time until a milk supplier was sourced in February 2020”.

Based on the records available it was not possible to quantify the value of milk that was used by the Castlerea VMC prior to February 2020, however, the first invoice from the milk supplier from February 2020 identified a spend of €32.56 out of total invoice value of €153.49 for milk (balance being other dairy products). The total spend with this dairy supplier in 2020 was €5,134, being payments made from April to December by direct debit.

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;
- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS operations, for e.g., we note the use of an IPS vehicle for collection of local supplies.

6. Staff direction

At the time of review, it was advised that meals for prisoners who worked in the MESS were, at a time, being provided from the main kitchen. In support of this the following is noted from the MESS Committee minutes from 4th August 2020.

“Food to prisoners in the MESS for their meals was to come from the stock planned to them from the vote”.

Independent Review of the VMC Operations

The VMC representative advised that this practice was no longer occurring, and had not done so for at least 12 months (i.e., Circa Dec 2020). It was not possible to quantify these arrangements with the information available.

In response to an IPS request in October 2020 to confirm that “no items for prisoner use and paid for by the IPS are used by the VMC for mess meals to include condiments, disposables etc.” the Governor had issued a response to say that there was a new management team in place in Castlerea and they were conducting an examination of the operations of the Staff Mess Committee. It goes on to say, once this examination is complete, that he would expect to be in a position to reply to the queries in the affirmative.

We further note that following extracted from the November 2020 VMC minutes; “PAC – Queries were received from the Public Accounts Committee (PAC) in relation to the running of the MESS. PAC was advised that the MESS does not use Prison supplies and it does have a menu”.

Conclusion:

- I. Meals for prisoners who worked in the MESS were, at a time (Pre Dec 2020), being provided from the main kitchen. There was confusion around who should be paying for the meals consumed by prisoners working in the MESS, this matter has now been addressed with guidance being provided by IPS in 2020. The cost of meals has been absorbed by the MESS from that point forward.
- II. Prior to February 2020, there is no evidence that milk supplies were separately purchased by the Castlerea MESS.
- III. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

OBJECTIVE 4

Review of the effectiveness and reasonableness of the governance arrangements over the VMC.

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of the staff MESS committees.

New governance arrangements were introduced by the IPS with the introduction of a Service Agreement. The Service Agreement provides for improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective February 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has improved since 2021, the VMCs are not subject to audit by IPS Internal or External Auditors due to the independent nature of MESS operations which are self-governed.

The following table maps the Castlereas VMCs current⁴⁴ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	Yes – 8 VMC meetings were held between January and December 2021, minutes were provided for review.
A secure financial accountable system should be established and maintained.	No – At time of review, sales were based on cash payments recorded in a hard copy ledger. There was no till in place and receipt records were maintained by a single individual. The transition to a cashless facility in March 2022 will strengthen financial controls going forward.
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes: <ul style="list-style-type: none"> • It is noted that the bank mandate contains the name of the current governor of Castlereas prison, who no longer sits on the VMC. • There is a secondary bank account in operation that was opened in 2018, however the number of transactions through this account is limited. In

⁴⁴ Results at date of review (2021) – this may have varied throughout the review period.

Independent Review of the VMC Operations

	2021 the only transactions were quarterly bank fees charged.
Guidance	Compliant
Good Governance Cont.	
All mess committees should operate a bank account requiring not less than two signatures for payments	No
Accounts with suppliers should be open and transparent	Yes
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one months	Yes
Prices should be determined to ensure the system is cost effective and self-financing	Yes
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ⁴⁵
An appropriate system should account for all receipts	No – at time of review, there was an inappropriate system for recording of receipts (objective 2 point 4 refers). The move to a cashless MESS facility from 13 th March 2022 will strengthen this control going forward.
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership⁴⁶	
Governor (or Governor representative)	Yes (assistant governor)
Work and Training (Catering) representative	Yes
Union Representative	Yes
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ⁴⁷	Yes

⁴⁵ Governor Sales are charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison.

⁴⁶ The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Castlerea VMC

⁴⁷ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

Independent Review of the VMC Operations

Committee Responsibilities Cont.	
Cash Management ⁴⁸	Yes
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	Yes - a Standard Operating Procedures document that covers at a high level: cash collection/invoice processing and payments
IPS staff involvement in MESS administrations during employed hours	Yes
Dedicated time allocated to IPS staff to service the administration of the MESS during employed hours	No
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

Governance arrangements surrounding the MESS operations could be strengthened. Full compliance to the Service Agreement now in place with the IPS should go some way to addressing the weaknesses identified.

⁴⁸ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

RECOMMENDATIONS

1. Standard Operating Procedures (SOP) of the MESS operations should be revised to include all operational and financial activities. This should include for the VMC composition in the absence of a constitution.
2. The second MESS bank account should be closed with immediate effect, with any balance on closure transferred to the primary MESS bank account.
3. The VMC should meet at least quarterly with the meeting being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
4. Going forward, accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure.
5. Going forward, annual accounts should be produced using the template as provide by IPS. Once approved by the VMC they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate however ideally the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with IPS.
6. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
7. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
8. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
9. There should be improved oversight of the accounts payable function and enhanced segregation of duties for all payments including E-banking payments, one preparer and one approver (being two individual officers).
10. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate.
11. MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
12. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 2 - CLOVERHILL VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Cloverhill Prison.

Cloverhill prison is a closed, medium security prison for adult males, which primarily caters for remand prisoners committed from the Leinster area. It has 324 staff and an operational capacity of 431 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with the Cloverhill VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Accounts and supporting documentation were not available for the years 2012-2017 2. Accounts and supporting documentation were available but incomplete for 2018 and 2019 3. As a result of the incomplete records maintained in 2018 and 2019 it was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in any given period / year and thus provide assurances that the Accounts provided were accurate. 4. Improvements can be seen in recent times; Accounts have been maintained for 2020 and 2021 and supporting documentation retained. <p><u>Conclusion:</u> There were limited accounts and supporting information available for review for the period 2012-2019, however this has improved with monthly accounts now maintained and evidenced for 2020 and 2021. Supporting documentation is also being retained. There were discrepancies noted in the 2021 Accounts but it is appreciated that the staff administering the accounting processes have limited finance experience.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were limited controls in place in relation to financial records being appropriately maintained in the period of review. 2. There were limited controls in place in relation to debt management in the period of review, suppliers are not being paid in a timely manner i.e., within 1 month

Independent Review of the VMC Operations

		<p>3. There were limited controls in place in relation to the financial stability of the MESS during the period of review.</p> <ul style="list-style-type: none"> ➤ The MESS was operating at a net deficit position at times throughout the period of review. <p>4. There were limited controls in place in relation to cash management in the period of review.</p> <ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically. ➤ There was no segregation of duties in relation to the processing of payments. ➤ There was imprudent use of funds on one occasion in 2019. <p>5. There was insufficient oversight that value for money is being achieved.</p> <ul style="list-style-type: none"> ➤ There was in excess of €100k being paid to one supplier in both 2019 and 2020. While the MESS is not subject to government procurement guidelines it is good practice to document a supplier review on a periodic basis to ensure that value for money is being achieved. <p><u>Conclusion:</u> The introduction of a card system and subsequent fully cashless system in 2020 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls require to be strengthened to ensure that the MESS can operate effectively and service its debt in a timely manner.</p>
3	Determine if cross-subsidization of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019 2. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently. <p><u>Conclusion:</u> Based on the sample testing completed, there was no evidence of cross-subsidisation occurring during the period under review 2012-2019, or currently.</p>
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These</p>

Independent Review of the VMC Operations

	<p>arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none">✓ There was evidence of Quarterly minuted meetings occurring in line with guidance.✓ There is a separate VMC bank account from the prison bank account.✗ There was no appropriate segregation of duties surrounding payments.✓ MESS supplier accounts are separate from prison accounts.✗ Credit terms with suppliers were not always adhered to i.e., exceeded one month.✗ Prices are not set to ensure the system is cost effective and self-financing.✓ There are no cost charges currently made to the prison Vote.⁴⁹✓ There is an appropriate system to account for all receipts.✓ The VMC membership is in line with governance guidance.✓ There is compliance with committee responsibilities as outlined in the guidance. <p>The following is also noted:</p> <ul style="list-style-type: none">✗ There is an absence of VMC policies and procedures in place.✓ MESS administrations are being conducted during the IPS working hours without formal approval.✗ Staff administering the accounting processes do not have adequate finance expertise.✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy. <p><u>Conclusion:</u> Governance arrangements surrounding MESS operations could be strengthened. Full compliance with the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.</p>
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⁴⁹ Governor Sales is charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

Independent Review of the VMC Operations

Key concerns arising from the review included the lack of financial records available for the period of review (2012-2019) and the limited financial position in which the MESS was operating at times within the review period, and at the time of review. The absence of VMC policies and procedures and appropriate training at a local level further inhibited the VMC members that have little / no expertise in the areas of finance and governance.

Based on the review findings and conclusions, fifteen recommendations have been made for consideration by the Cloverhill VMC to help address the financial and governance concerns identified. It is noted that improvements have been made in recent times and that full compliance with the Service Agreement will continue to strengthen MESS operations once fully embedded.

INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)⁵⁰ and financial control framework in place within the MESSs⁵¹ across the Irish Prison Service (IPS) including Cloverhill Prison.

BACKGROUND

Cloverhill prison is a closed, medium security prison for adult males, which primarily caters for remand prisoners committed from the Leinster area. It has 324 staff and an operational capacity of 431 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/21 with the roll out of Service Agreements. This was signed effective with the Cloverhill VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

⁵⁰ The Committee that has oversight of the MESS Operations

⁵¹ The physical and operational structure for the canteen facilities for staff food provisions

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with the IPS	17/02/21 – Assistant Governor
VMC Policies and Procedures in place Governing MESS operations	None
Voluntary Mess Committee (VMC) in place	Yes
Number. of members on the VMC	6 – Assistant Governor, 2 Assistant Chief Officers, 1 Work Training Officer, 1 Chief Trades Officer and 1 Prison Officer
MESS Banking Provider and primary payment method	Bank of Ireland – payments primarily by electronic transfer at time of review
Number of staff in Cloverhill	234 ⁵²
Number of persons working in MESS Kitchen Vote funded	2 Work Training Officers and 1 Officer
Operating Capacity - Max Number of committals	431 ⁵³
Number of prisoners working in MESS Kitchen	Up to 10 prisoners

⁵² Source – Irish Prison Service

⁵³ Source: <https://www.irishprisons.ie/prison/cloverhill-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts ⁵⁴ Provided (€)	Total Expenditure per Accounts (€)	Surplus / Deficit Per Accounts (€)	Receipts lodged to bank in the year (€)	Variance between Sales Per Accounts Vs Bank Lodgements ⁵⁵	Year End December Bank Balance (€)
P/e 2012	-	-	-	44,776 ⁵⁶	N/a	17,889
Y/e 2013	-	-	-	118,457	N/a	11,002
Y/e 2014	-	-	-	102,200	N/a	8,688
Y/e 2015	-	-	-	106,677	N/a	12,503
Y/e 2016	-	-	-	90,105	N/a	7,868
Y/e 2017	-	-	-	100,584	N/a	3,804
Y/e 2018	102,505	105,067	(2,562)	87,138	15,367	8,266
Y/e 2019	125,199 ⁵⁷	-	-	108,166	17,133	2,483

⁵⁴ Accounts figures relate to Annual Accounts and are stated as provided by the Cloverhill VMC; the figures have not been independently verified as being complete or accurate due to the lack of financial records maintained. The table has not been adjusted for arithmetical errors as identified under Objective 1 of this report.

⁵⁵ The Cloverhill VMC representatives have advised that these variances likely relate to cash expenditure (e.g., purchases in supermarkets), however as detailed in 3.1 of this report, detailed cash expenditure records were not available for review.

⁵⁶ The MESS began trading in September 2012

⁵⁷ Source - Irish Prison Service

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the Mess Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/shop and the Staff Mess; and
4. Review the effectiveness and reasonableness of the governance arrangement over the Mess Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Cloverhill VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- An initial call on 07/09/2021 with the MESS point of contact to gain an understanding of the MESS activities at Cloverhill prison.
- Site visit to the Cloverhill MESS on 13th and 17th December 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Cloverhill VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above, Annual accounts⁵⁸ were not available for the years 2012-2017 with only partial income and expenditure records available (on a word document) for the years 2018 and 2019 covering the period overseen by the current VMC members.

Bank statements for the full period (2012 -2019) and limited supplier statements were available, however supporting documentation to include; invoices, till Z-reads and lodgement records were not available.

The work completed in interrogating the financial data is provided below; this was limited due to the low level and poor quality of information provided for the period 2012- 2019:

- In the absence of complete accounts, basic financials based on bank statement analysis were prepared for 2012-2019 together with a cheque book covering October 2018 – December 2019. No cheque book was available for payments made pre-October 2018.
- A forensic review for 3 months banking activity during 2018 and 2019 was completed (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, the Cloverhill VMC were able to provide supplier statements to support the payments.

Detailed cash expenditure records were not available for the periods under review.

Bank lodgements were made on an ad hoc basis in the months under review. It was not possible to reconcile bank lodgements to supporting documentation as Z readings / daily taking records were not available for review.

⁵⁸ Income and expenditure account or equivalent

Findings:

1. Accounts and supporting documentation were not available for the years 2012-2017.
2. The 2018 and 2019 Accounts were incomplete and supporting documentation available for review was limited. We note the following:
 - Accounts for January and June 2019 were not available
 - Records of cash receipts not lodged were not available
 - “Governor Sales”⁵⁹ were not recorded as income in any period.

As a result of the incomplete records maintained in 2018 and 2019 it was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in any given period / year and thus provide assurances that the Accounts provided were accurate.

3. Current years financials were reviewed to ascertain if this pattern continued; we confirm that monthly accounts are now being prepared using an excel template and that supporting documentation is being retained.

‘Accounts’ based on bank statements available for the 10 months to 31st October 2021 were reproduced and a comparative analysis was completed with those produced by the VMC; we noted the below discrepancies:

- I. The monthly Accounts template does not record “Governor Sales” as income, resulting in the Accounts being understated. In the 10 months to October 2021, there were four lodgements made to the bank for Governor Sales, totalling €3,866 that were omitted from the Accounts.
- II. A comparative analysis of monthly expenditure to bank transactions identified a number of missing payments in the monthly Accounts as produced by the VMC totalling €17,002 across the 10-month period.
- III. A number of small discrepancies were identified between card receipts and daily takings recorded in the monthly accounts in the 10-month period resulting in an overstatement of income of €190.

The cumulative Accounts for the 10-month period to October 2021 as prepared by the VMC showed a profit of €13,666; after adjusting for the variances outlined above, this was reduced to €340 profit for the 10-month period (i.e., €13,666 profit less €17,002 payments not accounted for, less income overstated €190 plus €3,866 Governor Sales not recorded).

Conclusion:

There were limited accounts and supporting information available for review for the period 2012-2019, however this has improved with monthly accounts now maintained and evidenced for 2020 and 2021. Supporting documentation is also being retained. There were

⁵⁹ Governor sales are sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor’s Office on a periodic basis, e.g., Outside training providers visiting prison

discrepancies noted in the 2021 Accounts but it is appreciated that the staff administering the accounting processes have limited finance experience.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted.

1. Financial records were not appropriately maintained

As noted under objective one, financial records and supporting documentation was not maintained to a sufficient level for the period under review, this is at odds to best practice which directs that all financial information should be retained for a period of 6 years.

The following table helps illustrate findings 2 and 3 (i) below:

Supplier	Dec 18 Statement Balance	Payment (€) per bank statement Jan 19	Payment relating to invoices < 30 days (€)	Payment relating to invoices > 30 days (€)	Dec 2018 Balance not paid (O/S) in January 2019 (€)
Supplier 1	9,000.72	5,288.30	-	5,288.30	3,712.42
Supplier 2	8,541.63	5,571.01	-	5,571.01	2,970.62
Supplier 3	1,582.61	1,582.61	527.20	1,055.41	
Supplier 4	120.39	120.39	-	120.39	
TOTAL	19,245.35	12,562.31	527.20	12,035.11	6,683.04

2. Limited Supplier Debt Management

Suppliers were not being paid in a timely manner (i.e., within 1 month)

Payments made to suppliers in January 2019 included payments for aged creditor balances i.e., those due greater than 30 days.

Summary as follows:

Total amount due to a sample of four suppliers in January 2019 that related to 2018 invoices was €19,245.35 (of which €12,562.31 was paid during January 2019). Payments made to the four suppliers in January 2019, included repayment of balances outstanding greater than 30 days – totalling €12,035.11. This left a balance of €6,683.04 invoiced from two suppliers (Supplier 1 and Supplier 2) pertaining to 2018 that remained unpaid at 31st January 2019.

Current records (2021) were reviewed to ascertain if this pattern continued. It was noted that the October 2021 invoices including that from Supplier 1 (largest supplier) €9,854.76, was not paid during November 2021.

The Cloverhill VMC advised that the delay was as a result of staff absences, however we also note that there would have been insufficient bank funds to service all outstanding debt as detailed at point 3 below.

3. Limited Cash management

In April 2020 the Cloverhill MESS introduced a card payment system, this was initially trialled alongside cash payments for a period of four weeks, before going fully cashless in May 2020. This move to a cashless system has eliminated the risks associated with storing and handling cash. At this time, cheque payments were phased out and replaced with DD/EFT payments to suppliers although we note that a cheque book is still in circulation.

We note the following throughout the review period:

- i. At 31st December 2018 the bank balance for the Cloverhill VMC was €8,266.20. If Cloverhill had cleared the total liability to the above sampled suppliers (4) that was outstanding in December 2018, there would have been a deficit in the bank account of €10,979.15 (i.e., €19,245.35 - €8,266.20). This highlights the precarious financial position that the Cloverhill VMC was in at this point in time (December 2018).

It is noted that this is based on amounts due to only four suppliers (of a potential 7+), so may not be a true and accurate position of the VMC total liabilities.

We further note that no cash records were made available to ascertain the level of cash held on hand (not lodged to bank) by the Cloverhill VMC at December 2018 that could have been used to settle supplier debt; based on basic calculations this is estimated to be in the region of €2.5-€3.5k which would be less than the bank account deficit should all of the creditors been paid up to date.

- ii. It is notable that the MESS bank balance was under €5k for 6 month ends between September 2012 and December 2019; this would suggest that the Cloverhill MESS could have been operating on an insolvent basis on multiple occasions throughout the period under review given their monthly level of expenditure.

Current records were examined to ascertain if this pattern continued. As at 26th November 2021 – the bank balance for the Cloverhill MESS was €16k with monthly expenditure being typically around €16k in 2021, in theory a cost neutral position. However, review of the bank highlights that they remain to be in a limited financial position as liabilities are not being met in a timely manner i.e., total liabilities are greater than bank balances maintained.

- iii. It was noted that cheque number 484 for €13,272.57 paid to Supplier 1 bounced in June 2019 due to insufficient funds in the bank account. The VMC representative advised that this occurred due to a delay in the banking of lodgements by the external security company.

No evidence of payments to an external security company from the MESS account for this service was provided, the Cloverhill VMC representative advised that they used the cash collection service already in place with the IPS. It is noted that this ceased with the introduction of the card system in April 2020.

Independent Review of the VMC Operations

- iv. The MESS bank account is not reconciled. Routine reconciliations would give the VMC an oversight of bank balances versus cumulative debt and go some way to preventing the account from becoming overdrawn going forward.
- v. There is no segregation of duties in relation to on-line bank payments / transfers. Furthermore, the same log in details is used by multiple staff.

This is at odds to best practice and to the Cloverhill VMC Governance Practice which requires for “not less than two signatures for payment”.

The following is noted in relation to current practices.

- i. From review of 2021 bank statements, it was noted that a duplicate payment of €2,996.05 was made to a supplier in June and July 2021. On reviewing the supplier statements for these periods, it was noted that the payment made in July 2021 was based on the outstanding balance at the end of May 2021 (€2,996.05), instead of the correct amount outstanding at 30 June 2021 (€2,207.47); this resulted in an overpayment of €788.58. The supplier identified the overpayment and reduced the following months payment due by that value (€788.58).

4. Imprudent use of MESS Funds

It was noted that a staff draw took place in December 2019, with a €3k cash prize being financed by the Cloverhill MESS. The value of total cash on hand at this time was unable to be verified, however, at the time of the draw the remaining bank balance for the MESS was €2,482.66, which is significantly less than 1 month’s expenditure at that time (€9k), leaving the MESS exposed to not being able to service their debt balances.

5. Value for Money (VFM)

There is in excess of €100k being paid to one supplier in 2019 and also in 2020; it is noted that the MESSs are independent of the Prison Service and as a result are not subject to public procurement rules however, at this level of spend it is difficult to ascertain if VFM is being achieved without regular supplier oversight or a competitive procurement process in place.

Independent Review of the VMC Operations

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Cloverhill VMC are summarised as follows:

Financial Control Area	Level of control⁶⁰
Financial Records were appropriately maintained	Limited
Suppliers were being paid in a timely manner (i.e., within 1 month)	Limited
Financial stability of the MESS during the period of review	Limited
Level of Cash Management in the VMC activities	Limited
Value for money in relation to suppliers is sufficiently considered and documented	No

The introduction of a card system and subsequent fully cashless system in 2020 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls require to be strengthened to ensure that the MESS can operate effectively and service its debt in a timely manner.

⁶⁰ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; the MESS kitchen and storage area are separate and distinct to the main prison kitchen and stores.

2. Suppliers

The VMC representative advised that the Cloverhill MESS has actively sought to use suppliers outside of those used by the main prison.

At the time of review one common supplier was noted. The VMC representative advised that they were primarily a MESS supplier, however during Covid times they also supplied the main prison kitchen with bread. Under normal circumstances Cloverhill main prison kitchen received bread from Mountjoy prison Work Training arrangements.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

Mainly the Work Training Officer requisitions all goods as and when required; we note however that there are 'standard orders' in place for the main supplier.

Deliveries for the MESS and main kitchen both enter the prison through the same gate. The MESS deliveries are handled directly by the MESS staff who arrange access for the delivery van to enter the prison compound.

Deliveries are received directly to the MESS – goods are cross checked on arrival by MESS staff to the delivery note before being stored within the MESS kitchen stores. Any discrepancies between the delivery docket and that received is flagged with the supplier with a credit note being raised where appropriate.

A review of the receipt of goods process at the main prison kitchen was outside the scope of this review, however, it has been advised that in contrast to the MESS, access for deliveries for the main Kitchen is handled by the Stores staff.

4. Stock profiling

The stock on hand on the date of the delivery was reviewed and deemed reasonable in product range and quantity for the activities carried out by the MESS.

Independent Review of the VMC Operations

No physical stock takes are completed by the Cloverhill MESS to enable the validation of quantities on hand against typical stock levels.

A review of supplier invoices showed a reasonable consistency in quantity and values ordered over the review period.

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;
- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS operations for e.g., cash collections aforementioned under objective 2.

6. Staff direction

In response to an IPS request in October 2020 in relation to a Comptroller and Auditor General (C&AG) query, the Work Training Officer in Cloverhill confirmed to the IPS that “no items for prisoner use and paid for by IPS are used by the VMC for MESS meals to include condiments, disposables etc”.

The Assistant Governor of Cloverhill confirmed at the time of review that there has been no systematic transfer of stock between the prison kitchen and MESS since they have been on site (2019 onwards).

Conclusion:

The limited records available for review make it difficult to provide assurances around cross-subsidisation, however based on the above information available which suggests that there is some segregation of services, we conclude that:

- I. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019.
- II. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

OBJECTIVE 4***Review of the effectiveness and reasonableness of the governance arrangements over the VMC.***

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of staff MESS committees.

New governance arrangements were introduced by IPS with the introduction of a Service Agreement. The Service Agreement provides for an improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective February 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC’s are not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The following table maps the Cloverhill VMCs current⁶¹ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	Yes – 6 meetings occurred between November 2020 and December 2021; minutes were available for review
A secure financial accountable system should be established and maintained.	Yes
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes <ul style="list-style-type: none"> The bank mandate for the Cloverhill VMC bank account included the names of 3 former governors
All mess committees should operate a bank account requiring not less than two signatures for payments	No
Accounts with suppliers should be open and transparent	Yes
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one months	No

⁶¹ Results at date of review (2021) – this may have varied throughout the review period.

Independent Review of the VMC Operations

Guidance	Compliant
Good Governance Cont.	
Prices should be determined to ensure the system is cost effective and self-financing	No ⁶²
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ⁶³
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership⁶⁴	
Governor (or Governor representative)	Yes (assistant governor)
Work and Training (Catering) representative	Yes
Union Representative	Yes
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ⁶⁵	Yes
Cash Management ⁶⁶	Yes
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

⁶² Current net deficit requires to be addressed – see objective 2

⁶³ Governor Sales is charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison.

⁶⁴ The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Cloverhill VMC

⁶⁵ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

⁶⁶ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

Independent Review of the VMC Operations

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	No
IPS staff involvement in the administration of the MESS during employed hours	Yes
Dedicated time allocated to IPS staff to service the administration of the MESS during employed hours	No
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

Governance arrangements surrounding MESS operations could be strengthened. Full compliance with the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.

RECOMMENDATIONS

1. Standard Operating Procedures (SOP) of MESS operations should be drafted to include all operational and financial activities. This should include for the VMC composition in the absence of a constitution.
2. The VMC should meet at least quarterly with the meeting being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. All financial records to include the monthly and annual accounts, together with supporting financial records i.e. invoices, supplier statements, lodgement records, till readings, ad hoc (cash) expenditure receipts and stock take listings should be securely retained for a minimum of 6 years in line with best practice.
4. Accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure.
5. Annual Accounts should be produced using the template as provide by IPS. Once approved by the VMC they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate however ideally the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with IPS.
6. The net deficit position in which the MESS is operating requires to be addressed as a matter of priority. Expenditure requires to be reviewed with only necessary expenditure relating to MESS operations being processed.
7. There should be no supplier debt greater than one month.
8. To achieve recommendations six and seven MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
9. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
10. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate.
11. There should be segregation of duties for all payments, including electronic banking payments, one preparer and approver (being two individual officers).
12. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
13. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
14. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
15. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 3 - CORK VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) have been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Cork Prison.

Cork prison is a closed, medium security prison for adult males. It is the committal prison for counties Cork, Kerry and Waterford. It has 199 staff and an operational capacity of 296 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements. The Service Agreement provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting. It is noted that while the agreement provides for an improved level of oversight, the VMC is not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

Independent Review of the VMC Operations

The agreement was signed effective with the Cork VMC in December 2020, however the VMC (which were in place for the period of review 2012-2019) have subsequently dissolved and the Service Agreement requirements are not being met. The MESS Operations are currently being overseen by an Officer and de facto ‘feedback committee’.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Accounts were not available for the years under review 2012-2019. Financial records are maintained but accounts are not prepared on a monthly or annual basis. 2. The Records (invoices, cash book, supplier statements, bank statements) are maintained but were found to be incomplete, as a result it was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” for the years 2012-2019. <p><u>Conclusion:</u> Accounts were not available for the years under review 2012-2019 and primary financial information was found to be incomplete. It is appreciated that the staff administering the accounting processes have limited finance experience.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were limited controls in place in relation to financial records being appropriately maintained in the period of review. 2. There were substantial controls in place in relation to debt management, suppliers were being paid in a timely manner during period of review i.e., within 1 month. 3. There were adequate controls in place in relation to the financial stability of the MESS during the period of review. <ul style="list-style-type: none"> ➤ Based on sample testing payments were returned on two instances 4. There were limited controls in place in relation to cash management. <ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically.

Independent Review of the VMC Operations

		<ul style="list-style-type: none"> ➤ There was no segregation of duties in relation to the processing of payments. ➤ A MESS officer was / is making supplier payments via their own personal device off-site due to no internet connection within the MESS facility. <p><u>Conclusion:</u> The introduction of a card system and the move to a fully cashless system has eliminated the risks associated with storing and handling cash. There is also a substantial level of control surrounding debt management. There are however, a number of areas in which the financial controls could be strengthened with recommendations being made accordingly.</p>
3	Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Prior to February 2019, there is no evidence that bread and milk supplies were separately purchased by the Cork MESS. 2. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently.
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>It was advised that there was an operational VMC in place during the period of review but information in relation to composition etc. has not been made available.</p> <p>There is currently no functioning VMC in operation in Cork prison. It has been advised that operations are overseen by an Officer (who signed the Service Agreement) and de facto ‘feedback committee’. It has been further advised that the feedback committee are an informal arrangement and have no input into financial decisions.</p> <p>The dissolution of the VMC poses a high risk to the MESS operations in relation to oversight and governance.</p>

Independent Review of the VMC Operations

		<p>Excluding the VMC specific requirements Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✘ There is no a secure financial accountable system maintained. ✓ There is a separate VMC bank account from the prison bank account. ✘ There is no appropriate segregation of duties surrounding payments. ✓ MESS supplier accounts are separate from prison accounts. ✓ Credit terms with suppliers were always adhered to i.e., did not exceeded one month. ✓ Prices set ensure the system is cost effective and self-financing. ✓ There are no cost charges currently made to the prison Vote.⁶⁷ <p>The following is also noted:</p> <ul style="list-style-type: none"> ✘ There is an absence of VMC policies and procedures in place. ✓ MESS administrations is not being conducted during the IPS working hours. ✘ Staff administering the accounting processes do not have adequate finance expertise. ✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy <p><u>Conclusion:</u> Whilst it was evident that there remains an operational MESS facility in Cork prison the VMC tasked with the responsibility of oversight and governance of the MESS operations has been dissolved. This requires to be addressed as matter of priority by the IPS.</p>
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Based on the review findings and conclusions, fourteen recommendations have been made for consideration to help address the financial and governance concerns identified.

Key concerns included the absence of a functional VMC and the non-existence of monthly or annual accounts. These matters require to be addressed as a matter of priority. In the absence of a VMC these will require to be addressed by the IPS and the Governor or Governor representative of Cork prison.

⁶⁷ Governor Sales are charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

INTRODUCTION

KOSI Corporation Ltd (KOSI) have been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)⁶⁸ and financial control framework in place within the MESSs⁶⁹ across the Irish Prison Service (IPS) including Cork Prison.

BACKGROUND

Cork prison is a closed, medium security prison for adult males. It is the committal prison for counties Cork, Kerry and Waterford. It has 199 staff and an operational capacity of 296 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements. The Service Agreement provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting. It is noted that while the agreement provides for an improved level of oversight, the VMC is not subject to audit by the IPS

⁶⁸ The Committee that has oversight of the MESS Operations

⁶⁹ The physical and operational structure for the canteen facilities for staff food provisions

Independent Review of the VMC Operations

Internal or External Auditors due to the independent nature of MESS operations which are self-governed.

The Service Agreement was signed effective with Cork VMC in December 2020, however the VMC (which were in place for the period of review 2012-2019) have subsequently dissolved and the Service Agreement requirements are not being met. The MESS Operations are currently being overseen by an Officer and de facto 'feedback committee'. It has been advised that the feedback committee are an informal arrangement and have no input into financial decisions.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with the IPS	16/12/20 – Assistant Governor
VMC Policies and Procedures in place Governing MESS operations	None
Voluntary Mess Committee (VMC) in place	Dissolved 2021 (were in place in the period under review 2012-2019)
Number. of members on the VMC	N/a
MESS Banking Provider and primary payment method	Bank of Ireland – payments primarily by electronic transfer at time of the review
Number of staff in Cork Prison	199 ⁷⁰
Number of persons working in MESS Kitchen Vote funded	4 Work Training Officers
Operating Capacity - Max Number of committals	296 ⁷¹
Number of prisoners working in MESS Kitchen	Up to 8 prisoners

⁷⁰ Source – Irish Prison Service

⁷¹ Source: <https://www.irishprisons.ie/prison/cork-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts Provided (€)	Total Expenditure per Accounts (€)	Surplus / Deficit Per Accounts (€)	Receipts lodged to bank in the year (€)	Variance between Sales Per Accounts Vs Bank Lodgements ⁷²	Year End December Bank Balance (€)
P/e 2012	-	-	-	-	N/a	-
Y/e 2013	-	-	-	-	N/a	-
Y/e 2014	-	-	-	-	N/a	12,584
Y/e 2015	-	-	-	79,517	N/a	492
Y/e 2016	-	-	-	99,016	N/a	13,454
Y/e 2017	-	-	-	88,756	N/a	2,719
Y/e 2018	90,822 ⁷³	-	-	96,640	(5,818)	9,647
Y/e 2019	89,786 ⁷⁴	-	-	89,767	19	5,177

⁷² No bank statements available pre-December 2014

⁷³ Source - Irish Prison Service. Derived from annual receipts

⁷⁴ Source - Irish Prison Service. Derived from annual receipts

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the Mess Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/shop and the Staff Mess; and
4. Review the effectiveness and reasonableness of the governance arrangement over the Mess Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Cork MESS representative requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- An initial call on 30th September 2021 with the MESS point of contact to gain an understanding of the MESS activities at Cork prison.
- A review of the financial information received (bank statements, invoices, supplier statements, cash book) prior to site visit.
- Site visit to the Cork MESS on 1st and 2nd November 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the MESS point of contact to finalise outstanding queries.
- Issue draft report to the MESS representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Cork MESS representatives during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 accounts⁷⁵ were not available for the period of review 2012-2019. It should be noted that records were maintained to assist with day-to-day operations but they were not consolidated to produce accounts.

Bank statements for the period (December 2014 -December 2019) were made available, together with supporting documentation in the form of supplier statements, invoices, cash book records and incomplete Z reads. Accounting records held were in an incomplete format.

The work completed in interrogating the financial data is provided below; this was limited due to the level and quality of information provided for the review period:

- In the absence of accounts, basic financials were prepared based on analysis of the bank statements for 2015-2019 together with the cheque books covering the same period.
- A forensic review for 3 months banking activity during 2018 and 2019 was carried out (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, it was possible to vouch payments to the supporting invoice/supplier statements provided.

Detailed cash expenditure records were not available for the period under review.

Bank lodgements were made on an ad hoc basis in the months under review. It was not possible to reconcile bank lodgements to supporting documentation as Z readings / daily taking records were incomplete for the period under review. The contact for Cork MESS advised that this was partly as a result of staff not being trained to operate the till; in the event that a meal was purchased from an individual who could not use the till they would open the till, put the cash in and give change back accordingly without recording the sale, as a result not all sales are recorded on the z read/ x read⁷⁶.

⁷⁵ Income and expenditure account or equivalent

⁷⁶ Z read is the daily end of day till report. X read is a point in time report of the till.

Independent Review of the VMC Operations

Findings:

1. Accounts were not available for the years under review 2012-2019.
Financial records are maintained but accounts are not prepared on a monthly or annual basis.
2. The Records (invoices, cash book, supplier statements, bank statements) are maintained but were found to be incomplete, as a result it was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” for the years 2012-2019.

Conclusion:

Accounts were not available for the years under review 2012-2019. Primary financial information in the form of invoices, supplier statements, cash book records and bank statements were held, however this was found to be incomplete. It is appreciated that the staff administering the accounting processes have limited finance experience.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted:

1. Financial records

The financial records maintained were incomplete. No monthly or annual accounts were prepared for the periods under review, or for more recent periods. There were gaps in the primary information (invoices, cash book records); this is at odds to best practice which directs that all financial information should be retained for a period of 6 years.

2. Debt Management

Despite the limited financial records held, there was evidence that suppliers were being paid in a timely manner during the period of review i.e., within one month. For the 3 targeted months under Objective 1 (December 2018, January 2019 and June 2019), all supplier payments made from the bank statements were for invoices dated within one month.

3. Financial Stability

From a review of the bank statements, two unpaid cheque fees were issued in July and October 2018 respectively. We note this has not occurred in recent times.

4. Cash management

In June 2020 the Cork MESS introduced a card payment system, going fully cashless overnight. This move to a cashless system has eliminated the risks associated with storing and handling cash. At this time, cheque payments were phased out and replaced with Direct Debit/Electronic Fund Transfer payments to suppliers.

The following was noted through the period of review:

- I. The Cork MESS bank account is not reconciled on a periodic basis.
- II. There is no segregation of duties to ensure that at least 2 officers are approving payments from the MESS bank account in line with best practice.
- III. Supplier payments are being processed by a MESS Work Training Officer offsite using E-banking on a personal device. It was advised this practise was due to no internet access being available within the MESS.

Independent Review of the VMC Operations

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Cork VMC are summarised as follows:

Financial Control Area	Level of control⁷⁷
Financial Records were appropriately maintained	Limited
Suppliers were being paid in a timely manner (i.e., within 1 month)	Substantial
Financial stability of the MESS during the period of review	Adequate
Level of Cash Management in the VMC activities	Limited

The introduction of a card system and the move to a fully cashless system has eliminated the risks associated with storing and handling cash. There is also a substantial level of control surrounding debt management. There are however a number of areas in which the financial controls could be strengthened particularly in relation to the use of personal devices for the processing of payments; recommendations have been made accordingly.

⁷⁷ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; there are separate external entrances to the MESS and main kitchens stores, however, they are linked by an internal door that was found to be unlocked at the time of fieldwork.

2. Suppliers

The Cork MESS have a number of common suppliers with the main prison kitchen; however, it is noted that separate accounts are maintained.

It has been advised that whilst goods are received from common suppliers, the MESS orders are put onto separate pallets before they are delivered to eliminate subsidisation between the prison kitchen and the MESS.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

The Work Training Officer requisitions all goods as and when required; a list is maintained for goods that are required to be replenished and then re-ordered when required.

Goods are cross checked on arrival by the MESS staff to the delivery note before being stored within the MESS kitchen stores. Any discrepancies between the delivery docket and that received is flagged with the supplier with a credit note being raised where appropriate.

A review of the receipt of goods process at the main prison kitchen was outside the scope of this review.

4. Stock profiling

A review of the stock on hand at the date of the delivery was carried out and was deemed reasonable in product range and quantity for the activities carried out by the MESS.

No physical stock takes are completed by the Cork MESS to enable the validation of quantities on hand against typical stock levels.

A review of bank statements/cheque books and invoice records provided for the years 2015-2019 showed a consistency in quantity and values ordered over the review period with the below exception noted:

It was identified that purchases of bread and milk by the Cork MESS only began in February 2019.

Independent Review of the VMC Operations

Details on the MESS purchases of milk and bread prior to February 2019 was requested, the Assistant Governor of Cork prison advised “that there is no information regarding any supplier of bread or milk to the MESS prior to the information provided” (from February 2019 onwards).

It was not possible to quantify the value of milk or bread that was used by the Cork VMC prior to February 2019.

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;
- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS, e.g., it is noted that cleaning products did not feature on any of the invoices reviewed. In addition, the Cork MESS representative advised that the MESS use an IPS vehicle for daily shop runs.

6. Staff direction

In response to an IPS request in October 2020 in relation to a Comptroller and Auditor General (C&AG) query, the Assistant Governor of Cork confirmed to the IPS by e-mail that “no items for prisoner use and paid for by the IPS are used by Cork VMC for mess meals to include condiments, disposables etc”.

At the time of review a Work Training Officer advised that borrowing between the MESS and main prison canteen (and vice versa) can happen, but only on a rare occasion and when it is urgent. In such instances, rather than paying for the goods, they are re-ordered by the borrower with the exact amount being returned to the lender. These exchanges are not documented and could not be verified.

Conclusion:

The limited records available for review make it difficult to provide assurances around cross-subsidisation, however based on the above information available which suggests that there is some segregation of services, we conclude that:

- I. Prior to February 2019, there is no evidence that bread and milk supplies were separately purchased by the Cork MESS.
- II. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

OBJECTIVE 4

Review of the effectiveness and reasonableness of the governance arrangements over the VMC.

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of the staff MESS committees.

New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements. The Service Agreement provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting. It is noted that while the agreement provides for an improved level of oversight, the VMC is not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The agreement was signed effective with Cork VMC in December 2020, however the VMC (which were in place for the period of review 2012-2019) have subsequently dissolved and the Service Agreement requirements are not being met. The MESS Operations are currently being overseen by an Officer and de facto ‘feedback committee’.

The following table maps the Corks MESSs current⁷⁸ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	N/a - No prior to dissolution
A secure financial accountable system should be established and maintained.	No – accounts are not produced and records maintained are incomplete
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes: <ul style="list-style-type: none"> • No bank mandate was provided for review, however the Cork MESS representative advised that a former governor of Cork prison was named on the mandate. • The bank statements for the MESS bank account are addressed to the Governor at Cork prison.
All mess committees should operate a bank account requiring not less than two signatures for payments	No
Accounts with suppliers should be open and transparent	Yes

⁷⁸ Results at date of review (2021) – this may have varied throughout the review period.

Independent Review of the VMC Operations

Guidance	Compliant
Good Governance Cont.	
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one months	Yes
Prices should be determined to ensure the system is cost effective and self-financing	Yes
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ⁷⁹
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership⁸⁰	
Governor (or Governor representative)	-
Work and Training (Catering) representative	-
Union Representative	-
Other Staff Member	-
The Mess Committee is separate and independent entity to the IPS	-
Members to rotate every 2 -3 years	-
Committee Responsibilities	
Setting prices	-
Making payments ⁸¹	-
Cash Management ⁸²	-
Financial/ procurement controls, procedures and reports	-
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

⁷⁹ Governor Sales are charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison.

⁸⁰ There is no VMC operational in Cork. Operations are overseen by an Officer (who signed the Service Agreement) and de facto 'feedback committee'. It has been advised that the feedback committee are an informal arrangement and have no input into financial decisions

⁸¹ This is being executed by staff officers in the absence of a functioning VMC

⁸² This is being executed by staff officers in the absence of a functioning VMC.

Independent Review of the VMC Operations

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	No
There is IPS staff involvement in the MESS administrations during employed hours	No
Dedicated time allocated to the IPS staff to service the administration of the MESS during employed hours	N/a
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

There is currently no functioning VMC in operation in Cork prison. It was advised that the previous members stepped down in 2021 as operating in a voluntary capacity they were unwilling to be held accountable to the Service Agreement with the IPS requirements.

It has been advised that operations are overseen by an Officer (who signed the Service Agreement) and de facto 'feedback committee'. It has been further advised that the feedback committee are an informal arrangement and have no input into financial decisions.

The dissolution of the VMC poses a high risk to the MESS operations in relation to oversight and governance which requires to be addressed as a matter of priority.

RECOMMENDATIONS

1. Cork prison management should immediately engage with the IPS concerning the dissolution of the VMC and explore options to resolve.
2. All financial records to include accounts together with supporting financial records i.e. invoices, supplier statements, lodgement records, till readings, ad hoc (cash) expenditure receipts and stock take listings should be securely retained for a minimum of 6 years in line with best practice.
3. Standard Operating Procedures (SOP) of the MESS operations should be drafted to include all operational and financial activities. This should include for the VMC composition in the absence of a Constitution.
4. The VMC once re-established, should meet at least quarterly with the meetings being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
5. Going forward accounts should be prepared on a monthly basis and approved by the VMC (once established). The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure.
6. Going forward annual accounts should be produced using the template as provided by the IPS. Once approved by the VMC (once established) they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate however ideally the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with the IPS.
7. There should be segregation of duties for all payments, including electronic banking payments, one preparer and approver (being two individual officers). All payments to the MESS suppliers should be carried out on site, using the IPS owned equipment.
8. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate. Furthermore, the point of contact on banking correspondence should be reviewed to ensure that it is current and appropriate.
9. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
10. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
11. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
12. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
13. MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
14. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 4 – LIMERICK VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control frameworks in place within the MESSs across the Irish Prison Service (IPS) including Limerick Prison.

Limerick prison is a closed, medium security prison for adult males from counties Clare, Limerick and Tipperary and females for all six Munster counties. It has 213 staff and an operational capacity 238 committals (210 males and 28 females).

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with the Limerick VMC in January 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards</p> <ol style="list-style-type: none"> 1. Accounts were not available for the years 2012 and 2013. 2. Accounts were available for the periods 2014 to 2019 3. Accounts where available were maintained to a good standard with a small number of exceptions noted. <p><u>Conclusion:</u> It is appreciated that the staff administering the accounting processes have limited finance experience, despite this, Accounts and records have been well maintained under the period of review with only minor exceptions noted. It is noted that the Limerick VMC engaged the services of an independent Accountant to produce the 2020 Accounts in preparation for compliance with the IPS Service Agreement effective for year-end 2021 Accounts.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were substantial controls in place in relation to financial records being appropriately maintained in the period of review. 2. There were substantial controls in place in relation to debt management in the period of review, suppliers are being paid in a timely manner i.e., within 1 month 3. There were adequate controls in place in relation to the financial stability of the MESS during the period of review. 4. There were adequate controls in place in relation to cash management in the period of review. <ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically.

Independent Review of the VMC Operations

		<p>➤ There was no segregation of duties in relation to the processing of payments.</p> <p><u>Conclusion:</u> The introduction of fully cashless system in 2020 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls could be further strengthened with recommendations being made accordingly.</p>
3	Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019. 2. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently. <p><u>Conclusion:</u> Based on the sample testing completed, there was no evidence of cross-subsidisation occurring during the period under review 2012-2019, or currently.</p>
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✓ Quarterly minuted VMC meetings occurred in line with guidance. ✓ There is a separate VMC bank account from the prison bank account. ✗ There is no appropriate segregation of duties surrounding payments. ✓ MESS supplier accounts are separate from prison accounts.

Independent Review of the VMC Operations

		<ul style="list-style-type: none"> ✓ Credit terms with suppliers were adhered to i.e., did not exceeded one month. ✓ Prices set ensure the system is cost effective and self-financing. ✓ There are no cost charges currently made to the prison vote.⁸³ ✓ There is an appropriate system to account for all receipts. ✓ VMC membership is in line with governance guidance. ✓ There is compliance with committee responsibilities as outlined in the guidance. <p>The following is also noted:</p> <ul style="list-style-type: none"> ✗ There is an absence of VMC policies and procedures ✗ MESS administrations are being conducted during the IPS working hours without formal approval. ✗ Staff administering the accounting processes do not have adequate finance expertise. ✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy <p><u>Conclusion:</u></p> <p>Governance arrangements surrounding the MESS operations could be strengthened. Full compliance with the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.</p>
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There is an absence of VMC policies and procedures and appropriate training for VMC members at a local level; however internal controls are for the most part in place and are operating effectively. The introduction of a cashless system in 2020 has eliminated the risks associated with storing and handling cash.

Based on the review findings and conclusions, fourteen recommendations have been made for consideration by the Limerick VMC to help address the financial and governance concerns identified. It is noted that improvements have been made in all areas in recent times. The introduction of the Service Agreement with the IPS has and will continue to strengthen the MESS operations once fully embedded.

⁸³ Governor Sales is charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)⁸⁴ and financial control framework in place within the MESSs⁸⁵ across the Irish Prison Service (IPS) including Limerick Prison.

BACKGROUND

Limerick prison is a closed, medium security prison for adult males from counties Clare, Limerick and Tipperary and females for all six Munster counties. It has 213 staff and an operational capacity 238 committals (210 males and 28 females).

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with the Limerick VMC in January 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

⁸⁴ The Committee that has oversight of the MESS Operations

⁸⁵ The physical and operational structure for the canteen facilities for staff food provisions

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Audit due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with IPS	04/01/21 – Work Training Officer (VMC Member)
VMC Policies and Procedures in place Governing MESS operations	IPS issued Food Safety / H.A.C.C.P. Manual Training Kitchens guide. No financial or operational policies or procedures documented.
Voluntary Mess Committee (VMC)	Yes
Number. of members on the VMC	5 – 1 Chief Officer, 1 Work Training Officer and 3 Prison Officers
MESS Banking Provider and primary payment method	Bank of Ireland – payments by electronic transfer, Direct Debit and cheque at time of review
Number of staff in Limerick prison	213 ⁸⁶
Number of persons working in MESS Kitchen Vote funded	1 Work Training Officer and 1 Officer
Operating Capacity - Maximum Number of committals	238 ⁸⁷
Number of prisoners working in MESS Kitchen	Up to 6 prisoners

⁸⁶ Source – Irish Prison Service

⁸⁷ Source: <https://www.irishprisons.ie/prison/limerick-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts ⁸⁸ Provided (€)	Total Expenditure per Accounts (€)	Surplus/ (Deficit) Per Accounts (€)	Receipts lodged to bank in the year (€)	Variance between Sales Per Accounts Vs Bank Lodgements ⁸⁹	Year End December Bank Balance (€)
Y/e 2012	-	-	-	-	N/a	-
P/e 2013	-	-	-	49,124 ⁹⁰	N/a	604
P/e ⁹¹2014	107,649	106,766	883	90,376	17,273	1,497
Y/e 2015	103,119	92,050	11,069	84,068	19,051	10,717
Y/e 2016	97,476	91,623	5,853	76,259	21,217	3,247
Y/e 2017	91,670	83,742	7,928	68,485	23,185	6,926
Y/e 2018	78,507	79,721	(1,214)	65,623	12,884	5,716
Y/e 2019	81,181	77,975	3,206	65,240	15,941	4,231

⁸⁸ Accounts figures relate to Annual Accounts and are stated as provided by the Limerick VMC without independent verification. The table has not been adjusted for arithmetical errors as identified under Objective 1 of this report.

⁸⁹ It has been advised that cash expenditure accounts for some of the variance between Sales per Accounts Vs Bank Lodgements. In 2020 the VMC introduced a debit card for sundry expenditure, this has had the result of reducing the variance between sales per accounts and bank lodgements.

⁹⁰ First lodgement to bank was in March 2013. No Sales or expenditure records were available for 2013.

⁹¹ Accounts were available for the 11-month period ending December 2014. No sales figure available for January 2014. Bank lodgements for January 2014 have been excluded from receipts lodged to bank in 2014 for comparison purposes

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the MESS Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/shop and the Staff MESS; and
4. Review the effectiveness and reasonableness of the governance arrangement over the MESS Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Limerick VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance agreements in place between the VMC and IPS covering the period under review (2012-2019)
 - List of main suppliers used
- Initial call on 22nd July 2021 with the MESS point of contact to gain an understanding of the MESS activities at Limerick prison.
- Site visit to the Limerick MESS on 6th and 7th September 2021 to include review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Limerick VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above, accounts⁹² were not available for the years 2012 and 2013 but available for the years 2014-2019.

Bank statements for the period 28 Nov 2013 – 31 December 2019 were available, together with supporting documentation consisting of supplier invoices, cash expenditure records and cash taking records.

The work completed in interrogating the financial data is provided below:

- High-level analysis of the VMC accounts for the years 2014-2017 based on bank statement records and high-level review of selected expenditure during this period.
- Forensic review of 3 months banking activity during 2018 & 2019 (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, the Limerick VMC were able to provide supplier invoices to support the payments.

Detailed cash expenditure records were reviewed for accuracy to the accounting records and to ensure the expenditure was wholly in relation to the MESS operations.

Cash taking records were reconciled to Z read records and to bank lodgements made during the 3 targeted months.

- Review of the remaining 21 months transactions in 2018 and 2019 at invoice level in order to ascertain the appropriateness of expenditure, and accuracy of accounting records.

⁹² Income and expenditure account or equivalent

Findings

1. Accounts were not available for the years 2012 and 2013.
2. Accounts were available for the periods 2014 – 2019 and were maintained to a good level of accuracy.

The following immaterial discrepancies were identified:

- I. Excel formulae used to record the total monthly cheque payments for 15 months between March 2016 and September 2019 included errors. The overall effect of this spreadsheet discrepancy resulted in overstated bank payments of €6,676. We note that this has a nil impact on the Accounts (income and expenditure values recorded).
- II. The daily cash records for 4th January 2019 included an incorrect opening balance of €335 instead of the correct amount of €465 as a result of carrying forward the incorrect closing balance from the prior day. This resulted in the sales being understated by €130.
- III. Cash expenses included a number of non-Cost of Sale items (such as newspapers, toiletries for prisoners working in the MESS). These items were included as part of the purchases of food stock total in the Accounts
- IV. Sales to the Governor were not included in the income totals per the Accounts i.e., Accounts sales are understated to the value of 'Governor Sales'⁹³.

Governor sales are recorded manually in a book with payments being made from the IMPREST Account on an ad hoc basis via cheque. Governor receipts lodged to the MESS bank Account during 2018 & 2019 totalled €4,533 and €2,142 respectively. Whilst these were lodged to the bank, they have not been included in accounts.

Conclusion:

It is appreciated that the staff administering the accounting processes have limited finance experience, despite this, Accounts and records have been well maintained under the period of review with only minor exceptions noted.

It is noted that the Limerick VMC engaged the services of an independent Accountant to produce the 2020 VMC Accounts in preparation for compliance with the IPS Service Agreement effective for year-end 2021 Accounts.

⁹³ Governor sales are sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted.

1. Financial Records were appropriately maintained.

Accounts and financial information were not available for years 2012 and 2013, however for the years 2014- 2019 Accounts were produced and supporting financial records for the MESS activities were found to be well maintained, this is in line with best practice which directs that all financial information should be retained for a period of 6 years (i.e., 2015 at the review date).

2. Cash Management

In April 2020 Limerick MESS introduced a card payment system, this was initially trialled alongside cash payments for a number of months before going fully cashless. This move to a cashless system eliminated the risks associated with storing and handling cash. At this time, cheque payments were phased out and replaced with Direct Debit/Electronic Fund Transfer payments to suppliers although it is noted that a cheque book is still in circulation. At the time of review, two suppliers were being paid via cheque, however it has been advised that the VMC were actively seeking to move these suppliers to Direct Debit/Electronic Fund Transfer payments also.

Alongside the introduction of the card payment system the VMC introduced a debit card for sundry expenditure thereby eliminating the use of cash within the MESS. Typically, the MESS staff would purchase from local supermarkets a small number of goods a number of times each week. The introduction of the debit card for this type of expenditure has improved the level of oversight and financial control.

We note the following throughout the review period:

- I. Prior to 2020 sales were on a cash basis. A walkthrough of the cash handling processes that were in place at that time were conducted. It was advised that a daily till count was conducted, with takings stored in a safe before being periodically lodged to the bank after the deduction of necessary cash expenditures. We can confirm from our review that periodic lodgements took place. At time of fieldwork, the contents of the safe were reviewed, a cash balance of €85 was located that remained from the period of cash sales.
- II. Prior to the debit card being introduced in 2020 cash from takings was used for sundry expenditure, we found records and receipts pertaining to same to be well maintained throughout the period under review.
- III. Cashflow was well managed throughout the period of review, the Limerick MESS consistently maintained a bank balance sufficient to service its liabilities.

Independent Review of the VMC Operations

- IV. The MESS bank account is not reconciled periodically. Although sufficient funds are always on hand to meet demands routine reconciliations would be good practice.
- V. There was no segregation of duties in relation to supplier payments either by cheque or by on-line bank payments / transfers.

3. Supplier Debt Management

Debts were serviced in a timely manner. For the three months forensically reviewed December 2018, January 2019 and June 2019 all payments to suppliers were made within the 30 days standard credit terms. We further note that no payments for balances greater than 30 days were identified from the high-level review of the remaining periods.

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Limerick VMC are summarised as follows:

Financial Control Area	Level of control⁹⁴
Financial Records were appropriately maintained	Substantial
Suppliers were being paid in a timely manner (i.e., within 1 month)	Substantial
Financial stability of the MESS during the period of review	Adequate
Level of Cash Management in the VMC activities	Adequate

The introduction of fully cashless system in 2020 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls could be further strengthened with recommendations being made accordingly.

⁹⁴ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; the MESS kitchen and storage area are currently in temporary accommodation whilst a new MESS canteen is built (expected completion during 2022). The new MESS construction was viewed at the time of review and will be separate and distinct to the main prison building where the prison kitchen is located.

2. Suppliers

The VMC representative advised that the Limerick MESS have actively sought local suppliers based on value and quality of produce. Where common suppliers are used with the main prison (1 supplier), a separate account was maintained.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed⁹⁵:

The Work Training Officer (WTO) requisites all goods as and when required; based on the menu plan and anticipated demand.

Deliveries for the MESS go directly to the MESS facility outside of the main prison compound.

Goods are cross checked on arrival by the MESS staff to the delivery note before being stored within the MESS kitchen stores. Any discrepancies between the delivery docket and that received is flagged with the supplier with a credit note being raised where appropriate.

A review of the receipt of goods process at the main prison kitchen was outside the scope of this review, however it has been advised that the kitchen delivery is received in a separate designated location.

4. Stock profiling

The stock on hand within the MESS kitchen storage area was reviewed at the time of fieldwork and deemed appropriate for the size and operations of the facility.

No physical stock takes are completed by the Limerick MESS in order to validate quantities on hand against typical stock levels.

A review of supplier invoices showed a consistency in quantity and values ordered over the review period with the below exception noted:

⁹⁵ Note: This relates to the current arrangement and not the period under focus 2012-2019 when the MESS was located within the prison perimeter

Two large invoices from a supplier dating from June 2014 and June 2015 (€2.5k & €1k respectively) were queried due to the level of spend being at odds to normal MESS expenditure. The invoices provided for a large quantity of confectionary items. It was advised that these invoices were for staff medal presentations that was joint collaboration with the social club. No further backup was provided to support this.

5. Non-Food supplies

The Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;
- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any other overheads are absorbed by IPS in relation to the MESS operations for e.g. It was advised that the MESS use an IPS vehicle for daily shop runs.

6. Staff direction

In response to an IPS request in October 2020, the Assistant Governor of Limerick confirmed to IPS by e-mail that no items for prisoner use and paid for by IPS are used by Limerick VMC for MESS meals to include condiments, disposables etc. They noted "Our mess is self-sufficient and serviced by independent suppliers other than supplier X who supply milk (Polygalas) which is invoiced to Limerick Prison mess. No prisoner meals are charged to prison Vote or PAFP⁹⁶."

At the time of review the Assistant Governor advised that there may have been, on a very infrequent basis, minimal amounts of goods passing between the main kitchen and the MESS, however this practise does not currently occur. They confirmed that there has been no systematic transfer of stock between the prison kitchen and MESS since they have been on site (2016 onwards).

Conclusion:

As the MESS has been relocated since the period of review 2012- 2019 it is more difficult to ascertain if cross-subsidisation occurred at that time, however, based on the above information available which suggests that there is some segregation of services, we conclude that:

Based on the sample testing completed, there was no evidence of cross-subsidisation occurring during the period under review 2012-2019, or currently.

⁹⁶ The PAFP is the Prisoner Assist Programme Fund. The PAFP fund is intended to support projects for the sole benefit of prisoners. Profits generated in prison shops are transferred from the Shop Account to the PAFP Account. In turn Governor sales in the Shop are settled through a drawn down from the PAFP Account to the Shop Account.

OBJECTIVE 4

Review of the effectiveness and reasonableness of the governance arrangements over the VMC.

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of the staff MESS committees.

New governance arrangements were introduced by IPS with the introduction of a Service Agreement. The Service Agreement provides for an improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective January 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMCs are not subject to audit by IPS Internal or External Audit due to the independent nature of the MESS operations which are self-governed.

The following table maps the Limerick MESSs current⁹⁷ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	Yes – the VMC held meetings on 5 occasions between October 2020 and May 2021, meetings were minuted and available for review.
A secure financial accountable system should be established and maintained.	Yes
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes: ➤ The Bank mandate included names of 2 former governors of Limerick prison. ➤ The bank statements for the MESS bank account include ‘Tuck Shop Account’ in the customer address, however the account name was ‘Officers MESS Account’
All mess committees should operate a bank account requiring not less than two signatures for payments	No
Accounts with suppliers should be open and transparent	Yes
Requisitions from suppliers must be made separately from prison requisitions	Yes

⁹⁷ Results at date of review (2021) – this may have varied throughout the review period.

Independent Review of the VMC Operations

Guidance	Compliant
Good Governance	
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one months	Yes
Prices should be determined to ensure the system is cost effective and self-financing	Yes ⁹⁸
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ⁹⁹
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership¹⁰⁰	
Governor (or Governor representative)	Yes (Chief Officer)
Work and Training (Catering) representative	Yes
Union Representative	Yes
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ¹⁰¹	Yes
Cash Management ¹⁰²	Yes
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.

⁹⁸ We note that costs within the MESS facility were reviewed regularly by the VMC to ensure that prices were maintained at an adequate level to remain cost neutral. For e.g. The VMC had a loyalty scheme in place whereby a meal was provided free of charge after x amount were purchased, the VMC made an active decision to suspend the scheme in 2021 to help ensure financial stability, with a view of reintroducing it in line with the opening of the newly built MESS facilities in 2022

⁹⁹ Governor Sales is charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison.

¹⁰⁰ The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Limerick VMC

¹⁰¹ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

¹⁰² Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

Independent Review of the VMC Operations

Committee Responsibilities Cont.	
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	No
IPS staff involvement in MESS administration during employed hours	Yes
Dedicated time allocated to IPS staff to service the MESS administration during employed hours	No
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

Governance arrangements surrounding the MESS operations could be strengthened. Full compliance with the Service Agreement now in place with the IPS should go some way to addressing the weaknesses identified.

RECOMMENDATIONS

1. Standard Operating Procedures (SOP) of the MESS operations should be drafted to include all operational and financial activities. This should include for the VMC composition in the absence of a Constitution.
2. The VMC should meet at least quarterly with the meeting being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. Consideration should be given for an independent external Audit of the MESS Annual Accounts as required under the current Service Agreement in place with IPS.
4. All residual cash held in the safe should be lodged to the MESS bank account.
5. Cheque payments should continue to be phased out. All supplier payments should be made via Electronic Fund Transfer/Direct Debit payments in order to improve traceability in payments through the bank.
6. There should be segregation of duties for all payments including E-banking payments, one preparer and one approver (being two individual officers).
7. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
8. The name on the bank statements should be amended to remove references to the Tuck Shop.
9. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate.
10. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
11. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
12. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
13. MESS prices should continue to be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
14. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 5 - MIDLANDS VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Midlands Prison.

Midlands prison is a closed, medium security prison for adult males. It is the committal prison for counties Carlow, Kildare, Kilkenny, Laois, Offaly and Westmeath. It has 460 staff and an operational capacity of 875 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with Midlands VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Accounts and supporting documentation were not available for the years 2012-2016. 2. The 2017, 2018 and 2019 Accounts were available but were incomplete and supporting documentation available for review was limited. 3. It was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in the given periods / years and thus provide assurances that the Accounts available were accurate due to incomplete records maintained. <p><u>Conclusion:</u></p> <p>It is appreciated that the staff administering the accounting processes have limited finance experience, despite which, improvements can be seen in relation to the production of accounts and record maintenance throughout the period of review and in recent times.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were limited controls in place in relation to financial records being appropriately maintained in the period of review. 2. There were limited controls in place in relation to debt management in the period of review, suppliers are not being paid in a timely manner i.e., within 1 month 3. There were limited controls in place in relation to the financial stability of the MESS during the period of review.

Independent Review of the VMC Operations

		<ul style="list-style-type: none"> ➤ There were 44 instances identified in the period under review where payments were returned ➤ There were 9 occasions in the period under review where the MESS account was overdrawn. <p>4. There were limited controls in place in relation to cash management in the period of review.</p> <ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically. ➤ There was no segregation of duties in relation to the processing of payments. ➤ Invoices were not maintained for all petty cash expenditure. <p>5. There was insufficient oversight that value for money is being achieved.</p> <ul style="list-style-type: none"> ➤ There was in excess of €100k being paid to one supplier in both 2018 and 2019. While the MESS is not subject to government procurement guidelines it is good practice to document a supplier review on a periodic basis to ensure that value for money is being achieved. <p><u>Conclusion:</u> The introduction of a card system in January 2018 and the move to a fully cashless system in Summer 2019 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls require to be strengthened with recommendations being made accordingly.</p>
3	Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Pre 2020 cross substantiation was occurring in the form of goods / funds from the prison to the MESS for meals for those prisoners on the work training program. From the information available it was not possible to fully quantify the extent or value of these transactions. 2. In 2017 there was no evidence that sufficient quantities of milk supplies (compared to other years) were separately purchased by the Midlands MESS. 3. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently.

Independent Review of the VMC Operations

		<p><u>Conclusion:</u> There was an inconsistent treatment and apparent confusion surrounding prisoner meals and how they should be dealt with until guidance was provided by IPS in 2020. This guidance has subsequently been formalised with the introduction of the Service Agreements in 2021 and calls for the VMCs to “meet the costs of meals for prisoners working in the mess kitchen”. Testing indicates that this is being adhered to.</p>
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✘ Quarterly minuted VMC meetings did not occur in line with guidance. ✓ There is a separate VMC bank account from the prison bank account. ✘ There is no appropriate segregation of duties surrounding payments. ✓ MESS supplier accounts are separate from prison accounts. ✘ Credit terms with suppliers were not always adhered to i.e., exceeded one month. ✓ Prices set ensure the system is cost effective and self-financing. ✓ There are no cost charges currently made to the prison vote.¹⁰³ ✓ There is an appropriate system to account for all receipts. ✘ VMC membership is not in line with governance guidance. ✓ There is compliance with committee responsibilities as outlined in the guidance.

¹⁰³ Governor Sales are charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor’s Office on a periodic basis, e.g., Outside training providers visiting prison

Independent Review of the VMC Operations

		<p>The following is also noted:</p> <ul style="list-style-type: none"> ✘ There is an absence of VMC policies and procedures in place ✘ MESS administrations are being conducted during the IPS working hours without formal approval. ✘ Staff administering the accounting processes do not have adequate finance expertise. ✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy <p><u>Conclusion:</u></p> <p>Governance arrangements surrounding the MESS operations require to be strengthened. Adherence to the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.</p>
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Key concerns highlighted in the review include the lack of financial records available, the precarious financial position in which the MESS was operating at various times throughout the period of review, the evidenced cross subsidisation pre 2020 and the gaps identified in governance arrangements. The absence of VMC policies and procedures and appropriate training at a local level further inhibited the VMC members that have little / no expertise in the areas of finance and governance.

Based on the review findings and conclusions, seventeen recommendations have been made for consideration by Midlands VMC to help address the financial and governance concerns identified. It is noted that improvements have been made in all areas in recent times and that full compliance with the Service Agreement will continue to strengthen the MESS operations once fully embedded.

INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)¹⁰⁴ and financial control framework in place within the MESSs¹⁰⁵ across the Irish Prison Service (IPS) including Midlands Prison.

BACKGROUND

Midlands prison is a closed, medium security prison for adult males. It is the committal prison for counties Carlow, Kildare, Kilkenny, Laois, Offaly and Westmeath. It has 460 staff and an operational capacity of 875 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS with the roll out of Service Agreements. This was signed effective with Midlands VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison

¹⁰⁴ The Committee that has oversight of the MESS Operations

¹⁰⁵ The physical and operational structure for the canteen facilities for staff food provisions

Independent Review of the VMC Operations

facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with the IPS	18/02/21 – Assistant Chief Officer
VMC Policies and Procedures in place Governing MESS operations	None
Voluntary Mess Committee (VMC) in place	Yes
Number. of members on the VMC	6 – Assistant Governor, 1 Assistant Chief Officer and 4 Work Training Officers
MESS Banking Provider and primary payment method	Permanent TSB – payments primarily by electronic transfer at the time of review
Number of staff in Midlands	460 ¹⁰⁶
Number of persons working in MESS Kitchen Vote funded	4 Work Training Officers
Operating Capacity - Max Number of committals	875 ¹⁰⁷
Number of prisoners working in MESS Kitchen	Up to 14 prisoners

¹⁰⁶ Source – Irish Prison Service

¹⁰⁷ Source: <https://www.irishprisons.ie/prison/midlands-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts ¹⁰⁸ Provided (€)	Total Expenditur e per Accounts (€)	Surplus / (Deficit) Per Accounts (€)	Total Receipts lodged to bank in the year (€)	Bank Receipts <u>Net</u> of returned supplier payments ¹⁰⁹	Variance between Sales Per Accounts Vs <u>Net</u> Bank Receipts	Year End December Bank Balance (€)
P/e 2012	-	-	-	68,257 ¹¹⁰	60,133	N/a	11,159
Y/e 2013	-	-	-	170,645 ¹¹¹	154,894	N/a	13
Y/e 2014	-	-	-	258,364 ¹¹²	232,557	N/a	6,881
Y/e 2015	-	-	-	313,301 ¹¹³	224,443	N/a	11,097
Y/e 2016	-	-	-	318,623 ¹¹⁴	265,356	N/a	5,108
Y/e 2017	248,201 ¹¹⁵	226,250	21,951	224,393 ¹¹⁶	204,380	43,821	5,935
Y/e 2018	286,000 ¹¹⁷	-	-	274,263 ¹¹⁸	264,332	21,668	943
Y/e 2019	318,597 ¹¹⁹	-	-	409,626 ¹²⁰	324,267	(5,670)	1,932

¹⁰⁸ Accounts figures relate to Annual Accounts and are stated as provided by the Midlands VMC; the figures have not been independently verified as being complete or accurate due to the lack of financial records maintained. The table has not been adjusted for arithmetical errors as identified under Objective 2 of this report.

¹⁰⁹ Column adjusted for returned supplier payments i.e., payment transactions returned by the bank due to insufficient funds in the account.

¹¹⁰ Bank information available from 17th July 2012. 2012 bank receipts from 1st July 2012 – 31st December 2012. Total bank receipts in 2012 include 1 returned supplier payment of €8,123.91.

¹¹¹ Total bank receipts in 2013 include 3 returned supplier payments totalling €15,751.12.

¹¹² Total bank receipts in 2014 include 4 returned supplier payments totalling €25,806.57.

¹¹³ Total bank receipts in 2015 include 13 returned supplier payments totalling €88,858.13.

¹¹⁴ Total bank receipts in 2016 include 9 returned supplier payments totalling €53,267.17.

¹¹⁵ Accounts information for 2017 available for 11 months – from February to December. January information not available

¹¹⁶ Receipts to bank for 2017 are for 11 months in table – to mirror period covered by available accounts. Bank receipts in 2017 include 3 returned supplier payments totalling €20,031.48.

¹¹⁷ Source – Irish Prison Service Terms of Reference. Accounts available only for 7 months – January to August 2018 (total sales for 7 months - €193,346).

¹¹⁸ Total bank receipts in 2018 includes 1 returned supplier payment totalling €9,931.40.

¹¹⁹ Source - Irish Prison Service Terms of Reference. Accounts available only for Oct, Nov, Dec 2019 (total sales for 3 months - €90,742).

¹²⁰ Total bank receipts in 2019 include 7 returned supplier payments totalling €85,358.88.

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the MESS Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/kitchens and the Staff MESS; and
4. Review the effectiveness and reasonableness of the governance arrangement over the MESS Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Midlands VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- Initial call on 27th July 2021 with the VMC point of contact to gain an understanding of the MESS activities at Midlands prison.
- Site visit to the Midlands MESS on 29th and 30th November 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of Midlands VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above accounts¹²¹ were not available for the years 2012-2016 with only partial income and expenditure records available for the years 2017 (11 months), 2018 (7 months) and 2019 (3 months). No complete 12 month set of accounts were available for review.

Bank statements for the period 1st July 2012 – 31st December 2019 were made available (post site visit) and limited supplier statements were available, however supporting documentation to include; invoices, till Z-reads and lodgement records were not available for the period of review.

The work completed in interrogating the financial data is outlined below; this was limited due to the low level and poor quality of information provided for the period 2012- 2019:

- In the absence of complete accounts, basic financials based on bank statement analysis were prepared for 2012-2019 together with available cheque books¹²².
- At the time of fieldwork bank statements were not available to forensically review 3 months bank transactions as set out in the Terms of Reference (TOR). Instead, the available 2019 accounts (October, November and December) were used to carry out a detailed analysis.

For the purchases made during the 3 targeted months per the accounts, Midlands VMC were able to provide supplier statements to support the payments.

Detailed cash expenditure records were not available for the periods under review.

Bank lodgements were made on an ad hoc basis in the months under review. It was not possible to reconcile bank lodgements to supporting documentation as Z readings / daily taking records were not available for review.

¹²¹ Income and expenditure account or equivalent

¹²² Cheque book records covering the period 4th March 2014 – 8th February 2016 (cheque numbers 161-240), 16th January 2017 to 22nd July 2017 (cheque numbers 361-400) and 8th December 2019 onwards (cheque numbers 561-564) were available. No details of cheque payments for cheque numbers 1-160 and 401 to 560 were available.

Independent Review of the VMC Operations

Findings:

1. Accounts and supporting documentation was not available for the years 2012-2016.
2. The 2017, 2018 and 2019 Accounts were incomplete and supporting documentation available for review was limited.
 - The Accounts for January 2017, August to December 2018 and January to September 2019 were not available.
3. It was not possible to ascertain the true value of sales, expenditure and “surplus /deficit” in the given periods / years and thus provide assurances that the Accounts available were accurate due to incomplete records maintained.

Conclusion:

It is appreciated that the staff administering the accounting processes have limited finance experience, despite which, improvements can be seen in relation to the production of accounts and record maintenance throughout the period of review.

It can be confirmed that currently monthly accounts are being prepared on a consistent basis. It was advised that supplier statements and invoices are now sent by electronic format, and are being retained. An in-depth analysis of the 2020 and 2021 Accounting periods was outside the scope of this review, however one high value supplier was reviewed in detail. It can be confirmed that the expenditure recorded throughout both the 2020 and 2021 accounts for this supplier is complete and accurate.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted.

1. Financial records were not appropriately maintained

As noted under objective one, financial records and supporting documentation were not available for review for the years 2012-2016 with only partial information being maintained for the years 2017, 2018 and 2019; this is at odds to best practice which directs that all financial information should be retained for a period of 6 years.

2. Limited cash management

In January 2018 the Midlands MESS introduced a card payment system, this was initially trialled alongside cash payments before going fully cashless in Summer 2019. The move to a cashless system has eliminated the risks associated with storing and handling cash. At this time, cheque payments were phased out and replaced with Direct debit/Electronic Fund Transfer (EFT) payments to suppliers although we note that a cheque book is still in circulation.

We note the following throughout the review period:

- I. From a review of bank statements covering the period of review (July 2012 to December 2019), 44 instances were identified where there was insufficient funds to process payments, causing them to be returned. The returned payments ranged in value from €2,011.92 (Nov 13) with an available bank balance of €330.29 i.e., a deficit €1,681.63 to €21,587.54 (Jan 2019) with an available bank balance of €6,002.1 i.e., a deficit €15,585.42. The total value of returned payments across the period was €325,609.01 incurring €440 bank charges.

One further returned payment was identified in 2020, this occurred on 27th April 2020, the amount returned was €13,844.19. The balance in the bank at the time of payment was €13,622.48 i.e., a deficit of €221.71.

It was advised that in earlier years, A VMC member on occasion lodged their own personal money into the MESS bank account to bring it back into a credit position. The number of occasions or values of these transactions were not recorded.

- II. There were 9 occasions in the same period (July 2012 – December 2019) where payments were processed by the bank despite there being insufficient funds. This resulted in the account being in an overdrawn position incurring bank charges totalling €25.
- III. The MESS bank account is not reconciled periodically. Routine reconciliations would give the VMC an oversight of bank balances versus outstanding debt and go some way to preventing the account from becoming overdrawn going forward.

Independent Review of the VMC Operations

- IV. There is no segregation of duties in relation to on-line bank payments or transfers. Payments made by Electronic Fund Transfer (EFT) do not currently require a secondary approval.

It was advised that access to the E-banking platform was available to 5 committee members at time of review (6th member was awaiting IT access).

- V. In the absence of petty cash, small ad hoc purchases by VMC members are being reimbursed to their personal debit cards through the card machine. A small number of such purchases had no invoice available to support the spend.

3. Limited Supplier Debt Management

Suppliers were not being paid in a timely manner (i.e., within 1 month).

The supplier used for milk supplies was not being paid on a timely manner in 2018 and 2019. At the end of December 2019, there was a total of €13,706 outstanding that was due to be paid.

A summary of the outstanding milk creditor position at 31st December 2019 was as follows:

Year of Due Amount	Number of invoices outstanding	Amount Outstanding (€)
2018	21	1,761
2019	93	11,945
Total	114	13,706

Midlands VMC entered into a repayment arrangement with the supplier for the outstanding amount to be cleared over 12 months in 2020. Payments have been reviewed and the outstanding balance has been repaid in full.

Current payments made to the supplier were reviewed; it was noted that they continue to be paid outside of the standard 30-day credit terms e.g. There was a payment made to the supplier on 6th November 2021 for €4,788.83 by EFT that covered invoices for July (€1,871.35), August (€1,513.22) and September (€1,404.26) 2021.

4. Use of Staff Officer Personal Account

From a review of 2021 financial records, it was identified that a refund was being made on a monthly basis for €141 from the MESS card machine to a Staff Officer's personal card. The VMC point of contact advised that the Officer was being compensated for providing his personal account to access satellite television in the MESS. No invoices pertaining to this expenditure were available for review.

5. Value for Money (VFM)

There is in excess of €100k being paid to one supplier in 2019 and 2020; it is noted that the MESS is independent of the Prison Service and as such is not subject to public procurement guidelines, however, at this level of spend it is difficult to ascertain if value for money is being achieved without regular supplier oversight or a competitive procurement process in place.

Independent Review of the VMC Operations

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Midlands VMC are summarised as follows:

Financial Control Area	Level of control¹²³
Financial Records were appropriately maintained	Limited
Suppliers were being paid in a timely manner (i.e., within 1 month)	Limited
Financial stability of the MESS during the period of review	Limited
Level of Cash Management in the VMC activities	Limited
Value for money in relation to suppliers is sufficiently considered and documented	No

The introduction of a card system in January 2018 and the move to a fully cashless system in Summer 2019 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls require to be strengthened with recommendations being made accordingly.

¹²³ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; the MESS kitchen and storage area are separate and distinct to the main prison kitchen and stores.

2. Suppliers

There is some overlap with suppliers of the main kitchen in the prison however it was confirmed that where this occurred there were separate supplier accounts in place.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

A listing is maintained of stock to be ordered, based on quantities of goods on hand and upcoming menus as a guide. Orders are then placed by the Work Training Officer by phone or using the computer in the MESS.

The MESS deliveries arrive at the prison gate and are checked by Prison staff securing the entrance before advising the MESS staff that it has arrived.

The MESS staff collect the delivery and transport it to the MESS site via an elevator. The MESS staff reconcile the order to the delivery and report any discrepancies before it is put into storage.

A review of the receipt of goods process at the main prison kitchen was outside the scope of this review, however it has been advised that the kitchen delivery is received in a separate designated location.

4. Stock profiling

The stock on hand on the date of the delivery was reviewed and deemed reasonable in product range and quantity for the activities carried out by the MESS.

No physical stock takes are completed by the Midlands MESS to enable the validation of quantities on hand against typical stock levels.

A review of supplier invoices showed a reasonable consistency in quantity and values ordered over the review period, however the below was noted:

- I. A note was contained within the MESS diary from January 2014 that stated "I got a few from the kitchen" in reference to low chicken supplies in the MESS.

Independent Review of the VMC Operations

It was advised by the VMC representative that in earlier years stock was taken from the main prison kitchen as a form of payment for meals provided to prisoners that worked in the MESS. From the information available it was not possible to quantify the extent or value of these transactions.

It was further advised that this practice ceased and that the Governor's office was then periodically invoiced for the meals consumed by prisoners while on duty. Financial records provided for the period October – December 2019 included income for prisoner meals totalling €10,642.50. i.e., income received from the Governor Office at Midlands for meals consumed by prisoners on the work training program.

This practice continued to May 2020 with income for prisoner meals in the months January 2020 to May 2020 being recorded as €18,940. It was unclear from the information available which prison bank account was used to settle the invoices.

In response to the inconsistent approach to treatment of prisoner meals across the prison network, the IPS issued direction in 2020 outlining that the cost of prisoner meals must be absorbed by the MESS. This was reiterated in the Service Agreement of February 2021 that states that the VMC must "ensure that prisoner meals for prisoners working in the mess are paid for by the mess". Testing indicates that this is being adhered to.

II. A review of the milk supplier transaction history provides for the following purchases.

Year	Total Invoices from Milk Supplier (€)
2014	14,172
2015	14,618
2016	11,536
2017	3,352
2018	10,830
2019	14,763
2020	21,854
2021	19,350

For the year end 2017, the total invoices from the milk supplier purchased by the MESS was €3,352, this is approx. €12k lower than the average annual orders for the remaining 6 years listed above. It is noted the pattern of spend changed in September 2016 to June 2018. No explanation was provided.

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;
- Provide the Work Training staff to facilitate the operation.

Independent Review of the VMC Operations

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS operations. The following was noted:

- I. It was advised that the costs for re-covering the snooker table that is owned by the MESS was provided for by the main prison.

6. Staff direction

As aforementioned, it was confirmed by a VMC member that in the past (pre-2019), stock was taken from the main prison kitchen to compensate for the provision of prisoner meals; this was superseded by invoicing the Governor Office for the meals which in turn has ceased under direction from IPS in 2020. Midlands VMC now absorb the cost of supplying prisoners in the work training program with meals.

In response to an IPS request in October 2020 in relation to a Comptroller and Auditor General (C&AG) query, a Governor of Midlands confirmed “that the Staff Mess is completely independent and no items are used from the IPS”.

Conclusion:

The limited records available for review make it difficult to provide assurances around cross-subsidisation, however based on the above information available which suggests that there is some segregation of services, we conclude that:

- I. Pre 2020 cross substantiation was occurring in the form of goods / funds from the prison to the MESS for meals for those prisoners on the work training program. From the information available it was not possible to fully quantify the extent or value of these transactions.
- II. In 2017 there was no evidence that sufficient quantities of milk supplies (compared to other years) were separately purchased by the MESS.
- III. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

There was inconsistent treatment and apparent confusion surrounding prisoner meals and how they should be dealt with until guidance was provided by IPS in 2020. This guidance has subsequently been formalised with the introduction of the Service Agreement in 2021 and calls for the VMCs to “meet the costs of meals for prisoners working in the mess kitchen”. Testing indicates that this is being adhered to.

OBJECTIVE 4

Review of the effectiveness and reasonableness of the governance arrangements over the VMC.

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of staff MESS committees.

New governance arrangements were introduced by IPS with the introduction of a Service Agreement. The Service Agreement provides for improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective February 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMCs are not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The following table maps the Midlands MESSs current¹²⁴ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	No - It was advised that the VMC meet once or twice per annum but that the meetings are not minuted.
A secure financial accountable system should be established and maintained.	Yes
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes: <ul style="list-style-type: none"> • It is noted however no bank mandate was provided for review. • It is noted that the bank account statements include the name of a former VMC member in the address.
All mess committees should operate a bank account requiring not less than two signatures for payments	No
Accounts with suppliers should be open and transparent	Yes
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes

¹²⁴ Results at date of review (2021) – this may have varied throughout the review period.

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Credit from suppliers should not exceed one months	No
Guidance	Compliant
Good Governance Cont.	
Prices should be determined to ensure the system is cost effective and self-financing	Yes
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ¹²⁵
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership¹²⁶	
Governor (or Governor representative)	Yes (Assistant Governor)
Work and Training (Catering) representative	Yes
Union Representative	No
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ¹²⁷	Yes
Cash Management ¹²⁸	Yes
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

¹²⁵ Governor Sales are charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

¹²⁶ The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Midlands VMC

¹²⁷ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

¹²⁸ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

Independent Review of the VMC Operations

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	No
MESS administration conducted during employed hours	Yes
Dedicated time allocated to IPS staff to service the MESS administration during employed hours	No
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

Governance arrangements surrounding the MESS operations require to be strengthened. Full compliance with the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.

RECOMMENDATIONS

1. Standard Operating Procedures (SOP) of the MESS operations should be drafted to include all operational and financial activities. This should include for the VMC composition in the absence of a Constitution.
2. The VMC should meet at least quarterly with the meeting being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. All financial records to include the monthly and annual accounts together with supporting financial records i.e. invoices, supplier statements, lodgement records, till readings, ad hoc (cash) expenditure receipts and stock take listings should be securely retained for a minimum of 6 years in line with best practice.
4. Accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure.
5. Annual Accounts should be produced using the template as provide by IPS. Once approved by the VMC they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate however ideally the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with IPS.
6. Training should be put in place in order to ensure effective implementation of recommendations 4 and 5.
7. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
8. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
9. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
10. There should be no supplier debt greater than one month.
11. There should be segregation of duties for all payments including E-banking payments, one preparer and one approver (being two individual officers).
12. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate.
13. Bank account address should be updated to reflect the current VMC members.
14. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
15. MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position. There should not be a need for VMC members to lodge personal funds to keep the MESS operations intact.
16. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

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17. A bank card should be sourced for the MESS bank account and be used for any ad hoc purchases. Refunds for cash expenditure should no longer be made via the card machine.

APPENDIX 6 – MOUNTJOY VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and the financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Mountjoy Prison.

The Mountjoy MESS is used by staff who work in both Mountjoy Prison and the Dachas Centre. Mountjoy prison is a closed, medium security prison for adult males. It is the main committal prison for Dublin city and county. The Dochas Centre which is adjacent to Mountjoy Prison, it is also a closed, medium security prison but for females aged 18 years and over. It is the committal prison for females committed on remand or sentenced from all Courts outside the Munster area. Combined, they have a total of 596 staff and a total operational capacity of 901 committals.

It is noted that in the period of review there was a second MESS operational in the grounds of Mountjoy, within the St Pat's wing. It has been advised that this was operational for approx. 3 years, servicing some 120 staff. The facility closed in 2017; there was no bank account in operation and no financial records were available for review. It has been further advised that on cessation circa €350 remained on hand which was transferred to the main MESS bank account. Due to the absence of documentation, this MESS has fallen out of the scope of this review.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record

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keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements. The Service Agreement was signed effective with the Mountjoy VMC in January 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

It is noted that while the level of oversight by Prison Service Management has improved since 2021, the VMC is not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Accounts and supporting documentation were not available for the years 2012-2013. 2. Accounts and supporting documentation for 2014-2019 were available in line with best practice guidance. 3. Accounts, where available, were maintained to a reasonable standard with a number of exceptions noted based on detailed testing conducted. <p><u>Conclusion:</u> Accounts and records have been well maintained under the period of review with a number of exceptions noted, it is however appreciated that the staff administering the accounting processes have limited finance experience.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were substantial controls in place in relation to financial records being appropriately maintained in the period of review in line with best practice guidance.

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		<ol style="list-style-type: none"> 2. There were substantial controls in place in relation to debt management, suppliers were being paid in a timely manner during period of review i.e., within 1 month. 3. There were substantial controls in place in relation to the financial stability of the MESS during the period of review. 4. There were adequate controls in place in relation to cash management. <ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically. ➤ There were risks associated with the handling and storage of cash. <p><u>Conclusion:</u> The introduction of a card system in 2020 reduced the risks associated with storing and handling cash, however at the time of review there remained a large quantity of cash in circulation. It is noted that effective 1st March 2022 the MESS has moved to a cashless operation. Recommendations, as appropriate have been made to further strengthen financial controls in place.</p>
3	Determine if cross-subsidization of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> I. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019. II. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently. <p><u>Conclusion:</u> Based on the sample testing completed, there was no evidence of cross-subsidisation occurring during the period under review 2012-2019, or currently. It is however unclear from the Service Agreement as to what overheads are absorbed by the IPS in relation to the MESS operations, a review of same has been recommended to be completed by IPS and formally documented in the Service Agreements.</p>
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p>

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		<p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✘ There was no evidence of Quarterly minuted meetings occurring in line with guidance in the period under review. ✓ There is a separate VMC bank account from the prison bank account. ✓ There is appropriate segregation of duties surrounding payments. ✓ MESS supplier accounts are separate from prison accounts. ✓ Credit terms with suppliers were adhered to i.e., did not exceed one month. ✓ Prices set ensure the system is cost effective and self-financing. ✘ There are cost charges currently made to the prison vote.¹²⁹ ✓ There is an appropriate system to account for all receipts. ✓ VMC membership is in line with governance guidance. ✓ There is compliance with committee responsibilities as outlined in the guidance. <p><i>The following is also noted:</i></p> <ul style="list-style-type: none"> ✓ There are limited VMC policies and procedures in place ✓ VMC administrations are conducted during the IPS working hours with formal agreement. ✘ Staff administering the accounting processes do not have adequate finance expertise ✘ There was non-compliance with the Civil Service Alcohol and Drugs Misuse Policy identified on one occasion in 2018. <p><u>Conclusion:</u></p> <p>Governance arrangements surrounding the MESS operations could be further strengthened. Full compliance with the Service Agreement now in place with the IPS should go some way to addressing the weaknesses identified</p>
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Based on the review findings and conclusions, fourteen recommendations have been made for consideration by the Mountjoy VMC to help address the financial and governance concerns identified. It is noted that improvements have been made across the period of review and that effective 1st March 2022 the Mountjoy MESS is a cashless operation. This move, together with full compliance with the Service Agreement with the IPS will continue to strengthen the MESS operations.

¹²⁹ € 800 per month has been allocated for janitorial products from the main prison budget

INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)¹³⁰ and financial control framework in place within the MESSs¹³¹ across the Irish Prison Service (IPS) including Mountjoy Prison.

BACKGROUND

The Mountjoy MESS is used by staff who work in both Mountjoy Prison and the Dachas Centre. Mountjoy prison is a closed, medium security prison for adult males. It is the main committal prison for Dublin city and county. The Dochas Centre is adjacent to Mountjoy Prison; It is also a closed, medium security prison but for females aged 18 years and over. It is the committal prison for females committed on remand or sentenced from all Courts outside the Munster area. Combined, they have a total of 596 staff and a total operational capacity of 901 committals.

It is noted that in the period of review there was a second MESS operational in the grounds of Mountjoy, within the St Pat's wing. It has been advised that this was operational for approx. 3 years, servicing some 120 staff. The facility closed in 2017; there was no bank account in operation and no financial records were available for review. It has been further advised that on cessation circa €350 remained on hand which was transferred to the main MESS bank account. Due to the absence of documentation, this MESS has fallen out of the scope of this review.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was running in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record

¹³⁰ The Committee that has oversight of the MESS Operations

¹³¹ The physical and operational structure for the canteen facilities for staff food provisions

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keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements. The Service Agreement was signed effective with the Mountjoy VMC in January 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting

It is noted that while the level of oversight by Prison Service Management has improved since 2021, the VMC is not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with the IPS	27/01/21 – Assistant Governor
VMC Policies and Procedures in place Governing MESS operations	2-page document – ‘Voluntary Mess Committee Responsibilities and work arrangement for Mess staff’ dated 11th March 2021, signed by the Governor.
Voluntary Mess Committee (VMC) in place	Yes
Number. of members on the VMC	8 – 2 Work Training Officers and 6 Officers
MESS Banking Provider and primary payment method	Permanent TSB– payments primarily by direct debit/electronic transfer at time of review
Number of staff in Mountjoy Prison and the Dochas Centre	596 ¹³²
Number of persons working in MESS Kitchen Vote funded	2 Work Training Officers and 1 Officer
Operating Capacity - Max Number of committals	901 ¹³³
Number of prisoners working in MESS Kitchen	Up to 10 prisoners

¹³² Source – Irish Prison Service

¹³³ Source: <https://www.irishprisons.ie/prison/mountjoy-prison/>; <https://www.irishprisons.ie/prison/dochas-centre/>

FINANCIAL OVERVIEW

A	B	C	D	E	F	G	H
Period/ Year	Total Sales Per Y/E Dec MESS Accounts ¹³⁴ Provided (€)	Total Expenditure per Accounts (€)	Surplus / Deficit Per Accounts (€)	Receipts lodged to bank in the year (€) ¹³⁵	Variance between Sales Per Accounts Vs Bank Lodgements ¹³⁶	Cash Expenditure Per Accounts	Year End December Bank Balance (€)
Y/e 2012	-	-	-	-	N/a	-	-
Y/e 2013	-	-	-	-	N/a	-	-
Y/e 2014	95,626	123,405	(27,779)	97,460	(1,834)	18,213	-
Y/e 2015	113,057	96,541	16,516	71,302	41,755	29,529	-
Y/e 2016	185,256	200,726	(15,470)	112,982	72,274	87,430	-
Y/e 2017	228,026	164,169	63,857	109,988	118,038	76,236	37,641
Y/e 2018	284,311	274,345	9,966	156,678	127,633	105,622	24,574
Y/e 2019	303,460	311,550	(8,090)	234,741	68,719	83,692	21,609

¹³⁴ Accounts figures relate to Annual Accounts and are stated as provided by Mountjoy VMC. The table has not been adjusted for arithmetical errors as identified under Objective 1 of this report.

¹³⁵ In the absence of bank statement, the bank lodgement figures for 2014-2017 (highlighted blue) have been ascertained from the Mountjoy VMC records on bank lodgements made.

¹³⁶ These variances are in part due to cash expenditure (e.g., supermarket purchases) as identified in column G

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the MESS Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/shop and the Staff MESS; and
4. Review the effectiveness and reasonableness of the governance arrangement over the MESS Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Mountjoy VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payments that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- Initial call on 21st July 2021 with the MESS point of contact to gain an understanding of the MESS activities at the Mountjoy prison
- Site visit to the Mountjoy MESS on 4th and 5th August 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Mountjoy VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above, no accounts¹³⁷ were available for the years 2012 and 2013. Annual Income and expenditure accounts were available for years 2014 to 2019, with monthly income and expenditure accounts also available for 2019.

Source records included bank statements which were available for the period 16 November 2017 to 31 December 2019, supplier statements, invoices/receipts for cash purchases, till Z-reads and lodgement records.

The work completed in interrogating the financial data is provided below:

- A review of the accounting information available was carried out for the 2014-2017 years, to ascertain that expenditure was reasonable and of an acceptable level for the MESS facility.
- A forensic review for 3 months banking activity during 2018 and 2019 was completed (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, Mountjoy VMC were able to provide supplier statements and invoices to support the payments.

Detailed cash expenditure records were available for the period under review, with the exception of just one item recorded in January 2021 for €421.19 (receipt number 19).

A review of the cash records for December 2018, January 2019 and June 2019 was carried out. It was noted that it was not possible to reconcile the lodgements made to the bank to cash receipts takings, as lodgements were made on an ad hoc basis and did not reconcile to individual daily cash takings. At a high level, there was evidence that there was not a major discrepancy for the 3 months under review between the daily cash takings, and what was lodged to the bank.

- A review of the accounting transactions for the remaining months of 2018 and 2019 was completed at supplier level, no issues were noted when reconciling to bank account for payments.

¹³⁷ Income and expenditure account or equivalent

Findings:

1. Accounts and supporting documentation were not available for the years 2012-2013.
2. Accounts and supporting documentation for 2014-2019 were available in line with best practice.
3. Accounts where available, were maintained to a reasonable standard with a number of exceptions noted based on detailed testing conducted:
 - I. 'Governor sales'¹³⁸ were not being recorded in the monthly or annual accounts.
 - II. The 2016 Accounts (and summary table 2.2 referenced above) include an error overstating cash expenditure recorded for December 2016 as follows:

Date	Amount per Accounts (€)	Correct Amount (€)	Variance – (Expenditure Overstated)
16/12/2016	3,466	35	3,431
24/12/2016	8,056	81	7,975
TOTAL	11,522	116	11,406

The value of 2 cash expenses were recorded with the decimal point in the incorrect position, resulting in the cash expenditure for the year being overstated by €11,406. A review of the invoice for the associated cash expenditure was carried out, and verified that the corrected amount for the two expenses was €116. This would reduce the reported loss in the year to €4,063.

- III. The 2019 monthly accounts contain an error, understating total income by €9,035.50. This is the result of a formula error whereby the first daily total for sales was excluded from the total for months February through to December. This would eliminate the reported loss in the year, creating a profit of €946.
- IV. 4 keying errors were also identified in the account's spreadsheet for 2019, the cumulative difference was immaterial (€40.11) in the subtotals for cash and bank expenditure, however this did not have an impact on the total expenditure value recorded per accounts (as this was calculated from a separate column).
- V. A number of non-food purchase items within the Mountjoy expenditure records were identified including; shower gel, deodorant and toothbrushes. In addition, there were

¹³⁸ Governor sales are sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

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a number of purchases from the prison tuck shop including tea bags, coffee and chocolate.

The Mountjoy VMC representative has advised that there were a number of personal care products purchased for prisoners working in the MESS, as well as small gifts from the prison tuck shop, on occasions. Although this does not impact on the bottom-line figures reported it distorts the interpretation of the cost of operating the MESS and should be split out separately as non-cost of sale items.

Conclusion:

Accounts and records have been well maintained under the period of review with a number of exceptions noted, it is however appreciated that the staff administering the accounting processes have limited finance experience.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted.

1. Financial records maintained

Accounts and financial information was not available for years 2012 and 2013, however for the years 2014- 2019 Accounts were produced and supporting financial records for the MESS activities were available in line with best practice and found to be well maintained.

2. Supplier Debt Management

Suppliers are paid on a timely manner (i.e., within 1 month).

All payments made to suppliers for invoices from November 2018, December 2018 and May 2019 were reviewed. All invoices were paid within one month, with no exceptions noted.

3. Cash management

During the period of review the Mountjoy MESS operated on a cash basis. The use, storage and handling of cash increases the risks associated with the MESS operations.

It is noted that the VMC introduced a card payment system in January 2020, before moving to a completely cashless system effective 1st March 2022.

We note the following throughout the review period:

- i. Cashflow was well managed throughout the period of review, the Mountjoy MESS consistently maintained a bank balance sufficient to service its liabilities.
- ii. For the daily cash out procedure, the Z read was used as the 'check' total to remove cash from the till. This results in the daily cash total being equal to the daily Z read total; however, any discrepancy arising is then left within the float balance in the till, e.g., errors in the keying in of sales in the till will not be picked up.
- iii. There are two cash safes in operation. One safe (drop safe) houses the daily takings, there is one skeleton key in circulation for the safe which has to be retrieved from the Chiefs Office. This safe is emptied to the main safe periodically before being banked. Two keys are in circulation for the main safe. At the time of review €9,274.70 cash was counted and verified in the main safe. A further amount of €1,595, proceeds of a coffee morning was contained in a marked envelope for charity.

The sum on hand is considerable given the current cash takings, the Mountjoy VMC advised that this was being retained to enable the purchase of furniture as a debit card was not linked to the MESS bank account at the time of review (2021), in addition to expected cash outgoings such as staff Christmas draw prizes.

Independent Review of the VMC Operations

It was further noted from the cash reconciliations that even greater amounts of cash may have been retained on hand (not banked) in earlier years i.e., in excess of €30k.

- iv. Reconciliations of the MESS bank account are not completed periodically, although sufficient funds are always on hand to meet demands, routine reconciliations would be good practice.
- v. It was noted that there was no segregation in relation to the handling of cash with the same Officer being responsible for the storage of cash in the safe and the lodgements to the bank account. There is however, appropriate segregation of duties in relation to the approving and processing of payments.

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Mountjoy VMC are summarised as follows:

Financial Control Area	Level of control¹³⁹
Financial Records were appropriately maintained	Substantial
Suppliers were being paid in a timely manner (i.e., within 1 month)	Substantial
Financial stability of the MESS during the period of review	Substantial
Level of Cash Management in the VMC activities	Adequate

The introduction of a card system in 2020 reduced the risks associated with storing and handling cash, however at the time of review (2021) there remained a large quantity of cash in circulation. It is noted that effective 1st March 2022 the MESS has moved to a cashless operation. Recommendations, as appropriate have been made to further strengthen financial controls.

¹³⁹ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; the MESS kitchen and storage areas are separate and distinct to the main prison kitchen and stores.

2. Suppliers

The Mountjoy VMC use a mix of local suppliers and nationwide suppliers. All supplier accounts are set up in the MESS's name, and in the case of shared suppliers with the main kitchen, are separate and distinct to the main prison account.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

Deliveries for the MESS arrive to the area outside of the MESS, accessible to the MESS store, the deliveries are handled directly by the MESS staff. Goods are cross checked on arrival by the MESS staff to the delivery note before being stored within the MESS kitchen stores. Any discrepancies between the delivery docket and that received is flagged with the supplier with a credit note being raised where appropriate.

A review of the receipt of goods process at the main prison kitchen was outside the scope of this review but it has been advised that in contrast to the MESS deliveries, the deliveries to the main kitchen pass through the security checks at the front of the prison and are directed to the main kitchen.

4. Stock profiling

A review of the stock on hand on the date of the delivery was carried out and was deemed reasonable in product range and quantity for the activities carried out by the MESS.

No physical stock takes are completed by the Mountjoy MESS to enable the validation of quantities on hand against typical stock levels.

A review of supplier invoices showed a consistency in quantity and values ordered over the review period. It was noted that bread supplies were minimal, however, the Mountjoy VMC point of contact advised that bread is supplied free of charge to the MESS from the work training bakery within Mountjoy prison.

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;

Independent Review of the VMC Operations

- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS, however we noted the following:

- The MESS is allocated approx. €800 per month for janitorial products from the main prison budget.
- The VMC purchased a number of gym equipment items which are housed in the staff gym in the same building as the MESS facility. The equipment that is purchased by the VMC is recorded in a ledger. At the time of review, it was noted that there was not a separate maintenance contact in place for the gym equipment purchased by the VMC which was being serviced under an IPS contract.

6. Staff direction

In response to an IPS request in October 2020, the assistant governor confirmed to the IPS “that prisoners working in the MESS are provided with meals free of charge and that the only items paid for by IPS are items for janitorial use.....approx. €800 per month is allocated to the MESS from the C&R budget”.

The VMC Officer on duty at date of site visit advised that there is no systematic transfer of stock between the prison kitchen and the MESS.

Conclusion:

- III. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019.
- IV. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

It is however unclear from the Service Agreement as to what overheads are absorbed by the IPS in relation to the MESS operations, a review of same has been recommended to be completed by IPS and formally documented in the Service Agreements.

OBJECTIVE 4***Review of the effectiveness and reasonableness of the governance arrangements over the VMC.***

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of staff MESS committees.

New governance arrangements were introduced by the IPS with the introduction of a Service Agreement. The Service Agreement provides for improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective February 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMCs are not subject to audit by the IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The following table maps the Mountjoy VMCs current¹⁴⁰ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	No – the Mountjoy VMC representative advised there is scheduled meetings, however documented minutes were not available. It was further advised that regular committee contact occurred through a ‘WhatsApp’ message group.
A secure financial accountable system should be established and maintained.	Yes
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes <ul style="list-style-type: none"> • No bank mandate was provided for review. • The bank statements for the Mountjoy VMC are in the name of a former VMC officer who no longer works in Mountjoy prison.
All mess committees should operate a bank account requiring not less than two signatures for payments	Yes
Accounts with suppliers should be open and transparent	Yes

¹⁴⁰ Results at date of review (2021) – this may have varied throughout the review period.

Independent Review of the VMC Operations

Guidance	Compliant
Good Governance Cont.	
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one months	Yes
Prices should be determined to ensure the system is cost effective and self-financing	Yes
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	No ¹⁴¹
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership¹⁴²	
Governor (or Governor representative)	Yes
Work and Training (Catering) representative	Yes
Union Representative	Yes
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ¹⁴³	Yes
Cash Management ¹⁴⁴	Yes
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

¹⁴¹ Janitorial costs are charged to the prison vote, circa €800 per month.

¹⁴² The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Mountjoy VMC.

¹⁴³ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC.

¹⁴⁴ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC.

Independent Review of the VMC Operations

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	Yes – but limited
IPS staff involvement in MESS administrations during employed hours	Yes
Dedicated time allocated to the IPS staff to service MESS administrations during employed hours	Yes
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	<p>No - As part of the invoice review on site, it was identified that a quantity of alcohol was purchased in December 2018 (€945). This included beer, cider and rum. The Mountjoy VMC representative advised that a staff recognition evening was held in the MESS.</p> <p>The MESS premises are under the ownership of the IPS, and as such are subject to the general Civil Service code of conduct – this would preclude any alcohol consumption in government owned buildings that are unlicensed.</p>

Conclusion:

Governance arrangements surrounding MESS operations could be further strengthened. Full compliance with the Service Agreement now in place with the IPS should go some way to addressing the weaknesses identified.

RECOMMENDATIONS

1. Procedures of the MESS operations should be revised to include all operational and financial activities. This should include for the VMC composition in the absence of a constitution.
2. The VMC should meet at least quarterly with the meeting being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. Going forward accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure.
4. Going forward the annual accounts should be produced using the template as provided by the IPS. Once approved by the VMC they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate; however ideally, the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with the IPS.
5. Staff training should be considered to ensure that recommendations 3 and 4 can be addressed effectively.
6. All remaining cash on hand should be banked. A debit card should be requested and used for all incidental expenditure from the MESS bank account going forward to negate the need to store quantities of cash. It is noted that effective 1st March 2022 there will be no cash takings available.
7. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
8. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate. Furthermore, the point of contact on banking correspondence should be reviewed to ensure that it is current and appropriate.
9. Clarifications / approval should be sought from IPS to avail of maintenance contracts in place to service gym equipment purchased by the VMC. Where this is not agreeable the VMC should seek to engage a separate maintenance contract with the same or alternative supplier.
10. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
11. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
12. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
13. MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
14. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 7 – PORTLAOISE VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Portlaoise Prison.

Portlaoise prison is a closed high security prison for adult males. It is the committal prison for those sent to custody from the Special Criminal Court and prisoners accommodated here include those linked with subversive crime. It has 285 staff and an operational capacity of 291 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with the Portlaoise VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. The Accounts and supporting documentation were available for all years under review 2012-2019. 2. Accounts were maintained to a reasonable standard with a number of exceptions noted. <p><u>Conclusion:</u></p> <p>A small number of bookkeeping errors were identified in 2018 and 2019 Accounts, which resulted in the reported profit being overstated by €4.4k cumulatively.</p> <p>There has been a change of hands in the VMC Treasurer role in 2021 due to retirement. The diligence of this Officer in his record maintenance and accounts preparation is a loss to the VMC.</p> <p>Whilst there is evidence of accounts being prepared currently, there is some delay in monthly accounts preparation due to other work commitments of committee members.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were substantial controls in place in relation to financial records being appropriately maintained in the period of review. 2. There were substantial controls in place in relation to debt management in the period of review, suppliers are being paid in a timely manner i.e., within 1 month 3. There were adequate controls in place in relation to the financial stability of the MESS during the period of review.

Independent Review of the VMC Operations

		<p>4. There were adequate controls in place in relation to cash management in the period of review.</p> <ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically. ➤ There was no segregation of duties in relation to the processing of payments. <p><u>Conclusion:</u> The introduction of a card system and the move to a fully cashless system in 2021 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls could be strengthened with recommendations being made accordingly.</p>
3	<p>Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC</p>	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019. 2. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently. <p><u>Conclusion:</u> Based on the sample testing completed, there was no evidence of cross-subsidisation occurring during the period under review 2012-2019, or currently.</p>
4	<p>Review of the effectiveness and reasonableness of the governance arrangements over the VMC</p>	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✘ Quarterly minuted VMC meetings did not occur in line with guidance. ✓ There is a separate VMC bank account from the prison bank account. ✘ There is no appropriate segregation of duties surrounding payments.

Independent Review of the VMC Operations

		<ul style="list-style-type: none"> ✓ MESS supplier accounts are separate from prison accounts. ✗ Credit terms with suppliers were not always adhered to i.e., exceeded one month.¹⁴⁵ ✓ Prices set ensure the system is cost effective and self-financing. ✓ There are no cost charges currently made to the prison vote.¹⁴⁶ ✓ There is an appropriate system to account for all receipts. ✗ VMC membership is not in line with governance guidance. ✓ There is compliance with committee responsibilities as outlined in the guidance. <p>The following is also noted:</p> <ul style="list-style-type: none"> ✗ There is an absence of VMC policies and procedures ✗ MESS administrations are conducted during the IPS working hours without formal approval. ✗ Staff administering the accounting processes do not have adequate finance expertise. ✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy. <p><u>Conclusion:</u> Governance arrangements surrounding the MESS operations require to be strengthened. Adherence to the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.</p>
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Accounts and financial records were found to be well maintained across the period of review with some financial controls operational. The introduction of a card system In June 2020 on a dual-payment basis, moving to a fully cashless basis in April 2021 has eliminated the risks associated with storing and handling cash.

There is a need to ensure that well set standards do not regress going forward with the retirement of key VMC members, to that end, the introduction of VMC policies and procedures and appropriate training at a local level for current VMC members requires to be considered.

Based on the review findings and conclusions, fifteen recommendations have been made for consideration by the Portlaoise VMC to help address the financial and governance concerns identified. It is noted that full compliance with the Service Agreement with the IPS has and will continue to strengthen the MESS operations once fully embedded.

¹⁴⁵ This is at odds to Objective 2 which notes substantial assurance as this reflects current rather than historic (2012-2019) practices.

¹⁴⁶ Governor Sales is charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)¹⁴⁷ and financial control framework in place within the MESSs¹⁴⁸ across the Irish Prison Service (IPS) including Portlaoise Prison.

BACKGROUND

Portlaoise prison is a closed high security prison for adult males. It is the committal prison for those sent to custody from the Special Criminal Court and prisoners accommodated here include those linked with subversive crime. It has 285 staff and an operational capacity of 291 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to IPS. A new tender competition was ran in 2009, the result of which saw IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by IPS with the roll out of Service Agreements. This was signed effective with the Portlaoise VMC in February 2021 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

¹⁴⁷ The Committee that has oversight of the MESS Operations

¹⁴⁸ The physical and operational structure for the canteen facilities for staff food provisions

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with the IPS	23/02/21 – VMC Treasurer
VMC Policies and Procedures in place Governing MESS operations	None
Voluntary Mess Committee (VMC) in place	Yes
Number. of members on the VMC	8 – Assistant Governor, Chairperson, Secretary, Treasurer, 2 Work Training Officers and 2 general committee members
MESS Banking Provider and primary payment method	Permanent TSB – payments primarily by SWIFT payments at the time of review. The Portlaoise VMC have advised Electronic Fund Transfer has been set up recently (March 2022) regarding payments to suppliers
Number of staff in Portlaoise	285 ¹⁴⁹
Number of persons working in MESS Kitchen Vote funded	2 Work Training Officers and 1 officer
Operating Capacity - Max Number of committals	291 ¹⁵⁰
Number of prisoners working in MESS Kitchen	Up to 10 prisoners

¹⁴⁹ Source – Irish Prison Service

¹⁵⁰ Source: <https://www.irishprisons.ie/prison/portlaoise-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts ¹⁵¹ Provided (€)	Total Expenditure per Accounts (€)	Surplus / (Deficit) Per Accounts (€)	Receipts lodged to bank in the year (€)	Variance between Sales Per Accounts Vs Bank Lodgements	Year End December Bank Balance (€)
P/e 2012¹⁵²	54,347	53,235	1,112	57,032	(2,685)	9,715
Y/e 2013	64,075	65,836	(1,761)	62,955	1,120	8,428
Y/e 2014	80,175	75,846	4,329	79,905	270	11,368
Y/e 2015	100,005	99,984	21	100,824	(819)	10,073
Y/e 2016	97,833	98,075	(242)	91,772	6,061	8,829
Y/e 2017	93,129	89,180	3,949	93,483	(354)	10,598
Y/e 2018	123,061	122,309	752	117,316	5,745	14,328
Y/e 2019	125,980	128,575	(2,595)	126,012	(32)	7,790

¹⁵¹ Accounts figures relate to Annual Accounts and are stated as provided by the Portlaoise VMC. The table has not been adjusted for arithmetical errors as identified under Objective 1 of this report.

¹⁵² 2012 period covers from date of the MESS bank account; opened (14th March 2012) to 31st December 2012.

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the Mess Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/shop and the Staff Mess; and
4. Review the effectiveness and reasonableness of the governance arrangement over the Mess Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Portlaoise VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- Initial call on 30th September 2021 with the VMC point of contact to gain an understanding of the MESS activities at Portlaoise prison.
- Site visit to the Portlaoise MESS on 11th and 12th November 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Portlaoise VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above, the Annual accounts were available for all years under review i.e., 2012-2019. The Accounts were provided in the form of a word document with total income and expenditure noted on an annual basis (and also on a monthly basis for 2018 and 2019).

Bank statements for the full period (2012 -2019) and supporting documentation was available onsite and included: supplier statements/invoices, cash expenditure records and cash receipt records.

The work completed in interrogating the financial data is provided below:

- A high-level analysis of the accounts was completed for 2012-2019 based on the bank statements and supporting information.
- A forensic review was carried out for 3 months banking activity during 2018 and 2019 (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, the Portlaoise VMC were able to provide invoice or supplier statements to support the payments.

Detailed cash expenditure records were available for the periods under review.

Bank lodgements were made on an ad hoc basis in the months under review. A reconciliation of bank lodgements to supporting documentation (Z readings / daily taking records) was completed for the months December 2018, January 2019 and June 2019.

Findings:

1. Accounts and supporting documentation was available for the years 2012-2019.
2. Accounts for 2018 and 2019 have been prepared with reasonable care. Income includes Governor Sales¹⁵³ and there is no off setting i.e., income recorded is gross rather than net of cash expenditure. In addition, cash expenditure records were reasonably accurately maintained.

It is further noted that income and expenditure managed by the VMC but not relating to the MESS activities has been excluded from the Accounts e.g. In January 2019 there were donations received totalling €400 in relation to a fundraising event, these donations were paid out in the same month in full (€400) to the charity. The recording of the donations received, and the donations paid out were excluded from the January 2019 accounts.

3. The following discrepancies were noted in the 2018 and 2019 accounts:
 - I. Expenditure captured in the monthly accounts for January 2019 is understated by €570.01. This is a result of a transcription error in the word document.
 - II. Bank fees have been excluded from the accounts for the 2018 and 2019 years (€62.97 and €86.19 respectively).
 - III. There was a variance of €55.80 noted between the cash expenditure records for January 2019 and what was provided for in the accounts (€643.54 per receipt back up compared to €699.34 recorded cash expenditure per accounts). Both income and expenditure are overstated but there is a nil impact on profit.
 - IV. From a review of the bank statements and cheque books for 2018 and 2019, there were payments totalling €3,652.93 excluded from the accounts resulting in the MESS profit being overstated. Details of cheque payments not included within accounts identified are as follows:

Date	Cheque Number	Supplier	Amount (€)
28/12/2018	458	Supplier 1	80.00
30/08/2019	505	Supplier 2	101.60
25/09/2019	511	Supplier 3	1,000.73
17/12/2019	531	Supplier 3	2,470.60
Total			3,652.93

These payments were verified to invoices, and result in the MESS profit being overstated.

- V. Receipts per the daily takings book were reconciled back to the bank lodgements made in Dec 2018, January 2019 and June 2019. There were regular small variances (less than €10) between the Z read total and the daily takings amount used as part of

¹⁵³ Governor sales are sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

Independent Review of the VMC Operations

lodgement, however the Portlaoise VMC representative advised that the daily takings amount was rounded, with the difference between the actual daily takings and the recorded/lodged daily takings becoming part of the till float. The Portlaoise VMC now operate on a cashless basis – all receipts are received via card payments which should prevent this reoccurring.

The overall impact of the discrepancies (i-iv) is profit overstated in 2018 by €142.97 revised downwards to €609 and loss understated in 2019 by €4,229.13; revised to €6,824.

Conclusion:

Accounts were maintained to a reasonable standard with a number of exceptions noted. A small number of bookkeeping errors were identified in 2018 and 2019, which resulted in the reported profit being overstated by €4.4k cumulatively.

There has been a change of hands in the VMC Treasurer role in 2021 due to retirement. The diligence of this Officer in his record maintenance and accounts preparation is a loss to the VMC. Whilst there is evidence of accounts being prepared currently, there is some delay in monthly accounts preparation due to other work commitments of committee members.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted.

1. Financial records appropriately maintained

As noted under objective one, financial records and supporting documentation were available for review for the years 2012-2019.

2. Cash management

The Portlaoise VMC introduced a card reader for receipt of payments in June 2020; after a period of time accepting both cash and card payments, they went fully cashless in April 2021. This move to a cashless system has eliminated the risks associated with storing and handling cash. Cheques were the primary source of payment at the time of review, however the VMC have now moved to making supplier payments via SWIFT. Online electronic banking is not used by the Portlaoise VMC, payments to suppliers are completed in person in branch. There is currently limited cash expenditure in the Portlaoise MESS, whenever cash expenditure occurs, a refund is provided through the card machine directly to the officer's card that incurred the expenditure, with the invoice being retained.

We note the following throughout the review period:

- I. Cashflow was well managed throughout the period of review. Despite operating at a loss in 2019, the bank balance maintained by the Portlaoise VMC was at a suitable level to ensure that the VMC could service all debts at any stage during review period.
- II. There was no segregation of duties in relation to supplier payments being approved.
- III. The MESS bank account is not reconciled periodically. Although sufficient funds are always on hand to meet demands, routine reconciliations would be good practice.

3. Supplier Debt Management

Suppliers were being paid in a timely manner (i.e., within 1 month).

Supplier payments were being made within 1 month for samples selected for review in months December 2018, January 2019 and June 2019.

However, at the time of review (2021), it was noted there was a delay in the current supplier payments. The Portlaoise VMC representative advised this was as a result of working demands for the current VMC Treasurer. It was noted that the officer who was the Treasurer for the VMC in the period of review had retired in 2021, with a new officer assuming responsibility for the supplier payments.

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Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Portlaoise VMC are summarised as follows:

Financial Control Area	Level of control¹⁵⁴
Financial Records were appropriately maintained	Substantial
Suppliers were being paid in a timely manner (i.e., within 1 month)	Substantial
Financial stability of the MESS during the period of review	Adequate
Level of Cash Management in the VMC activities	Adequate

The introduction of a card system and the move to a fully cashless system in 2021 has eliminated the risks associated with storing and handling cash. However, there remains a number of areas in which the financial controls could be strengthened with recommendations being made accordingly.

¹⁵⁴ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; the MESS kitchen and storage area are separate and distinct to the main prison kitchen and stores.

2. Suppliers

There is some overlap with suppliers of the main kitchen in the prison however it was confirmed that where this occurred there were separate supplier accounts in place.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

The Work Training Officer (WTO) requisites all goods as and when required; depending on stock on hand and the upcoming menu plan.

Deliveries come into the main drop off area at the front of Portlaoise prison. A MESS officer is contacted and advised that the delivery has arrived which they proceed to collect. The MESS officer checks the goods to the delivery docket and places the goods on a trolley to transport back to the MESS on foot. The MESS officer returns through the standard security checks for the Prison where the delivery is separately searched by a prison officer. Once checks are completed, the food is brought back to the MESS on the trolley and then stored in the MESS Stores.

Any discrepancies between the delivery docket and that received is flagged with the supplier at point of delivery with a credit note being raised where appropriate.

This is in contrast to prison kitchen deliveries which are transported from the main drop off area to the prison kitchen by van. A review of the receipt of goods process at the main prison kitchen was outside the scope of this review.

4. Stock profiling

The stock on hand on the date of the delivery was reviewed and deemed reasonable in product range and quantity for the activities carried out by the MESS.

No physical stock takes are completed by the Portlaoise MESS to enable the validation of quantities on hand against typical stock levels.

A review of supplier invoices showed a reasonable consistency in quantity and values ordered over the review period.

Independent Review of the VMC Operations

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;
- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS operations.

6. Staff direction

In response to an IPS request in October 2020 in relation to a Comptroller and Auditor General (C&AG) query the Assistant Governor of Portlaoise confirmed to the IPS by e-mail that “no items for prisoner use and paid for by the IPS are used by Portlaoise VMC for the mess meals to include condiments, disposables etc”.

Conclusion:

- V. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019.
- VI. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

OBJECTIVE 4***Review of the effectiveness and reasonableness of the governance arrangements over the VMC.***

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of staff MESS committees.

New governance arrangements were introduced by IPS with the introduction of a Service Agreement. The Service Agreement provides for improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective February 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMCs are not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The following table maps the Portlaoise VMC current¹⁵⁵ compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	No – It was advised that the VMC meet on a regular basis, however there were no minutes maintained to evidence same.
A secure financial accountable system should be established and maintained.	Yes
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Notes: <ul style="list-style-type: none"> • It is noted that no bank mandate was provided for review. • It is noted that the bank account statements include the name of a former VMC member in the address. The Portlaoise VMC have advised they will update bank account statements with new member details in the coming weeks (March 2022).
All mess committees should operate a bank account requiring not less than two signatures for payments	No – The Portlaoise VMC have advised they will update the bank accounts for second signatory requirement in the coming weeks (March 2022)
Accounts with suppliers should be open and transparent	Yes

¹⁵⁵ Results at date of review (2021) – this may have varied throughout the review period.

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Guidance	Compliant
Good Governance Cont.	
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one months	No ¹⁵⁶
Prices should be determined to ensure the system is cost effective and self-financing	Yes
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ¹⁵⁷
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership¹⁵⁸	
Governor (or Governor representative)	Yes
Work and Training (Catering) representative	Yes
Union Representative	No – The Portlaoise VMC have advised a union representative will be nominated to join the Mess Committee in the coming weeks (March 2022)
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ¹⁵⁹	Yes
Cash Management ¹⁶⁰	Yes

¹⁵⁶ This is at odds to Objective 2 which notes substantial assurance as this table reflects current rather than historic (2012-2019) practices

¹⁵⁷ Governor Sales are charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor’s Office on a periodic basis, e.g., Outside training providers visiting prison

¹⁵⁸ The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Portlaoise VMC.

¹⁵⁹ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

¹⁶⁰ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

Independent Review of the VMC Operations

Committee Responsibilities Cont.	
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	No
IPS staff involvement in the administration of MESS operations during employed hours	Yes
Dedicated time allocated to IPS staff to service the MESS administrations during employed hours	No – time was dedicated to former officer who retired in 2021.
Staff administering the accounting processes have adequate finance expertise	No – VMC intend to advertise for new members with appropriate financial/book keeping experience
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

Governance arrangements surrounding the MESS operations require to be strengthened. Adherence to the Service Agreement now in place with IPS should go some way to addressing the weaknesses identified.

RECOMMENDATIONS

1. Standard Operating Procedures (SOP) of the MESS operations should be drafted to include all operational and financial activities. This should include for the VMC composition in the absence of a Constitution.
2. The VMC should meet at least quarterly with the meeting being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. Accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure.
4. Annual Accounts should be produced using the template as provide by IPS. Once approved by the VMC they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate however ideally the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with IPS.
5. Training should be put in place in order to ensure effective implementation of recommendations 3 and 4.
6. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
7. There should be segregation of duties for all payments, one preparer and one approver (being two individual officers).
8. A bank card should be sourced for the MESS bank account and be used for any ad hoc purchases. Refunds for cash expenditure should no longer be made via the card machine.
9. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate.
10. Bank account address should be updated to reflect the current VMC members.
11. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
12. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
13. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
14. MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
15. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 8 – WHEATFIELD VMC REPORT

EXECUTIVE SUMMARY

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMCs) and financial control framework in place within the MESSs across the Irish Prison Service (IPS) including Wheatfield Prison.

Wheatfield prison is a closed, medium security prison for adult males. It has 361 staff and an operational capacity of 610 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by the IPS in 2020/2021 with the roll out of Service Agreements. This was signed effective with the Wheatfield VMC in December 2020 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

Independent Review of the VMC Operations

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four objectives, summary findings and conclusions for each are noted below. Details in relation to the summary observations can be viewed under each objective.

	Objective	Summary Observations
1	Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;	<p>Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Accounts were not available for 2012. 2. Accounts were available for the years 2013-2019. 3. Accounts and supporting documentation were maintained to a reasonable standard with a number of exceptions noted. <p><u>Conclusion:</u></p> <p>It is appreciated that the staff administering the accounting processes have limited finance experience, despite which, Accounts were complete and reasonably well maintained throughout the period of review from 2013 onwards.</p> <p>Monthly accounts are prepared manually in a hard copy manual ledger, there is risks associated with this in relation to human error/ potential loss of records.</p>
2	Determine the nature and extent of the financial controls in place for each VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. There were substantial controls in place in relation to financial records being appropriately maintained, however, it is noted that monthly accounts are prepared manually in a hard copy manual ledger, there is risks associated with this in relation to human error/ potential loss of records 2. There were limited controls in place in relation to supplier debt management, suppliers were not always being paid in a timely manner during period of review (2012-2019) i.e., within 1 month 3. There were substantial controls in place in relation to the financial stability of the MESS during the period of review. 4. There were adequate controls in place in relation to cash management. <ul style="list-style-type: none"> ➤ There was appropriate segregation of duties in relation to the processing of payments.

Independent Review of the VMC Operations

		<ul style="list-style-type: none"> ➤ The MESS bank account was not reconciled periodically. ➤ There was an excessive cash float retained. <p><u>Conclusion:</u> There were substantial financial controls in place. The introduction of a card system has gone some way to eliminating the risks associated with storing and handling cash, however, there remains a large amount of cash in circulation, a move to a cashless MESS facility will further strengthen the extent of financial controls in place. There are a number of areas identified in which the financial controls could be strengthened with recommendations being made accordingly.</p>
3	Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC	<p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019 2. Based on the sample testing completed, cross-subsidisation was not identified as occurring currently. <p><u>Conclusion:</u> Based on the sample testing completed, there was no evidence of cross-subsidisation occurring during the period under review 2012-2019, or currently.</p>
4	Review of the effectiveness and reasonableness of the governance arrangements over the VMC	<p>The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”.</p> <p>New governance arrangements were introduced by the IPS in 2021 with the roll out of a Service Agreement. These arrangements are still being embedded, with the reporting components of the Service Agreements due to be discharged by the VMCs by the end of March 2022 (and annually thereafter).</p> <p>Current compliance / non-compliance with the 2017 guidelines is noted as follows:</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> ✘ No evidence of Quarterly minuted meetings occurring in line with guidance. ✓ There is a separate VMC bank account from the prison bank account. ✓ There is appropriate segregation of duties surrounding payments. ✓ MESS supplier accounts are separate from prison accounts.

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		<ul style="list-style-type: none"> ✘ Credit terms with suppliers were not always adhered to i.e., exceeded one month. ✓ Prices set ensure the system is cost effective and self-financing. ✓ There are no cost charges currently made to the prison vote.¹⁶¹ ✓ There is an appropriate system to account for all receipts. ✓ The VMC membership is in line with governance guidance. ✓ There is compliance with committee responsibilities as outlined in the guidance. <p>The following is also noted:</p> <ul style="list-style-type: none"> ✘ There is an absence of VMC policies and procedures in place ✘ MESS administrations are being conducted during the IPS working hours without formal approval. ✘ Staff administering the accounting processes do not have adequate finance expertise. ✓ There is compliance with the Civil Service Alcohol and Drugs Misuse Policy <p><u>Conclusion:</u> Governance arrangements surrounding the MESS operations require to be strengthened. Full compliance with the Service Agreement now in place with the IPS should go some way to addressing the weaknesses identified.</p>
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Accounts and financial records were found to be well maintained with some financial controls operational. Key concerns arising from the review included the absence of VMC policies and procedures in place to govern the MESS operations, the maintaining of manual records and the level of cash being retained on site. The Wheatfield VMC brought in card payments in 2020 which has gone some way to reducing the risks associated with storing and handling of cash, however, it continues to accept cash as a form of payment and thus these risks are not negated.

Based on the review findings and conclusions, sixteen recommendations have been made for consideration by the Wheatfield VMC to help address the financial and governance concerns identified. It is noted that improvements have been made throughout the period of review and that full compliance with the Service Agreement will continue to strengthen the MESS operations once fully embedded.

¹⁶¹ Governor Sales are charged to the Prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison.

INTRODUCTION

KOSI Corporation Ltd (KOSI) has been engaged to conduct an independent review of the governance arrangements within the Voluntary Mess Committees (VMC)¹⁶² and financial control framework in place within the MESSs¹⁶³ across the Irish Prison Service (IPS) including Wheatfield Prison.

BACKGROUND

Wheatfield prison is a closed, medium security prison for adult males. It has 361 staff and an operational capacity of 610 committals.

Historically, prison staff canteen facilities were staffed by prison grades and operated on a subsidised basis. In 2001 an outsourcing arrangement was introduced with a contract being awarded on a subsidised basis; a fixed catering fee in respect of each staff restaurant operated was paid together with a variable monthly subsidy to compensate for operating losses. Costs incurred were as much as €3.2 million in 2008 which proved unsustainable to the IPS. A new tender competition was ran in 2009, the result of which saw the IPS formally procuring an external party to provide catering services to the prisons under a temporary subsidy arrangement with a view to becoming 'cost neutral'. This proved not to be financially viable for the provider and the contract was terminated effective from 10th February 2012 following a period of notice.

During the period of notice a further tender competition was ran which resulted in no viable responses. Following on from this a working group was established by the IPS in the Summer of 2011 to evaluate the options for providing catering services to staff. Based on the recommendations of the working group, the Voluntary MESS Committees (VMCs) were established in each of the relevant prisons to co-ordinate the operation of the MESS canteen facilities for prison staff.

The VMCs operate as separate and independent entities from the IPS. Prison kitchen facilities are utilised to provide a work training opportunity to prisoners while maintaining a mechanism for the provision of meals to staff on a cost neutral basis. The Prison Service provides the premises, supervision by work and training officers (WTOs) and prisoner trainees, together with meeting the overhead costs of running the MESS facilities. The VMCs independently requisition and pay for food supplies and are responsible for their own financial affairs, financial management, banking, record keeping and bookkeeping. Prices for meals are determined by the VMC and are set to cover the cost of the food purchased (i.e., cost neutral).

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 "Governance practice – MESS Committees". New governance arrangements were introduced by the IPS with the roll out of Service Agreements. This was signed effective with Wheatfield VMC in December 2020 and is currently being embedded. It provides for an improved level of oversight of the MESS, affording for the use of prison

¹⁶² The Committee that has oversight of the MESS Operations

¹⁶³ The physical and operational structure for the canteen facilities for staff food provisions

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facilities and outlines the necessary responsibilities of the VMC and arrangements for requisitioning, banking, accounting and reporting.

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMC is not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

GENERAL OVERVIEW

INFORMATION RELATES TO PERIOD IN WHICH REVIEW WAS CONDUCTED (2021)	
Date/ position of signatory on Service Agreement with the IPS	15/12/20 – VMC Chairperson
VMC Policies and Procedures in place Governing MESS operations	None
Voluntary MESS Committee (VMC) in place	Yes
Number. of members on the VMC	7 – Assistant Governor, 3 Work Training Officers (including 1 union representative), and 3 prison officers
MESS Banking Provider and primary payment method	Ulster Bank – payments primarily by cheque at the time of review
Number of staff in Wheatfield	361 ¹⁶⁴
Number of persons working in MESS Kitchen Vote funded	2 Work Training Officers and 1 Officer
Operating Capacity - Max Number of committals	610 ¹⁶⁵
Number of prisoners working in MESS Kitchen	Up to 12 prisoners

¹⁶⁴ Source – Irish Prison Service

¹⁶⁵ Source: <https://www.irishprisons.ie/prison/wheatfield-prison/>

FINANCIAL OVERVIEW

Period/ Year	Total Sales Per Y/E Dec MESS Accounts ¹⁶⁶ Provided (€)	Total Expenditure per Accounts (€)	Surplus / Deficit Per Accounts (€)	Receipts lodged to bank in the year (€)	Variance between Sales Per Accounts Vs Bank Lodgements ¹⁶⁷	Year End December Bank Balance (€)
P/e 2012	-	-	-	-	N/a	-
Y/e 2013	222,623	218,386	4,237	-	N/a	-
Y/e 2014	235,272	235,603	(331)	-	N/a	18,242
Y/e 2015	235,358	222,946	12,412	240,860	(5,502)	45,298
Y/e 2016	235,750	229,619	6,131	249,100	(13,350)	60,774
Y/e 2017	256,314	251,126	5,188	241,073	15,241	57,911
Y/e 2018	253,772	292,397	(38,625)	271,059	(17,287)	29,517
Y/e 2019	304,610	293,796	10,814	300,090	4,520	51,994

¹⁶⁶ Accounts figures relate to Annual Accounts and are stated as provided by the Wheatfield VMC. The table has not been adjusted for arithmetical errors as identified under Objective 1 of this report

¹⁶⁷ These variances in the main have arisen from timing differences between the point of sale and proceeds being lodged to the bank.

REVIEW SCOPE AND OBJECTIVES

The financial review covered the period 2012-2019 with a focus on systemic issues, however, the review was not limited to this period and where appropriate current procedures and transactions were assessed.

The review provided for four main objectives as follows:

1. Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;
2. Determine the nature and extent of the financial controls in place for the MESS Committee;
3. Determine if cross subsidisation of supplies has occurred between the main prison canteen/shop and the Staff MESS; and
4. Review the effectiveness and reasonableness of the governance arrangement over the MESS Committees.

METHODOLOGY

The review methodology included the following:

- Initial information request sent to the Wheatfield VMC requesting:
 - Chart or equivalent showing the management/responsibilities of the MESS
 - Copy of any VMC financial policies and procedures in place in the MESS
 - Copy of any financial policies and procedures in place in the prisons relating to catering procurement, purchases and payment that had been adopted
 - Annual accounts and supporting documentation for the years 2012-2019 inclusive
 - Bank statements for the years 2012-2019 inclusive
 - Copy of any governance arrangements in place between the VMC and the IPS
 - List of main suppliers used
- Review of the bank statements of the Wheatfield VMC and the monthly accounts prior to site visit.
- Site visit to the Wheatfield MESS on 18th and 19th November 2021 to include a review of the available accounting records for the period under review, review of the current MESS facilities (including storage and delivery arrangements) and discussions on the governance arrangements in place.
- Follow up communication with the VMC point of contact to finalise outstanding queries.
- Issue draft report to the VMC representatives prior to finalisation.
- Issue final report to the DOJ and the IPS.

ACKNOWLEDGMENTS

KOSI wishes to express its appreciation for the co-operation and helpfulness of the Wheatfield VMC members during the course of the review.

DETAILED FINDINGS

OBJECTIVE 1

Review of the annual accounts (2012 – 2019) if available, to identify the extent to which accounts are in place and that they are complete and accurate;

Best practice guidance advises that records should be maintained for a period of six years. As the review was conducted in 2021, the expectation was that information would be available from at least 2015 onwards.

As illustrated in Ref 2.2.2 above, accounts¹⁶⁸ were not available for 2012 but were for the years 2013-2019. These were in the form of a manual ledger maintained to record daily takings and expenditure which was then compiled into a monthly template.

Supporting documentation was available for 2013-2019 stored in annual boxes that included; invoices, till Z-reads and lodgement records. Bank statements were also available for the years 2014 -2019.

The work completed in interrogating the financial data is provided below:

- A high-level analysis of the accounts was completed for 2013-2017 together with all available supporting documentation.
- A forensic review of 3 months banking activity during 2018 and 2019 was completed (December 2018, January 2019 and June 2019).

For the bank payments made during the 3 targeted months, Wheatfield VMC were able to provide invoices/supplier statements to support the payments.

Detailed cash expenditure records were available for the periods under review.

Bank lodgements were made on an ad hoc basis in the months under review. The daily Z-read reports were verified against the daily cash sheets and income recorded for the 3 targeted months. In addition, a review of income records to Z-reads was completed for the 14-month period June 2018 – July 2019.

- A high-level review of the invoices at summary level was completed for 2013-2017 and at line-item detail for the years 2018-2019 to identify any unusual activity, and to ensure that expenditure was in line with expectations.

¹⁶⁸ Income and expenditure account or equivalent

Findings:

1. Accounts were not available for 2012.
2. Accounts were available for the years 2013-2019.
3. Accounts and supporting documentation were maintained to a reasonable standard with a number of exceptions noted.

The following was noted:

- I. Bank fees were not included within the accounts for the years 2013-2019. Based on the bank statements available (from Nov 2014 to Dec 2019), this totalled €6,619 that was excluded from the expenditure noted in the accounts.
- II. Incidental cash expenditure is netted against sales, for the 14-month period (June 2018 – July 2019) a total of €2,920.89 cash expenditure was netted against sales recorded. This has no effect on the bottom line (surplus / deficit) but gives rise to an understatement of both sales and expenditure.
- III. There was a bank withdrawal on 15th December 2016 for €5,000 that was not recorded within the accounts. The Wheatfield VMC representative advised that this withdrawal was used for a staff draw at Christmas (50 X €100 prizes). An email from the secretary of the MESS Committee from December 2016 to support the prize breakdown was provided. This €5k expenditure not being recorded within Wheatfield's accounts results in the accounts for 2016 being overstated by €5k.
- IV. There is an inconsistent treatment of Governor sales¹⁶⁹ and College sales¹⁷⁰.

Governor Sales are keyed into the till on the day of sale and are invoiced in arrears (typically monthly).

In contrast, College sales are recorded on a daily basis on a manual ledger and not put through the till, they are then invoiced to the Irish prison service training college for payment periodically. These sales are recorded in the accounts whenever the income is lodged (when cheque is received, this is then entered through the till as Z-read). This results in a timing issue with College sales.

For context, the college receipts received during the 14-month income review (June 2018-July 2019) was as follows:

¹⁶⁹ Governor Sales are charged to the prison Vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison

¹⁷⁰ College Sales relate to Recruit Prison Officers being provided meals from the Mess

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Date	College Income Received (€)
12 th March 2019	28,005
16 th April 2019	2,677
26 th June 2019	3,621
14 th July 2019	7,716
Total	42,019

- V. There were 5 large expenditure items recorded in the accounts during 2013-2016. These are summarised in table below:

Date	Amount (€)	Narrative per Accounts	Evidence Provided to Support
15/01/2013	1,400	No description	Yes - Receipt for start-up cash from stores repaid in full
10/12/2015	3,894	Furniture	Yes - Invoice from supplier
02/06/2016	900	Music room	Yes - Email confirmation from staff re Music room donation from the MESS Committee
08/06/2016	400	Harps and Stars	Yes - Email from the MESS Committee to all staff to confirm donation to Harps and Stars (Golf Society) – no value confirmed within email
10/06/2016	3,090	Furniture	No - No further information provided

There was no invoice available for one transaction sampled – the expenditure related to the purchase of furniture for a sum of €3,090 expended on the 10/06/2016.

With the exception of item 1, these should have been recorded as non-cost of sale items. Although this does not impact on the bottom-line figures reported it distorts the interpretation of the cost of operating the MESS and should be split out separately as non-cost of sale item.

- VI. There were variances noted between the Z-read report and the daily cash sheet on occasions during the 14-month period reviewed (June 2018 – July 2019) – this may have been due to an incorrect entry being made on the till without being corrected.
- VII. On a limited number of occasions, no Z-read was available for review. In addition, there were small variances identified. Across the 14-month period reviewed (June 2019 -July 2019), the total accumulated variance between the daily Z read and the income recorded in accounts was trivial to the total receipts (€489.10 variance in €322k total receipts during the 14-month period).

Conclusion:

It is appreciated that the staff administering the accounting processes have limited finance experience, despite this, Accounts were complete and reasonably well maintained throughout the period of review from 2013.

OBJECTIVE 2

Determine the nature and extent of the financial controls in place for each VMC.

From an analysis of transactions, the adequacy and effectiveness of the financial processes and procedures being applied in the MESS were considered. The following is noted.

1. Financial records were appropriately maintained

As noted under objective one, financial records and supporting documentation were maintained to a reasonable level for the period under review.

It is however noted, monthly accounts are prepared manually in a hard copy manual ledger, there is risks associated with this in relation to human error/ potential loss of records.

2. Cash management

The Wheatfield MESS currently operates on a combination of cash and card receipts. The VMC have expressed a willingness to move to 100% card payments in order to reduce the administrative burden that cash carries on their operations. This transition was being explored by Wheatfield VMC at time of review.

We note the following throughout the review period:

- i. At the date of the site visit to Wheatfield VMC (18/11/21) a total of €7,398.20 cash was on hand; this was made up as follows:
 - €574.50 in the till – this is made up of €400 float plus the days cash takings (at point of till check)
 - €1,400 float maintained in the safe
 - €2,953.70 takings bagged for lodgement dated 13/11/21 made up of €2,750 cash and a cheque for €203.70 relating to Governor Sales.
 - €2,470 cash takings bagged for lodgement dated 17/11/21

The level of cash held reconciled to the accounting records and to count conducted on site.

The safe was secure with the safe key being housed in a coded lock box accessible only to the Work Training Officers.

The level of cash float maintained is excessive at €1,400 in the safe and a further €400 maintained in the till; for context, this level of cash is more than twice the total daily takings (cash and card).

- ii. Cashflow was well managed throughout the period of review. The bank balance being maintained by the Wheatfield VMC was at a suitable level to ensure operations were liquid.
- iii. There is appropriate segregation of duties in place for the processing of payments.

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- iv. The MESS bank account is not reconciled periodically. Routine reconciliations would give the VMC an oversight of bank balances versus outstanding debt.

3. Limited Supplier Debt Management

Suppliers were not being paid in a timely manner (i.e., within 1 month).

From review of expenditure for the 3 targeted months (Dec 18, Jan 19 and Jun 19), there were 6 payments that were made where the amount was outstanding greater than 1 month. Of these 6 payments, the debt was between 30-60 days for 5 payments and 60-90 days for 1 payment.

It has been advised that as suppliers are currently paid via cheque, which involves two members of the MESS Committee signing off the payments, due to holidays/rota periods, there may be occasions when there is a delay in payments being made. The Wheatfield VMC have indicated a desire to move to Electronic Fund Transfer/Direct Debit payment arrangement with suppliers, in conjunction with a change in banking provider.

Conclusion:

Based on the outcomes of our review and points noted above, the extent of the financial controls in place in the Wheatfield VMC are summarised as follows:

Financial Control Area	Level of control¹⁷¹
Financial Records were appropriately maintained	Substantial
Suppliers were being paid in a timely manner (i.e., within 1 month)	Limited
Financial stability of the MESS during the period of review	Substantial
Level of Cash Management in the VMC activities	Adequate

The introduction of a card system has gone some way to eliminating the risks associated with storing and handling cash, however, there remains a large amount of cash in circulation. There are a number of areas in which the financial controls could be strengthened with recommendations being made accordingly.

¹⁷¹ See Appendix 9 for Control Levels

OBJECTIVE 3

Determine if cross-subsidisation of supplies has occurred between the main prison canteen/ shop and the VMC.

The following factors were taken into consideration:

1. Operational Layout

The operational layout of the MESS facilities was reviewed; the MESS kitchen and storage area are separate and distinct to the main prison kitchen and stores.

2. Suppliers

There is some overlap with suppliers of the main kitchen in the prison however it was confirmed that where this occurred there were separate supplier accounts in place.

3. Delivery of goods

A walkthrough of a supplier order and delivery was completed:

The Work Training Officer requisitions all goods as and when required. A list is maintained of goods to be ordered, based on upcoming menus and current stock levels.

Deliveries for the MESS and main prison kitchen both enter the prison through the same gate. The MESS deliveries are received directly to the MESS facilities, at a separate unloading area to the main kitchen deliveries.

Goods are cross checked on arrival by the MESS staff to the delivery note before being stored within the MESS stores. Any discrepancies between the delivery docket and that received is flagged with the supplier with a credit note being raised where appropriate.

A review of the receipt of goods process at the main prison kitchen was outside the scope of this review.

4. Stock profiling

The stock on hand on the date of the delivery was reviewed and deemed reasonable in product range and quantity for the activities carried out by the MESS.

No physical stock takes are completed by the Wheatfield MESS to enable the validation of quantities on hand against typical stock levels.

A review of supplier invoices showed a reasonable consistency in quantity and values ordered over the review period.

5. Non-Food supplies

The new Service Agreement provides for the Roles and Responsibilities of the IPS in relation to the MESS operations. It notes that the IPS shall:

- Provide the catering and kitchen facilities;

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- Provide the Work Training staff to facilitate the operation.

It is unclear from the Service Agreement or any other documentation as to what, if any, other overheads are absorbed by the IPS in relation to the MESS operations.

6. Staff direction

In response to an IPS request in October 2020 in relation to a Comptroller and Auditor General (C&AG) query, the Assistant Governor of Wheatfield confirmed to the IPS that “no items for prisoner use and paid for by IPS are used by the VMC for mess meals provided including condiments, disposables etc”.

Per discussions at the time of fieldwork it was advised by the Work Training Officer on duty that there is no systematic transfer of stock between the prison kitchen and the MESS.

Conclusion:

- I. Based on the sample testing completed, cross-subsidisation was not identified as occurring in the period under review 2012-2019.
- II. Based on the sample testing completed, cross- subsidisation was not identified as occurring currently.

OBJECTIVE 4

Review of the effectiveness and reasonableness of the governance arrangements over the VMC.

The IPS issued guidance on Governance to the VMCs, the most recent of which is applicable to the period under review (2012-2019) was distributed in December 2017 “Governance practice – MESS Committees”. The document outlines guidelines regarding good governance practices for the operation of the staff MESS committees.

New governance arrangements were introduced by the IPS with the introduction of a Service Agreement. The Service Agreement provides for improved and more formal oversight than the previous guidance and has been signed by a VMC representative effective February 2021. The Service Agreement affords for the use of prison facilities and outlines the necessary responsibilities of the VMCs and arrangements for requisitioning, banking, accounting and reporting.

The Service Agreement is currently being embedded, with the reporting components due to be discharged by the VMCs by end of 31st March 2022 (and annually thereafter).

It is noted that while the level of oversight by Prison Service Management has strengthened since 2021, the VMCs are not subject to audit by IPS Internal or External Auditors due to the independent nature of the MESS operations which are self-governed.

The following table maps the Wheatfield VMCs current¹⁷² compliance with the 2017 guidelines:

Guidance	Compliant
Good Governance	
The Mess Committee to meet at least on a quarterly basis and record minutes	No – Minutes provided for Sep 21 and Feb 22 only
A secure financial accountable system should be established and maintained.	Yes
Mess Committee Bank Account must be separate from Prison Bank Account	Yes Note: ➤ The bank mandate was not made available for review.
All mess committees should operate a bank account requiring not less than two signatures for payments	Yes
Accounts with suppliers should be open and transparent	Yes
Requisitions from suppliers must be made separately from prison requisitions	Yes
Mess committee supplier accounts must be separate from prison accounts	Yes
Credit from suppliers should not exceed one month	No
Prices should be determined to ensure the system is cost effective and self-financing	Yes

¹⁷² Results at date of review (2021) – this may have varied throughout the review period.

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Guidance	Compliant
Good Governance	
Prices must cover all costs associated with operating the Mess Committee- costs must not be charged to the prison vote	Yes ¹⁷³
An appropriate system should account for all receipts	Yes
Menu to be finalised in conjunction with Work and Training to suggest change therein	Yes
Procure for the mess training kitchen raw materials and to liaise with Work and Training regarding the preparation of food	Yes
Report on the quality of food stuff to Work & Training area	Outside scope of review
Mess Committee Current Membership¹⁷⁴	
Governor (or Governor representative)	Yes
Work and Training (Catering) representative	Yes
Union Representative	Yes
Other Staff Member	Yes
The Mess Committee is separate and independent entity to the IPS	Yes
Members to rotate every 2 -3 years	No evidence of same
Committee Responsibilities	
Setting prices	Yes
Making payments ¹⁷⁵	Yes
Cash Management ¹⁷⁶	Yes
Financial/ procurement controls, procedures and reports	Yes
Liaising with outside bodies, Revenue Commissioners etc.	N/a – not deemed a legal entity.
The Mess Committees are requested to meet collectively every 6 months	No evidence of same

¹⁷³ Governor Sales are charged to the prison vote i.e., sales recorded by the MESS for visitors to the prison, that are reimbursed from the Governor's Office on a periodic basis, e.g., Outside training providers visiting prison. In addition, the Wheatfield MESS provide meals for students training on site, which are settled periodically.

¹⁷⁴ The Service Agreement notes that the membership of the VMC should be in line with the constitution of the Committee. No constitution was made available for review for the Wheatfield VMC

¹⁷⁵ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

¹⁷⁶ Whilst the VMC committee oversee these responsibilities, they may be executed by individuals that do not sit on the VMC

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Other Considerations (Not covered by the Governance guidance document)

VMC policies and procedures in place governing MESS operations	No
IPS staff involved in MESS administrations during employed hours	Yes
Dedicated time allocated to IPS staff to service MESS administrations during employed hours	No
Staff administering the accounting processes have adequate finance expertise	No
Compliance with Civil Service Alcohol and Drugs Misuse Policy	Yes

Conclusion:

Governance arrangements surrounding the MESS operations require to be strengthened. Full compliance to the Service Agreement now in place with the IPS should go some way to addressing the weaknesses identified.

RECOMMENDATIONS

1. Standard Operating Procedures (SOP) of the MESS operations should be drafted to include all operational and financial activities. This should include for the VMC composition in the absence of a Constitution.
2. The VMC should meet at least quarterly with the meetings being minuted. Minutes should include the date of meeting, attendees and their positions held and a high-level overview of agenda items discussed. The MESS committee should meet collectively with the remaining seven VMCs throughout the Irish Prison Service network on a bi-annual basis, in order to share knowledge and to continually improve standards.
3. Accounts should be prepared on a monthly basis and approved by the VMC. The IPS template for the annual Accounts should be used as a basis for recording monthly receipts and expenditure. To mitigate risks associated with manual accounts these should be prepared in excel or alternative soft platform.
4. Annual Accounts should be produced using the template as provide by the IPS. Once approved by the VMC they should be verified by an independent professional. At a minimum standard this should be completed by a qualified Accountant to include an Accountant's Certificate however ideally the Accounts should be subject to verification by an external Auditor as required under the current Service Agreement in place with the IPS.
5. The Wheatfield VMC should seek to remove cash as an option for payment and proceed with a fully cashless MESS facility. This will reduce the control risks associated with cash handling.
6. A bank card should be sourced for the MESS bank account and be used for any ad hoc purchases.
7. The Wheatfield VMC should consider moving to an electronic method of supplier payment (e.g., Electronic Funds Transfers and Direct Debits as opposed to cheque).
8. College sales should be accounted for at the time of sale, in line with the accounting treatment for the governor sales.
9. There should be no supplier debt greater than one month.
10. Bank reconciliations should be completed on a monthly basis to help with financial management; to effectively manage cashflow and ensure accuracy of Accounts.
11. A record should be maintained on a daily basis of all meals provided for not charged, this should include the number of prisoner meals provided.
12. A record should be maintained of any goods that have been transferred between the main prison kitchen and the MESS (and vice versa), detailing both goods out and goods in, and reason for transfer. Any goods transferred should be approved and signed off by the officer in charge.
13. A stock take should be performed and documented at least quarterly, to include the Accounting Year End.
14. The bank mandate should be reviewed periodically to ensure that only current MESS committee members are named on the mandate.
15. MESS prices should be reviewed and documented periodically to ensure that it is operating at least at a cost neutral position.
16. A periodic appraisal of suppliers should be conducted and documented to ensure that value for money is being achieved.

APPENDIX 9 – CONTROL LEVELS

The rating structure used to classify the nature and extent of the financial controls in place is set out in the table below:

CATEGORY	CATEGORY DESCRIPTION
Substantial	Key controls exist but there may be some inconsistency in application. Assurance can be given that the system will achieve its objectives effectively.
Adequate	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system will achieve its objectives effectively.
Limited	Controls are failing or not present. Limited assurance can be given that the system, process or activity should achieve its objective effectively.