Comptroller and Auditor General

Appropriation Accounts 2018

30 September 2019

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Section 3 (11) of the Comptroller and Auditor General (Amendment) Act 1993 requires me, upon the completion of my audit of the appropriation accounts, to present to Dáil Éireann a copy of each such account together with my certificate thereon.

I hereby present, pursuant to the foregoing provision, the said accounts and certificates for the year ended 31 December 2018.

Seamus McCarthy
Comptroller and Auditor General

30 September 2019

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Part 1 — Preface

Background to the Appropriation Accounts

Dáil Éireann provides money for the ordinary services of Government department and offices, both capital and non-capital, by

- approving estimates of expenditure for those services in the course of each year
- giving statutory effect to the estimates in an annual Appropriation Act.

Expenditure is provided for under a series of votes, with one or more covering the functions of each department or office. The first part of the estimate for each vote is referred to as the ambit. This provides an outline of the services to be financed. The ambit of each vote is incorporated in the annual Appropriation Act and so represents the purposes for which funds have been authorised by Dáil Éireann.

At the end of every financial year, each department or office is required to prepare an account, known as the **appropriation account**, for each voted service administered by it. The statutory requirement is for the appropriation account to provide details of the outturn for the year against the amount provided by Dáil Éireann, based on the cash amounts of payments and receipts. The prior-year outturn is also shown for comparison purposes.

In addition to providing the statutory financial information on a cash-accounting basis, each appropriation account sets out some accrual-based information, in notes to the account.

- Note 1 presents an **operating cost statement** that gives information on the cost of the service for the year.
- Note 2 presents a **statement of financial position**, with related explanatory notes, giving information on the financial position of the service at year-end. This includes information on expenditure commitments and on the actual position of the voted service *vis à vis* the Exchequer at year-end i.e. the net liability to the Exchequer, or amount due from the Exchequer.
- Other notes to the account provide standard information on: expenditure by programme and subhead (Note 3); receipts (Note 4); and staff numbers and pay (Note 5). Information on any other relevant matters is presented in Note 6 (miscellaneous and fund accounts).
- Many departmental votes include an appendix that lists the State bodies that operate under the aegis of the relevant department, and provides information on the timeliness of financial reporting by those bodies.

Accountability and Audit Arrangements

Duties of Accounting Officers in relation to the Appropriation Accounts

An Accounting Officer is the person – usually the head of a Government department or office – to whom the Minister for Public Expenditure and Reform has assigned, in accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the duty of preparing the annual appropriation account for each vote under his/her charge. By law, the accounts must be submitted to the Comptroller and Auditor General by 31 March following the end of the year of account. The appropriation accounts must comply with the requirements of the Department of Public Expenditure and Reform's *Public Financial Procedures*, and with other directions of the Minister for Public Expenditure and Reform.

Accounting Officers are also responsible for the safeguarding of public funds and property under their control, for the efficiency and economy of administration in their departments/offices and for the regularity and propriety of all transactions recorded in the appropriation accounts.

An Accounting Officer is required to prepare a statement on internal financial control for presentation with the appropriation account. This explains the main elements of the control framework, and discloses any material weaknesses that have been identified in the operation of the controls and steps being taken to address those weaknesses.

Duties of the Comptroller and Auditor General

Article 33 of the Constitution of Ireland provides for a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas. Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 provides the legislative base for the Comptroller and Auditor General to audit the appropriation accounts for the previous financial year prepared by Accounting Officers.

The Comptroller and Auditor General carries out his audits of the appropriation accounts in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. In carrying out the audit, his objective is to obtain reasonable assurance about whether the account is free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

As part of an audit in accordance with the ISAs, the Comptroller and Auditor General exercises professional judgment, and maintains professional scepticism throughout the process. In doing so, he

- identifies and assesses the risks of material misstatement of the appropriation account whether due to fraud or error; designs and performs audit procedures responsive to those risks; and obtains audit evidence that is sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- assesses whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.
- communicates with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that is identified during the audit.

Upon completion of the audit, the Comptroller and Auditor General is obliged to attach to each account a certificate stating whether, in his opinion, the account properly presents the receipts and expenditure related to the vote, and to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Reporting on the statement on internal financial control

The opinion of the Comptroller and Auditor General on the appropriation account does not cover the Accounting Officer's statement on internal financial control, and he does not express an assurance conclusion thereon.

In connection with the audit of an appropriation account, the Comptroller and Auditor General is required under the ISAs to read the statement on internal financial control and, in doing so, to consider whether the information contained therein is materially inconsistent with the appropriation account or with knowledge obtained during the audit, or if the statement otherwise appears to be materially misstated. If, based on the work performed, he concludes that there is a material misstatement, he is required to report that fact.

Reporting on other matters

The Comptroller and Auditor General plans and performs his audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation. He reports if there are material matters relating to the manner in which public business has been conducted.

The Comptroller and Auditor General also reports by exception if, in his opinion,

- he has not received all the information and explanations required for the audit, or
- the accounting records were not sufficient to permit the appropriation account to be readily and properly audited, or
- the appropriation account is not in agreement with the accounting records.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, the Comptroller and Auditor General has the additional duty of preparing, in each year, a report on such matters as he considers it appropriate to report arising from his audits of the appropriation accounts.

Certain matters arising from the audit of the appropriation accounts for 2018 are set out in a separate report entitled *Report on the Accounts of the Public Services 2018*. Where such matters have arisen, the certificates of opinion on the respective appropriation accounts refer to the relevant chapter(s) in that report.

Part 2 — Appropriation Accounts 2018

Statement of Accounting Policies and Principles

Basis of accounts

Appropriation accounts, showing the financial transactions of Government departments[1], are prepared in accordance with the Exchequer and Audit Departments Act 1866 (as amended by the Comptroller and Auditor General (Amendment) Act 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform.

The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The accounts also show prior year figures for comparison purposes. Some information of an accruals nature is included in the notes to the accounts.

Reporting period

The reporting period is the year ended 31 December 2018.

Receipts

As a general rule, all revenues of the State are paid into the Central Fund.

Departmental receipts fall into two categories: they may be appropriated in aid of expenditure borne on a vote or they may be surrendered directly to the Central Fund. The approval of the Department of Public Expenditure and Reform should always be obtained before determining whether to treat a particular type of receipt as an appropriation-in-aid or a direct Exchequer receipt.

Appropriations-in-aid are receipts that, under section 2 of the Public Accounts and Charges Act 1891, may be used to meet expenditure to the extent authorised by the annual Appropriation Act. In general, these are receipts arising in the normal course of a department's business under the vote.

The Department of Public Expenditure and Reform requires certain receipts of departments to be credited directly to the Exchequer as 'extra' receipts. In general, these are receipts that have no direct connection with the vote expenditure or are 'windfall' receipts. Such extra receipts may not be used to meet expenditure from the vote.

Where Exchequer extra receipts arise, they are reported in a note to the appropriation account (Note 4). Departments are required to provide a breakdown of such receipts and an explanation where the amounts are material in nature. In addition, departments are required to disclose both the amounts lodged to the Exchequer (via the Sundry Monies Deposit Account) and the amounts payable (amounts not yet transferred over), where the amounts are not the same.

Departments are also required to present the breakdown of the Exchequer extra receipts on an opening balance/closing balance basis.

1 In this statement, the term 'department' includes central Government departments, offices and agencies responsible for vote management and accounting.

Payments

Payments consist of those sums which have come in course of payment during the year. Sums are deemed to have come in course of payment where the liability has been incurred, payment is due and the instruction for the payment has been executed.

Where a liability has been incurred and payment is due (i.e. the liability has matured), payment should be completed before the year end to ensure the integrity of the appropriation account. In cases where payment has not been effected and matured liabilities are outstanding at year end, the amount of such liabilities should be given in a note to the account (Note 2).

Where a department is acting as an agent for another Government department (the principal) resulting in financial transactions, the general rule is that the agent should put the transactions through suspense, the service being a final charge in the principal's appropriation account.

In situations where the agent requires the principal to provide advance funding to enable payment to be made, only amounts certified by the agent as having been disbursed by it in the year of account should be charged to the principal's appropriation account.

Net allied services

Allied services are services provided centrally to, or on behalf of, department votes on the basis that, as specialists, the supplying department (whose primary function is the provision of these central services) is able to perform the services more efficiently than the vote holder. This includes shared services.

The net allied services note (in Note 1) details the expenditure amount in relation to a vote which is borne elsewhere. There are various measurement bases for the calculation of the allied services expenditure figures.

Accruals

Each appropriation account incorporates information of an accruals nature in the notes to the account, including

- an operating cost statement (Note 1), showing the total amount of resources consumed by a vote in the year
- a statement of financial position showing the vote's assets and liabilities at year end (Note 2), and
- explanatory notes providing details regarding capital assets, the net funding due to the Exchequer, and any commitments.

The statement of financial position includes the position at year-end in relation to the following

- **Accrued expenses** — these represent all liabilities at the year end, with the exception of liabilities in regard to remuneration and pensions. In the case of goods and services, an accrued liability is recognised when the payee has met the contractual requirement to provide the goods or services ordered. Amounts due for goods delivered but not yet paid for, even if un-inspected and not taken to stock, are treated as a liability. In the case of grants, a liability is recognised when the grantee has met all the requirements of the grant scheme but has yet to receive payment. Travel and subsistence liabilities are recognised when travel has been completed.
- **Prepayments** — these are payments made during the year of account to meet expenses which will arise in a subsequent financial year.
- **Accrued income** — this is income due to the vote at the end of the year of account which has yet to be received.
- **Deferred income** — this represents income received by the vote during the year of account for goods/services which the department has yet to provide.

Capital assets

The opening and closing values of capital assets on a department's asset register and details of depreciation are shown by way of note to the statement of financial position (Note 2).

Capital assets under development should be included within capital assets in the statement of financial position, showing expenditure on assets being developed within the department e.g. software development or construction projects.

The following are not included in the statement of capital assets

- assets that cost less than €1,000 and/or
- heritage assets, the value of which cannot be adequately expressed in financial terms. (Heritage assets which can be valued are included in the statement.)

Valuation of assets

Land and buildings

All lands and buildings owned by the State and controlled or managed by a department are included in the statement of financial position (and capital assets note). Where relevant, the basis of valuation of land and buildings is explained in the Accounting Officer’s introduction to the appropriation account.

Where ownership of land and buildings is (a) vested in the Office of Public Works or (b) vested in a Minister but in fact controlled/managed by the Office of Public Works, they are included in the account for that Office.

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

Government departments/offices that for technical reasons cannot provide valuations for State-owned lands and buildings controlled or managed by them should append to the appropriation account a schedule of these assets.

Equipment, furniture and fittings

Equipment, furniture and fittings are valued at cost.

Other assets

Where required, accounting policies in respect of valuation of other assets (e.g. specialised vehicles) are set out in the Accounting Officer's introduction to the appropriation account.

Depreciation policy

Land is not depreciated.

Buildings are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Equipment, furniture and fittings are depreciated on a straight-line basis at the following annual rates:

- furniture and fittings, and telecommunications equipment — 10%
- IT equipment and software, scientific and laboratory equipment and other office machinery — 20%; and
- major operational software systems — 10%.

Where required, other capital items are depreciated as indicated in the Accounting Officer's introduction to the appropriation account.

Bank and cash

Bank and cash should include all commercial bank account balances (payroll and other vote-related accounts) held at the year-end that are funded by the Exchequer through voted expenditure, or that contain receipts liable to be paid to the Exchequer. The note should separately identify Paymaster General (PMG) bank accounts from other commercial bank accounts.

Details of any other commercial bank accounts not funded by or liable to be paid to the Exchequer are disclosed by way of a note.

Stocks

Consumables are stated at the lower of cost or departmental valuations.

Net Exchequer funding due

The net Exchequer funding due note shows the funding position of the vote at the year end, taking account of the surplus to surrender and issues from the Exchequer on a cumulative/rolling basis. The breakdown of that figure in terms of bank/cash balances, debtors' receipts due and current liabilities is also shown.

Commitments

A commitment is a contractual obligation to pay on delivery for goods or services (including capital projects) which have yet to be supplied at year-end. In the case of grant schemes, a commitment is recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme.

Global contractual commitments (in excess of €10,000) likely to materialise in subsequent years, are disclosed by way of a note, under the headings: procurement of goods and services, non-capital grant programmes, capital grant programmes, capital projects and public private partnership projects.

Details of all major capital projects and public private partnership projects, where the project value exceeds €10,000,000, are separately disclosed.

Where the reported commitment level or projected project cost has varied by more than €500,000 compared with the previous year, the reason for the movement should be explained.

Contingent liabilities

A contingent liability arises in any situation where past or current actions or events create a risk of a call on Exchequer funds in the future. Contingent liabilities are disclosed by way of a note, unless the possibility of an outflow of resources is remote.

Superannuation

Superannuation payments to retired civil servants are provided for in Vote 12 – Superannuation and Retired Allowances. An estimate of the amount attributable to each vote is provided by the Department of Public Expenditure and Reform and shown under the net allied services note for the relevant votes.

Superannuation payments for gardaí, teachers, army personnel and Health Service Executive personnel are met on a pay-as-you-go basis from the relevant votes.

Foreign currency transactions

Transactions arising in foreign currencies are converted to euro values at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted at the year-end rates of exchange.

Other Notes to the Accounts

General principles

In general, the other notes to the appropriation accounts aim to draw the attention of Dáil Éireann and of the Committee of Public Accounts to matters bearing on parliamentary control, or to provide fuller information about material transactions of an unusual nature recorded in the account e.g. losses, special or *ex gratia* payments, and extra remuneration. Except in the cases outlined below, notes are provided where an individual transaction, or a category of transactions taken together, involves a sum of €50,000 or more.

Where amounts lower than the threshold values are involved, notes are also provided where a serious issue of principle arises or where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a note should be given.

Variations from grant

Note 3 provides explanations of variations on outturn versus original estimate provision.

A note is provided where the variation (±) relative to the original estimate provision (including any deferred capital funding) is:

- €100,000 or more, and
- represents 5% or more of the subhead (25% in the case of administration subheads), or
- represents a significant variation from the original estimate provision that does not meet the above criteria but which warrants explanation.

Notes in relation to variations in the categories of appropriations-in-aid are included on a similar basis.

Allowance and overtime payments

In the case of allowance and overtime payments, the details given in Note 5 include the total number of recipients of allowance and overtime payments in more than one category, the number of individuals that received €10,000 or more, and the highest payment to an individual, if over €10,000.

The aggregate amount paid to an individual under the various headings is set out in 'highest individual payment'.

Severance and redundancy payments

Severance and redundancy payments in excess of €10,000 are required to be disclosed by way of a note.

Compensation and legal costs

The components of the legal costs in respect of cases in which the department is or was involved should be disclosed (this does not include the cost of legal advice provided outside of legal proceedings e.g. in context of development of policy or legislation). If the Department is represented in legal proceedings (other than by the Chief State Solicitor's Office), the costs incurred in relation to these cases are included in the table. In cases where cumulative legal costs incurred in the year of account exceed €50,000, (i.e. in situations where legal costs of cases have exceeded €50,000 in total, or where a single case exceeds €50,000), a note is to be provided with a breakdown of the costs into

- legal costs paid by the department
- legal costs awarded (against the department), and
- compensation awarded.

Late payments

In the case of interest and compensation payments under the Late Payment in Commercial Transactions Regulations 2012, information is supplied in Note 6 where

- the total of interest and compensation payments due was €10,000 or more, or
- an individual payment was €10,000 or more.

Fraud or suspected fraud

In the case of losses due to fraud, suspected fraud or suspected irregularities, information is supplied in Note 6 where

- the total of losses during the accounting period were €10,000 or more, or
- an individual loss was €10,000 or more, or
- for losses under €10,000, a serious issue of principle arises, or
- where the Comptroller and Auditor General or the Department of Public Expenditure and Reform considers that a disclosure should be made.

Commissions and special inquiries

Where relevant, Note 6 should include a statement of expenditure on each commission or special inquiry financed from the vote. A distinction is made between permanent commissions, and those established on a temporary basis for a fixed purpose. In the former case, expenditure in the year of account and prior year is shown. In the latter case, the date of establishment and cumulative expenditure from the date of establishment is shown.

Grant funds and miscellaneous accounts

Where relevant, accounts of grant funds financed from the vote and of other miscellaneous accounts are presented in Note 6.

Appropriation Account 2018

Vote 1

President's Establishment

Introduction

As Accounting Officer for Vote 1, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Secretary General to the President, for certain other expenses of the President's Establishment and for certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €821,983 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Heritage assets of the President’s Establishment are not valued as assets in these financial statements. The assets include furniture, works of art and sculptures. They have the characteristics of being inalienable, irreplaceable, and fragile and consequently there is no useful purpose in capitalising the assets in these statements.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office of the President’s Establishment.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General of the Department of the Taoiseach. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The Department of Finance provides a payment function and accounting service for the President’s Establishment.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the President's Establishment and the National Shared Service Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the President's Establishment.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an audit committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.
- The internal financial control environment for the Department of Finance is also relevant given that the Department of Finance provides a payment function and accounting services for the President's Establishment.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the President's Establishment
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Procurement compliance

The President's Establishment ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with all relevant procurement guidelines. Two contracts, with a value of €56,212 have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process. One contract for €29,052 in respect of a supplier was rolled over and a tender process completed in Q2 2019, and the successful bidder is currently analysing methods for delivering the service. The other contract for €27,160 was extended beyond the original contract date without a new competitive process.

Internal audit and audit committee

The President's Establishment comes under the remit of the internal audit function provided by the Department of the Taoiseach which has appropriately trained personnel and operates under a written charter which I have approved. The internal audit work is informed by analysis of the financial risks to which the President's Establishment is exposed and aims to cover the key controls on a rolling basis over a reasonable period. The internal audit function and its programme of work are subject to periodic review by me and the Audit Committee, which operates under the auspices of the Department of the Taoiseach.

There were four meetings of the Audit Committee in 2018 and an audit work programme was agreed and commenced at the end of 2018.

Risk and control framework

The President's Establishment has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the President's Establishment and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated on a quarterly basis by the Management Board. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the President's Establishment has procedures to monitor the effectiveness of its risk management and control procedures. In 2018, monitoring and review of the effectiveness of the system of internal financial control by the President's Establishment was informed by the work of the external auditors and the senior management within the President's Establishment responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Martin Fraser
Accounting Officer

23 September 2019

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 1 President's Establishment

Opinion on the appropriation account

I have audited the appropriation account for Vote 1 President's Establishment for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 1 President's Establishment for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the President's Establishment and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

24 September 2019

Vote 1 President's Establishment

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	President's Establishment	3,014	2,453	2,567
B	Centenarians' bounty	1,404	1,136	1,125
	Gross expenditure	**4,418**	**3,589**	**3,692**
	Deduct			
C	**Appropriations-in-aid**	**97**	**90**	**83**
	Net expenditure	**4,321**	**3,499**	**3,609**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**821,983**	**294,236**

Martin Fraser
Accounting Officer

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		1,093	1,071
Pay		1,717	1,666
Non pay		779	955
Gross expenditure		**3,589**	**3,692**
Deduct			
Appropriations-in-aid		**90**	**83**
Net expenditure		**3,499**	**3,609**
Changes in capital assets			
Purchases cash	(6)		
Depreciation	29	23	8
Changes in net current assets			
Decrease in closing accruals	(80)		
Increase in stock	(1)	(81)	23
Direct expenditure		**3,441**	**3,640**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,467	5,039
Net programme cost		**7,908**	**8,679**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 1 borne elsewhere.

	2018	2017
	€000	€000
Vote 7 Office of the Minister for Finance	13	20
Vote 12 Superannuation and Retired Allowances	772	564
Vote 13 Office of Public Works	1,924	2,265
Vote 18 National Shared Services Office	3	4
Vote 20 Garda Síochána	194	197
Vote 28 Foreign Affairs and Trade	253	667
Vote 36 Defence	413	428
Central Fund (Emoluments and allowances of President and presidential pensions)	895	894
	4,467	**5,039**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	38	71
Current assets			
Stocks	2.4	30	29
Prepayments		26	51
Other debit balances	2.5	4	—
Accrued income		4	10
Net Exchequer funding due	2.7	85	(23)
Total current assets		149	67
Less current liabilities			
Bank and cash	2.3	41	(100)
Accrued expenses		39	150
Other credit balances	2.6	48	77
Total current liabilities		128	127
Net current assets		21	(60)
Net assets		**59**	**11**
Represented by:			
State funding account	2.1	**59**	**11**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			11	42
Disbursements from the Vote				
Estimate provision	Account	4,321		
Surplus to be surrendered	Account	(822)		
Net vote			3,499	3,609
Expenditure (cash) borne elsewhere	1		4,467	5,039
Other (non-cash) items	2.2		(10)	—
Net programme cost	1		(7,908)	(8,679)
Balance at 31 December			**59**	**11**

2.2 Capital assets

	IT equipment	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	373	14	387
Additions	6	—	6
Adjustment [a]	(48)	1	(47)
Disposals	(2)	—	(2)
Cost or valuation at 31 December 2018	329	15	344
Accumulated depreciation			
Opening balance at 1 January 2018	303	13	316
Depreciation for the year	29	—	29
Adjustment [a]	(39)	2	(37)
Depreciation on disposal	(2)	—	(2)
Cumulative depreciation at 31 December 2018	291	15	306
Net assets at 31 December 2018	**38**	—	**38**
Net assets at 31 December 2017	70	1	71

Note [a] The adjustment is to amend the capital asset note for residual value of assets found to be fully written down and also to remove expenditure in respect of the website which was capitalised in error.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	(41)	100

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Centenarian medals	7	7
IT consumables and stationery	23	22
	30	**29**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Other debit suspense items	4	—

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	25	35
Pay Related Social Insurance	11	15
Pension Levy	6	—
Universal Social Charge	5	7
Withholding Tax	1	2
Pension contributions	—	5
	48	64
Payroll deductions held in suspense	—	13
	48	**77**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	822	294
Exchequer grant undrawn	(907)	(271)
Net Exchequer funding due	**(85)**	**23**
Represented by:		
Debit balances: suspense	4	—
Creditors		
Due to State	(48)	(64)
Bank and cash	(41)	100
Credit balances: suspense	—	(13)
	(89)	23
	(85)	**23**

2.8 Commitments

At 31 December	2018	2017
	€000	€000
Procurement of goods and services	16	—

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,802	1,717	1,666
ii	Travel and subsistence	310	184	240
iii	Training and development and incidental expenses	340	351	391
iv	Postal and telecommunications services	86	87	114
v	Office machinery and other office supplies and related services	535	156	210
		3,073	**2,495**	**2,621**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

ii *Travel and subsistence*

Estimate provision: €310,000, outturn: €184,380

The decrease in expenditure was because of reduced overseas travel in 2018.

v *Office machinery and other office supplies and related services*

Estimate provision: €535,000, outturn: €156,031

The estimate provided for a once-off significant investment in a replacement office workflow system and phone system that was scheduled to take place in 2018. However, this project only commenced at the end of 2018 and so expenditure will arise in 2019.

Programme A President's Establishment

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration – pay	1,758	1,676	1,627
A.2	Administration – non pay	1,256	777	940
		3,014	**2,453**	**2,567**

Programme B Centenarians' Bounty

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
B.1	Administration – pay	44	41	39
B.2	Administration – non pay	15	2	15
B.3	Centenarians' bounty	1,345	1,093	1,071
		1,404	**1,136**	**1,125**

Significant variations

Overall, the expenditure in relation to Programme B was €268,236 lower than provided because there were fewer centenarians than provided for. 431 Centenarian bounties were paid out in 2018 and approximately 512 provided for.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018 Estimated	2018 Realised	2017 Realised
		€000	€000	€000
1	Receipts from pension-related deductions on public service remuneration	90	78	77
2	Miscellaneous	7	12	6
		97	**90**	**83**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	27	27

5.2 Pay

	2018	2017
	€000	€000
Pay	1,546	1,485
Higher, special or additional duties allowance	58	58
Redundancy payment	—	14
Overtime	20	19
Employer's PRSI	93	90
Total pay	**1,717**	**1,666**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	6	4	19,126	19,549
Overtime	12	—	5,458	4,759
Extra remuneration in more than one category	—	—	—	3,421

5.4 Overpayments

Overpayments at the year-end were €4,080 in respect of one individual (2017: €Nil). There is a recovery plan in place.

Appropriation Account 2018

Vote 2

Department of the Taoiseach

Introduction

As Accounting Officer for Vote 2, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Department of the Taoiseach, including certain services administered by the Department and for payment of grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €6.878 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) in Killarney, which is part of the Department of Justice and Equality. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department of the Taoiseach and the Financial Shared Services for the provision of this shared service.

Payroll and Human Resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreement between this Department and the National Shared Service Office for the provision of payroll and human resource functions.

I rely on letters of assurance from the Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality respectively, that appropriate controls are exercised in the provision of shared services to the Department of the Taoiseach.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Public procurement

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

In total five supply arrangements were reported under Circular 40/02 in 2018 with a total spend of €454,885. The largest contract, with a spend of €243,182, had been the subject of an open tender process previously and has been extended. It relates to maintenance, support and license expenditure on a bespoke eCabinet system for users across all Government Departments. This system is currently undergoing a necessary upgrade which is due to be completed in 2019. Another contract, with a spend of €94,144 was awarded without a competitive tender. However, a detailed inter-departmental cost benefit analysis was performed to ensure the contract for services represented good value for money.

One contract with spend of €47,716 related to the Moriarty Tribunal and is included each year as it is rolled over from the previous year. The Cooke Commission of Investigation directly engaged a supplier who invoiced for services totaling €40,000 in 2018. Tribunals of Inquiry and Commissions of Investigation are entirely independent of the Department of the Taoiseach. The final contract, with a spend of €29,843 relates to the agreed terms for services invoiced relating to an expert independent review of the National Broadband procurement process.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the department and these have been evaluated and graded according to their significance. The register is a living document and is updated by the Department’s senior management on an ongoing basis. The risk register is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Risk management is also a standing item on the agenda of the Department’s Audit Committee.

The annual National Risk Assessment process, overseen by the Department of the Taoiseach, is also in place and provides an opportunity to identify and debate strategic risks facing Ireland over the short, medium and long term.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Advisory Committee (MAC), where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Martin Fraser
Accounting Officer
Department of the Taoiseach

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 2 Department of the Taoiseach

Opinion on the appropriation account

I have audited the appropriation account for Vote 2 Department of the Taoiseach for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 2 Department of the Taoiseach for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of the Taoiseach and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 2 Department of the Taoiseach

Appropriation Account 2018

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Supporting the work of the Taoiseach and Government	34,263	27,314	28,345
	Gross expenditure	**34,263**	**27,314**	**28,345**
	Deduct			
B	**Appropriations-in-aid**	**872**	**801**	**757**
	Net expenditure	**33,391**	**26,513**	**27,588**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**6,878,390**	**9,158,594**

Martin Fraser
Accounting Officer
Department of the Taoiseach

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		7,299	13,022
Pay		13,796	12,487
Non pay		6,219	2,836
Gross expenditure		**27,314**	**28,345**
Deduct			
Appropriations-in-aid		**801**	**757**
Net expenditure		**26,513**	**27,588**
Changes in capital assets			
Purchases cash	(522)		
Depreciation	156		
Loss on disposals	3		
		(363)	(214)
Changes in net current assets			
Decrease in closing accruals	(102)		
Decrease in stock	11		
		(91)	280
Direct expenditure		**26,059**	**27,654**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		4,932	4,561
Notional rents		1,464	1,395
Net programme cost		**32,455**	**33,610**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 2 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of Revenue Commissioners	8	8
Vote 12 Superannuation and Retired Allowances	3,472	2,709
Vote 13 Office of Public Works	755	1,099
Vote 18 National Shared Services Office	21	25
Vote 20 Garda Síochána	201	201
Vote 24 Justice and Equality	53	51
Vote 36 Defence	82	91
Central Fund: Taoisigh and Ministerial pensions	340	377
	4,932	**4,561**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	**1,029**	**669**
Current assets			
Bank and cash	2.3	845	513
Stocks	2.4	96	107
Prepayments		339	282
Other debit balances	2.5	93	29
Total current assets		1,373	931
Less current liabilities			
Accrued expenses		287	332
Other credit balances	2.6	565	592
Net Exchequer funding due	2.7	373	(50)
Total current liabilities		1,225	874
Net current liabilities		148	57
Net assets		**1,177**	**726**
Represented by:			
State funding account	2.1	**1,177**	**726**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			726	792
Disbursements from the Vote				
Estimate provision	Account	33,391		
Surplus to be surrendered	Account	(6,878)		
Net vote			26,513	27,588
Expenditure (cash) borne elsewhere	1		4,932	4,561
Non cash item – asset adjustment			(3)	—
Non cash expenditure – notional rent	1		1,464	1,395
Net programme cost	1		(32,455)	(33,610)
Balance at 31 December			**1,177**	**726**

2.2 Capital assets

	IT and office equipment	Furniture and fittings	Capital assets under development [a]	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	2,116	615	328	3,059
Additions	456	66	—	522
Disposals	(1,296)	(37)	—	(1,333)
Adjustment	(4)	—	—	(4)
Cost or valuation at 31 December 2018	1,272	644	328	2,244
Accumulated depreciation				
Opening balance at 1 January 2018	1,859	531	—	2,390
Depreciation for the year	138	18	—	156
Depreciation on disposals	(1,294)	(36)	—	(1,330)
Adjustment	(1)	—	—	(1)
Cumulative depreciation at 31 December 2018	702	513	—	1,215
Net assets at 31 December 2018	**570**	**131**	**328**	**1,029**
Net assets at 31 December 2017	257	84	328	669

Note [a] The eCabinet system supports and enables the administrative processes associated with the preparation and conduct of Government business and the dissemination of Government decisions. It has over 3,000 users across all government departments. The system is undergoing a major upgrade to ensure its ongoing viability.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	845	505
Other bank account	—	8
	845	**513**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Official gift items	11	10
Stationery	41	48
Publications	41	42
Consumables, etc.	3	7
	96	**107**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupment of travel pass scheme	88	23
Other	5	6
	93	**29**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	298	246
Pay Related Social Insurance	104	96
Value Added Tax	1	50
Professional Services Withholding Tax	60	98
	463	490
Payroll deductions held in suspense	97	80
Other	5	22
	565	**592**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	6,878	9,159
Exchequer grant undrawn	(6,505)	(9,209)
Net Exchequer funding due	**373**	**(50)**
Represented by:		
Debtors		
Bank and cash	845	513
Debit balances: suspense	93	29
	938	542
Creditors		
Due to State	(462)	(490)
Credit balances: suspense	(103)	(102)
	(565)	(592)
	373	**(50)**

2.8 Commitments

at 31 December	2018 €000	2017 €000
Procurement of goods and services	53	14
Capital projects	164	164
Total of legally enforceable commitments	**217**	**178**

2.9 Contingent liability

An indemnity provided by the Department in relation to a legal case will generate costs. The action has been concluded and the final value of the costs is not yet known.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,101	13,796	12,487
ii	Travel and subsistence	730	538	618
iii	Training and development and incidental expenses	4,455	3,524	555
iv	Postal and telecommunications services	360	249	274
v	Office equipment and external IT services	1,410	1,494	1,041
vi	Office premises expenses	316	414	348
vii	Consultancy services and value for money and policy reviews	18	—	—
		22,390	**20,015**	**15,323**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

ii *Travel and subsistence*

Estimate provision: €730,000, outturn: €538,000

The underspend of €192,000 in this subhead in 2018 was due to a lower volume of travel than projected at estimate time

iii. *Training and development and incidental expenses*

Estimate provision €4.455 million, outturn: €3.524 million

The underspend of €931,000 on expenditure on training and development and incidental expenses was primarily due to two reasons: less expenditure than anticipated on State events; and less expenditure than originally forecast following the decision to wind-down the Strategic Communications Unit in 2018. Savings in this subhead were offset against increased expenditure incurred in two other subheads: subhead v office equipment and external IT services and subhead vi office premises expenses.

iv. *Postal and telecommunications*

Estimate provision: €360,000, outturn: €249,000

The underspend of €111,000 in this subhead is due to lower postal and telecommunication costs than anticipated at estimate time.

Programme A Supporting the work of the Taoiseach and Government

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration – pay	15,101	13,796	12,487
A.2	Administration – non pay	7,289	6,219	2,836
A.3	National Economic and Social Council	2,051	1,889	1,889
A.4	Tribunals of inquiry	4,506	1,999	6,552
A.5	Commissions of investigation	4,707	2,877	2,403
A.6	Citizens' Assembly	609	534	1,535
	Data protection	—	—	*378*
	Diaspora affairs	—	—	*266*
		34,263	**27,314**	**28,346**

Significant variations

Overall, the expenditure in relation to Programme A was €6.949 million lower than provided. The variation of €2.375 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following.

A.1 Administration – pay

Estimate provision: €15.101 million, outturn: €13.796 million

The underspend of €1.305 million on salaries, wages and allowances in 2018 was due to a reduction in staff costs due to the wind-down of the Strategic Communications Unit from July 2018 and a delay in filling vacancies in some grades due to the lack of availability of Public Appointment Service panels.

A.3 National Economic and Social Council

Estimate provision: €2.051 million, outturn: €1.889 million

The underspend of €162,000 was mainly due to the non–filling of a post with the remaining difference due to a planned IT project being postponed to 2019.

A.4 Tribunal of inquiry

Estimate provision: €4.506 million, outturn: €1.999 million

The underspend of €2.507 million relative to the estimate provision was due to the number of legal cost claims settled in 2018 being lower than expected. The Department has no control over third party legal costs awarded by the Tribunal of Inquiry and it is impossible to predict the timing of settlement of third party costs or the level of costs falling due at any particular time.

A.5 Commissions of investigation

Estimate provision: €4.707 million, outturn: €2.877 million

Commissions of investigation are independent of the Department of the Taoiseach and their expenditure levels depend on the needs and requirements of their investigations in the first instance. The underspend of €1.83 million relative to the estimate provision was due to the Commissions difficulty in accurately forecasting the level and timing of their own expenditure needs, including expenditure arising from decisions to award third party costs.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1.	Appropriations-in-aid	58	49	49
2.	Receipts from pension-related deductions on public service remuneration	814	752	708
	Total	**872**	**801**	**757**

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	4	—
Receipts from Office holders voluntary surrender of salary	27	4
Transferred to the Exchequer	(4)	—
Balance at 31 December	**27**	4

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end [a]	234	228

Note [a] The above analysis includes non-departmental staff charged to other programme subheads.

5.2 Pay

	2018	2017
	€000	€000
Pay	14,025	13,123
Redundancy and severance	201	414
Higher, special or additional duties allowance	290	297
Overtime and extra attendance	423	387
Employer's PRSI	1,014	908
Total pay[a]	**15,953**	**15,129**

Note [a] This analysis includes pay costs of departmental and agency staff

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	34	12	23,749	20,614
Overtime and extra attendance	101	13	22,076	20,932
Extra remuneration in more than one category	15	11	32,556	21,568

5.4 Other remuneration arrangements

Ex-gratia payment of €29,681 (2017: €29,681) was made in respect of agreed retirement benefits to one former employee.

5.5 Payroll overpayments

Overpayments balance outstanding at the year-end was €9,728 relating to seven individuals. (2017: €19,886 relating to 13 individuals). Of this, €1,707 (two individuals) had recovery plans in place at the end of 2018.

5.6 Redundancy and severance

Severance of €200,993 was paid in 2018 relating to balances owing on terminations arising in 2017.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

Commission, committee or special inquiry	Year of appointment	2018	2017	Total expenditure to end 2018
		€000	€000	€000
Tribunal of Inquiry (payments to Messrs Haughey and Lowry)	1997	2,000	6,552	63,294
Commission of Investigation (Cregan Commission)	2015	1,995	1,555	5,066
Commission of Investigation (Cooke Commission)	2017	881	350	1,231

There will be further payments associated with the Tribunal of Inquiry (payments to Messrs Haughey and Lowry). Final costs cannot be determined at this point.

The Commission of Investigation (Cregan) relates to certain transactions carried out by Irish Banking Resolution Corporation.

The Commission of Investigation (Cooke) relates to the sale by the National Asset Management Agency of its Project Eagle portfolio.

6.2 Official gifts

The account includes the sum of €6,728 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2018 (2017: €6,944).

Appendix A Accounts of bodies and funds under the aegis of the Department of the Taoiseach

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Department	Date presented to the Oireachtas
National Economic and Social Development Office	2017	28 Jun 2018	1 Jul 2018	3 Aug 2018

Appropriation Account 2018

Vote 3

Office of the Attorney General

Introduction

As Accounting Officer for Vote 3, I am required each year to prepare the appropriation account for the Vote and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Attorney General, including a grant.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.136 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the Account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my obligations as Director General/Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Assurance on shared services

Payroll and human resource functions are provided on a shared service basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Service Centres.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of human resources and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of monthly and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of information and communications technology systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office is compliant with the exception of 9 contracts to the value of €369,128. As required in Department of Public Expenditure and Reform circular 40/2002, I have submitted a report on procurements in 2018 that were not based on competitive tendering processes, worth a total of €369,128. This included

- €62,451 (2 contracts) spent on subscription services not available through intermediaries;
- €62,877 (2 contracts) spent on case and records management services provided by sole suppliers;
- € 24,976 (2 contracts) spent on financial management services provided by sole suppliers
- €144,655 (1 contract) spent of parliamentary services that were non-compliant with procurement rules;
- €45,819 (1 contract) spent on legislative drafting services provided by a sole supplier
- €28,350 (1 contract) spent on storage service under an arrangement managed by OPW.

Internal audit and audit committee

I confirm that the Office retains an internal audit function through a contract agreement with a professional auditing company with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

An internal audit function for the Office was in place during 2018.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Advisory Committee (MAC) on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the MAC, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Damien Moloney
Accounting Officer
Office of the Attorney General

4 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 3 Office of the Attorney General

Opinion on the appropriation account

I have audited the appropriation account for Vote 3 Office of the Attorney General for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 3 Office of the Attorney General for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Attorney General and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 3 Office of the Attorney General

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of professional legal services to Government, Departments and Offices	16,121	14,835	14,540
	Gross expenditure	**16,121**	**14,835**	**14,540**
	Deduct			
B	**Appropriations-in-aid**	**799**	**649**	**668**
	Net expenditure	**15,322**	**14,186**	**13,872**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**1,135,979**	**1,028,105**

Damien Moloney
Accounting Officer
Office of the Attorney General

4 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		2,008	2,187
Pay		10,771	10,463
Non pay		2,056	1,890
Gross expenditure		**14,835**	**14,540**
Deduct			
Appropriations-in-aid		**649**	**668**
Net expenditure		**14,186**	**13,872**
Changes in capital assets			
Purchases cash	(190)		
Depreciation	179		
		(11)	61
Changes in net current assets			
Increase in closing accruals	122		
Decrease in Stock	4		
		126	(18)
Direct expenditure		**14,301**	**13,915**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,258	2,504
Notional rents		763	727
Net programme cost		**17,322**	**17,146**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 3 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,722	1,984
Vote 13 Office of Public Works	229	164
Vote 18 National Shared Services Office	13	18
Central Fund - Pensions in respect of former Attorneys General	294	338
	2,258	**2,504**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	402	391
Current assets			
Stocks	2.4	32	36
Prepayments		133	215
Accrued income		—	2
Other debit balances	2.5	95	92
Net Exchequer funding due	2.7	435	8
Total current assets		695	353
Less current liabilities			
Bank overdraft	2.3	138	59
Accrued expenses		111	73
Other credit balances	2.6	392	41
Total current liabilities		641	173
Net current assets		54	180
Net assets		**456**	**571**
Represented by:			
State funding account	2.1	**456**	**571**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			571	614
Disbursements from the Vote				
Estimate provision	Account	15,322		
Surplus to be surrendered	Account	(1,136)		
Net vote			14,186	13,872
Expenditure (cash) borne elsewhere	1.1		2,258	2,504
Non cash expenditure – notional rent	1		763	727
Net programme cost	1		(17,322)	(17,146)
Balance at 31 December			**456**	**571**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	4,888	1,683	6,571
Additions	181	9	190
Disposals	(365)	(1)	(366)
Cost or valuation at 31 December 2018	4,704	1,691	6,395
Accumulated depreciation			
Opening balance at 1 January 2018	4,577	1,603	6,180
Depreciation for the year	157	22	179
Depreciation on disposals	(365)	(1)	(366)
Cumulative depreciation at 31 December 2018	4,369	1,624	5,993
Net assets at 31 December 2018	**335**	**67**	**402**
Net assets at 31 December 2017	311	80	391

2.3 Bank overdraft

at 31 December	2018	2017
	€000	€000
PMG balance	(138)	(61)
Commercial bank account balance	—	2
	(138)	**(59)**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	9	16
IT consumables	23	20
	32	**36**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Office of Public Works	38	38
Recoupable shared costs	1	4
Travel pass scheme	52	48
Miscellaneous	4	2
	95	**92**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	9	8
Value Added Tax	3	32
Other creditors	6	1
Pension contribution	374	—
	392	**41**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,136	1,028
Exchequer grant undrawn	(1,571)	(1,036)
Net Exchequer funding due	**(435)**	**(8)**
Represented by:		
Debtors		
Debit balances: suspense	95	92
Creditors		
Bank overdraft	(138)	(59)
Due to State	(392)	(41)
	(530)	(100)
	(435)	**(8)**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	648	705

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,677	10,771	10,463
ii	Travel and subsistence	176	249	178
iii	Training and development and incidental expenses	640	573	647
iv	Postal and telecommunications services	70	56	54
v	Office equipment and external IT services	590	761	655
vi	Office premises expenses	160	100	96
vii	Consultancy services and value for money and policy reviews	50	28	4
viii	Contract legal expertise	300	178	194
		13,663	**12,716**	**12,291**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

ii *Travel and Subsistence*

Estimate Provision: €176,000, outturn: €249,000

The increase of €73,000 arose due to the need to second a second legal advisor to the EU to assist in Brexit related matters for whom the Office was required to cover subsistence allowances.

v *Office Equipment and external IT Services*

Estimate Provision: €590,000, outturn: €761,000

The increase of €171,000 is attributable to higher than profiled costs associated with the renewal of software licences and work on the E-Legislation project, the Electronic Irish Statute Book, the Case and Records Management System and the Financial Management System.

viii *Contract Legal Expertise*

Estimate Provision: €300,000, outturn: €178,000

The decrease of €122,000 arose due to lower than anticipated requirement for contract legal expertise.

Programme A Delivery of professional legal services to Government, Departments and Offices

		2018 Estimate provision €000	2018 Outturn €000	2017 Outturn €000
A.1	Administration – pay	11,677	10,771	10,463
A.2	Administration – non pay	1,986	1,945	1,828
A.3	Contributions to international organisations	38	39	35
A.4	Law Reform Commission	2,280	2,008	2,187
A.5	General law expenses	140	72	27
		16,121	**14,835**	**14,540**

Significant variations

Overall, the expenditure in relation to Programme A was €1.286 million lower than provided. €947,000 of this related to administration expenditure and the balance of the variance of €339,000 was mainly due to the following:

A.4 *Law Reform Commission*

Estimate provision: €2.28 million, outturn: €2.008 million

The shortfall in expenditure of €272,000 relative to the estimate provision was due to lower than anticipated salary costs in the Law Reform Commission. This was due to the length of time taken to fill all sanctioned posts in the Commission in respect of clerical staff and legal researchers.

A.5 *General Law Expenses*

Estimate provision: €140,000, outturn: €72,000

The shortfall in expenditure of €68,000 relative to the estimate provision was due to lower than anticipated payments to Counsel.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	8	1	64
2	Receipts from pension-related deductions on public service remuneration	791	648	604
	Total	**799**	**649**	**668**

Significant variations

Overall, appropriations-in-aid were €150,000 less than the estimate.

Explanations for variances are set out below:

2 Receipts from pension-related deductions on public service remuneration

Estimate provision: €791,000, outturn: €648,000

The shortfall of €143,000 arose because not all sanctioned posts were filled at all times during 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	147	151

5.2 Pay

	2018 €000	2017 €000
Pay	9,844	9,571
Redundancy and severance	—	42
Higher, special or additional duties allowance	67	75
Other allowances	29	—
Overtime	13	18
Employer's PRSI	818	757
Total Pay	**10,771**	**10,463**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	9	2	20,614	12,911
Other allowances	8	—	8,969	—
Overtime	5	—	7,576	1,341
Extra remuneration in more than one category	2	1	12,280	7,750

5.4 Other remuneration arrangements

This account includes expenditure of €468,037 (€377,406 salary and €90,631 allowances) in respect of four officers serving outside of the Office for all of 2018 whose salaries were paid by the Office. Two of these officers are seconded to the European Union whilst the other two are seconded national experts to the European Union.

5.5 Payroll overpayments

Overpayments at the year-end were €16,843 in respect of six individuals (2017: €15,402, six individuals). Of this, €14,187 have recovery plans in place in respect of four individuals. (2017: €Nil).

5.6 Redundancy and severance

There were no redundancy or severance payments made during 2018. (In 2017 one employee received payments of €7,092 in respect of redundancy and €35,456 in respect of severance).

Appendix A Accounts of Law Reform Commission (LRC)

The LRC operates under the aegis of the Office. Its last audited financial statements relate to 2017. The audit report issued on 19 December 2018. The Minister for Public Expenditure and Reform is responsible for laying the LRC's financial statements before the Houses of the Oireachtas. The 2017 audited financial statements were received by the Minister on 12 February 2019, and were presented to the Oireachtas on 15 February 2019.

Appropriation Account 2018

Vote 4

Central Statistics Office

Introduction

As Accounting Officer for Vote 4, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Central Statistics Office (CSO).

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.687 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreements between this Office and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on these and a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

The position in regard to the financial and control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. I confirm that during 2018, the Office complied with these procedures with the exception of expenditure of €211,082 in relation to four contracts rolled over pending completion of tendering processes. Three of the contracts related to telecommunications and one to catering services. A tender process was undertaken in 2018 in respect of two contracts and the remaining two are expected to be finalised during 2019.

Internal audit and audit committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the management board on a bi-annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the management board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Pádraig Dalton
Accounting Officer
Central Statistics Office

26 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 4 Central Statistics Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 4 Central Statistics Office for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 4 Central Statistics Office for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Central Statistics Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 4 Central Statistics Office

Appropriation Account 2018

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Delivery of annual statistical programme	50,347	48,486	46,269
	Gross expenditure	**50,347**	**48,486**	**46,269**
	Deduct			
B	**Appropriations-in-aid**	**1,601**	**1,427**	**1,542**
	Net expenditure	**48,746**	**47,059**	**44,727**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**1,686,701**	**3,856,323**

Pádraig Dalton
Accounting Officer
Central Statistics Office

26 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		37,947	36,080
Non pay		10,539	10,189
Gross expenditure		**48,486**	**46,269**
Deduct			
Appropriations-in-aid		**1,427**	**1,542**
Net expenditure		**47,059**	**44,727**
Changes in capital assets			
Purchases cash	(1,404)		
Depreciation	1,952		
		548	3,531
Changes in net current assets			
Decrease in closing accruals	(239)		
Increase in stock	(11)		
		(250)	190
Direct expenditure		**47,357**	**48,448**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		8,083	7,718
Notional rents		1,646	1,568
Net programme cost		**57,086**	**57,734**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 4 borne elsewhere.

		2018	2017
		€000	€000
Vote 9	Office of the Revenue Commissioners	1,781	1,760
Vote 12	Superannuation and Retired Allowances	4,978	4,796
Vote 13	Office of Public Works	1,238	1,057
Vote 18	National Shared Services Office	86	105
		8,083	**7,718**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	6,600	7,239
Current assets			
Bank and cash	2.3	(145)	327
Stocks	2.4	54	43
Prepayments		1,054	781
Accrued income		445	313
Other debit balances	2.5	413	328
Net Exchequer funding due	2.7	896	807
Total current assets		2,717	2,599
Less current liabilities			
Accrued expenses		503	427
Other credit balances	2.6	1,163	1,462
Total current liabilities		1,666	1,889
Net current assets		1,051	710
Net assets		**7,651**	**7,949**
Represented by:			
State funding account	2.1	**7,651**	**7,949**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			7,949	11,669
Disbursements from the Vote				
Estimate provision	Account	48,746		
Surplus to be surrendered	Account	(1,687)		
Net vote			47,059	44,728
Expenditure (cash) borne elsewhere	1		8,083	7,718
Non-cash expenditure – notional rent	1		1,646	1,568
Net programme cost	1		(57,086)	(57,734)
Balance at 31 December			**7,651**	**7,949**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	34	66,401	3,424	258	70,117
Additions	—	372	20	921	1,313
Disposals	—	(365)	(75)	—	(440)
Brought into use	—	310	—	(310)	—
Cost or valuation at 31 December 2018	34	66,718	3,369	869	70,990
Accumulated depreciation					
Opening balance at 1 January 2018	34	59,575	3,269	—	62,878
Depreciation for the year	—	1,918	34	—	1,952
Depreciation on disposals	—	(365)	(75)	—	(440)
Cumulative depreciation at 31 December 2018	34	61,128	3,228	—	64,390
Net assets at 31 December 2018	**—**	**5,590**	**141**	**869**	**6,600**
Net assets at 31 December 2017	—	6,826	155	258	7,239

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	(177)	245
Other commercial bank account balance	31	81
Petty cash	1	1
	(145)	**327**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	41	33
IT consumables	13	10
	54	**43**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable salary costs	155	170
Recoupable travel costs	15	19
Recoupable travel pass scheme	34	17
OPW suspense balance	87	83
Other debit suspense items	122	39
	413	**328**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	431	564
Pay Related Social Insurance	303	391
Professional Services Withholding Tax	38	8
Value Added Tax	15	35
Pension contributions	97	94
Universal Social Charge	92	133
	976	1,225
Payroll deductions held in suspense	175	188
Other credit suspense items	12	49
	1,163	**1,462**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,687	3,856
Exchequer grant undrawn	(2,583)	(4,663)
Net Exchequer funding due	**(896)**	**(807)**
Represented by:		
Debtors		
Bank and cash	(145)	327
Debit balances: suspense	412	328
	267	655
Creditors		
Due to State	(976)	(1,225)
Credit balances: suspense	(187)	(237)
	(1,163)	(1,462)
	(896)	**(807)**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	5,467	5,083
Total of legally enforceable commitments	**5,467**	**5,083**

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities	1	25

2.10 Contingent liabilities

The Office is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	40,188	37,947	36,080
ii	Travel and subsistence	1,200	1,316	1,348
iii	Training and development and incidental expenses	1,100	1,268	1,439
iv	Postal and telecommunications services	800	796	797
v	Office equipment and external IT services	4,103	4,599	3,907
vi	Office premises expenses	1,000	1,138	1,057
vii	Consultancy services and value for money and policy reviews	70	63	69
viii	Collection of statistics	1,886	1,359	1,572
		50,347	**48,486**	**46,269**

Significant variations

All the vote expenditure is classified as administration expenditure. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €40.188 million, outturn: €37.947 million

The decrease of €2.241 million on expenditure on salaries, wages and allowance was due to the estimate allocation being based on staff numbers of 801 as detailed in the Revised Estimates Volume. The average staff number for the year was less than this at 745 but varied from month to month because of the cyclical nature of the work of the Office. Vacancies at Statistician and IT/technical level continued to exist throughout 2018 as the market for suitably qualified staff with statistical/analytical and IT skills continued to be very competitive. In addition, some recruitment of general service grades was delayed due to the non-availability of central panels.

v *Office equipment and external IT services*

Estimate provision: €4.103 million, outturn: €4.599 million

The increase of €496,000 on expenditure on office equipment and external IT services was due to unavoidable and on-going increases in fees for IT support and upgrades to core business systems.

viii *Collection of statistics*

Estimate provision: €1.886 million, outturn: €1.359 million

The decrease of €527,000 on expenditure on collection of statistics was due to lower than anticipated costs associated with the operation of a call centre that is used for some responses to household surveys.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	European Union receipts	130	62	277
2	Miscellaneous	70	32	70
3	Receipts from pension-related deduction on public service remuneration	1,401	1,333	1,195
	Total	**1,601**	**1,427**	**1,542**

Significant variations

Overall, appropriations-in-aid were €174,000 less than the estimate as forecast.

Explanations for variances are set out below:

1 European Union receipts

Estimate provision: €130,000, outturn: €62,000

The shortfall of €68,000 was due to lower than expected receipts from the EU in 2018. A statement of costs in respect of the 2016 Farm Structure Survey issued in June 2018 in the amount of €201,000 but no payment was received by 31 December 2018. Payments are made following submission of results and depend on satisfactory acceptance by Eurostat. This makes accurate prediction of when due amounts are likely to be received difficult.

2 Miscellaneous

Estimate provision: €70,000, outturn: €32,000

The shortfall of €38,000 was due to the CSO policy of making all statistics freely available on the internet.

Note 5 Staffing and Remuneration

5.1 Employee numbers(full time equivalents)

	2018	2017
Number of staff at year end	772	737

5.2 Pay

	2018 €000	2017 €000
Pay	35,048	33,371
Higher, special or additional duties allowance	94	110
Other allowances	93	79
Overtime	75	68
Employer's PRSI	2,637	2,452
Total Pay	**37,947**	**36,080**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	50	—	8,005	7,522
Overtime and extra attendance	16	1	16,978	15,059
Shift and roster allowances	12	—	9,217	9,007
Miscellaneous	1	—	7,050	6,961
Extra remuneration in more than one category	19	4	24,285	22,266

5.4 Payroll overpayments

Overpayments at the year end were €52,817 (2017: €107,083). At year end there were a further 60 cases, where the value of the overpayment has yet to be finalised and an agreement for recoupment is awaited. Of these, 52 have an estimated value of €88,046.

Note 6 Miscellaneous

6.1 Support for statistical endeavour

The Office awarded prize money of €3,220 in 2018 (€3,210 in 2017) as part of the eight John Hooper Medal for Statistics competition. This competition was open to senior cycle second level students.

6.2 EU funding

The Office receives funding in relation to projects/surveys conducted on behalf of Eurostat. During 2018, the CSO received EU income of €61,791 on foot of a contract that facilitates purchasing power parity comparison between capital city prices. This funding has been recognised as appropriations-in-aid in 2018. The related expenditure will mainly be incurred in 2019 and charged to Subhead A i.

6.3 Compensation and legal costs

					2018	2017
	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by:						
Employees	—	—	—	—	—	20
Members of the public	—	—	—	—	—	86
		—	—	—	—	**106**

Appropriation Account 2018

Vote 5

Office of the Director of Public Prosecutions

Introduction

As Accounting Officer for Vote 5, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit. In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Director of Public Prosecutions.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €942,617 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of HR/payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of eight contracts to the value of €393,809 (excluding VAT) which were listed in my annual return in respect of Circular 40/2002. Five of the contracts, to the value of €270,135 (excluding VAT), involved services for which there was only one supplier. Two of the remaining contracts, which had originally been awarded under a competitive process, were extended beyond their original contract dates. One of the contracts, to a value of €30,047 (excluding VAT), involved the provision of telephone services. The other, to a value of €67,024 (excluding VAT), was for cleaning services. A competitive tendering process for both contracts is currently underway with the support of the Office of Government Procurement. The last contract for €26,603 (excluding VAT) was for courier services. This had been placed without a tender pending the move of all staff to a single location. This contract is currently being addressed under an OGP framework agreement.

Internal audit and audit committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a twice yearly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 5 Office of the Director of Public Prosecutions

Opinion on the appropriation account

I have audited the appropriation account for Vote 5 Office of the Director of Public Prosecutions for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 5 Office of the Director of Public Prosecutions for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Director of Public Prosecutions and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 5 Office of the Director of Public Prosecutions

Appropriation Account 2018

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of prosecution service	44,466	43,389	41,682
	Gross expenditure	**44,466**	**43,389**	**41,682**
	Deduct			
B	**Appropriations-in-aid**	**964**	**830**	**778**
	Net expenditure	**43,502**	**42,559**	**40,904**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**942,617**	**189,816**

Barry Donoghue
Accounting Officer
Office of the Director of Public Prosecutions

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		25,919	24,850
Pay		14,185	13,264
Non pay		3,285	3,568
Gross expenditure		**43,389**	**41,682**
Deduct			
Appropriations-in-aid		**830**	**778**
Net expenditure		**42,559**	**40,904**
Changes in capital assets			
Purchases cash	(415)		
Depreciation	188		
Loss on disposals	—		
		(227)	(26)
Changes in net current assets			
Decrease in closing accruals	(197)		
Increase in stock	(65)		
		(262)	(274)
Direct expenditure		**42,070**	**40,604**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,239	2,547
Notional rents		1,955	1,862
Net programme cost		**46,264**	**45,013**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 5 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,543	1,653
Vote 13 Office of Public Works	478	680
Vote 18 National Shared Services Office	17	27
Vote 20 Garda Síochána	201	187
	2,239	**2,547**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	554	327
Current assets			
Bank and cash	2.3	875	844
Stocks	2.4	130	65
Prepayments		170	131
Other debit balances	2.5	77	248
Net Exchequer funding due	2.7	19	(66)
Total current assets		1,271	1,222
Less current liabilities			
Accrued expenses		2,661	2,819
Other credit balances	2.6	971	1,026
Total current liabilities		**3,632**	**3,845**
Net current liabilities		(2,361)	(2,623)
Net liabilities		**(1,807)**	**(2,296)**
Represented by:			
State funding account	2.1	**(1,807)**	**(2,296)**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			(2,296)	(2,596)
Disbursements from the Vote				
Estimate provision	Account	43,502		
Surplus to be surrendered	Account	(943)		
Net vote			42,559	40,904
Expenditure (cash) borne elsewhere	1		2,239	2,547
Non cash expenditure – notional rent	1		1,955	1,862
Net programme cost	1		(46,264)	(45,013)
Balance at 31 December			**(1,807)**	**(2,296)**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	3,402	561	3,963
Additions	398	17	415
Disposals	(248)	(3)	(251)
Cost or valuation at 31 December 2018	3,552	575	4,127
Accumulated depreciation			
Opening balance at 1 January 2018	3,138	498	3,636
Depreciation for the year	178	10	188
Depreciation on disposals	(248)	(3)	(251)
Cumulative depreciation at 31 December 2018	3,068	505	3,573
Net assets at 31 December 2018	**484**	**70**	**554**
Net assets at 31 December 2017	264	63	327

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	865	768
Commercial bank account balances	10	76
	875	**844**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	29	28
IT consumables	101	37
	130	**65**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Other debit balances	77	248

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	489	548
Pay Related Social Insurance	148	180
Professional Services Withholding Tax	299	270
Value Added Tax	25	24
	961	1,022
Other credit suspense items	10	4
	971	**1,026**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	943	190
Exchequer grant undrawn	(962)	(124)
Net Exchequer funding due	**(19)**	**66**
Represented by:		
Debtors		
Bank and cash	875	844
Debit balances: suspense	77	248
	952	1,092
Creditors		
Due to State	(961)	(1,022)
Credit balances: suspense	(10)	(4)
	(971)	(1,026)
	(19)	**66**

2.8 Commitments

The Office had commitments in respect of legal fees at the year end, but the value of these commitments is difficult to estimate accurately, due to the inherent uncertainties and status of outstanding cases. The Office had no other legally enforceable commitments at 31 December 2018 (2017: NIL).

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	67	144

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	15,285	14,185	13,264
ii	Travel and subsistence	109	169	172
iii	Training and development and incidental expenses	1,212	970	1,123
iv	Postal and telecommunications services	240	211	238
v	Office equipment and external IT services	791	1,130	658
vi	Office premises expenses	948	784	1,341
vii	Consultancy services and value for money and policy reviews	37	21	36
		18,622	**17,470**	**16,832**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

v *Office equipment and external IT services*

Estimate provision €791,000 outturn €1.13 million

The excess in expenditure of €339,000 on expenditure relative to the estimate provision was due to the upgrade of a major IT system.

Programme A Provision of a Prosecution Service

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	15,285	14,185	13,264
A.2	Administration – non-pay	3,337	3,285	3,568
A.3	Fees to counsel	16,068	17,392	16,406
A.4	General law expenses	2,946	1,678	1,883
A.5	Local state solicitor service	6,830	6,849	6,561
		44,466	**43,389**	**41,682**

Significant variations

Overall, the expenditure in relation to Programme A was €1.077 million lower than provided. Administration expenditure was €1.152 million less than estimated. The balance of the variance was mainly due to the following:

A.3 Fees to counsel

Estimate provision €16.068 million, outturn €17.392 million

The excess in expenditure of €1.324 million on expenditure relative to the estimate provision was due to higher than expected activity in certain courts.

A.4 General law expenses

Estimate provision €2.946 million, outturn €1.678 million

The saving of €1.268 million on expenditure relative to the estimate provision was due to fewer cost awards in 2018 than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	128	99	117
2	Receipts from pension-related deductions on public service remuneration	836	731	661
	Total	964	**830**	**778**

Significant variations

Overall, appropriations in aid were €134,000 lower than estimated. This was mainly due to the following:

2 *Receipts from pension-related deductions on public service remuneration*

Estimate Provision €836,000 outturn €731,000

Receipts were less than expected due to an increase in the annual PRD thresholds and because posts which had been budgeted for were not filled.

4.2 Extra receipts payable to the Exchequer

Receipts of €19,273 (2017: €4,488) arising from forfeitures ordered by the courts were lodged to the Exchequer.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	206	199

5.2 Pay

	2018	2017
	€000	€000
Pay	13,001	12,169
Higher, special or additional duties allowance	115	118
Overtime	5	6
Employer's PRSI	1,064	971
Total pay	**14,185**	**13,264**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	37	4	41,592	41,592
Overtime and extra attendance	8	—	944	1,845
Extra remuneration in more than one category	—	—	—	1,319

5.4 Other remuneration arrangements

This account includes expenditure of €149,906 (2017: €137,088) in respect of one officer who was serving outside the Office in 2018 and whose salary was paid from Subhead A.1.

5.5 Payroll overpayments

Overpayments at the year-end were €14,625 in respect of 14 individuals (2017: €2,170, four individuals). These were estimated amounts, so no recovery plans were in place at the year end. At the end of 2017, three recovery plans were in place in respect of agreed overpayments totalling €520.

Appropriation Account 2018

Vote 6

Office of the Chief State Solicitor

Introduction

As Accounting Officer for Vote 6, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Chief State Solicitor.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.087 million is liable for surrender to the Exchequer. The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Accrued expenses

Accrued expenses include counsel fee notes received from counsel which are subject to an evaluation and assessment process to determine the level of fees due. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

The National Shared Services Office provides human resource and payroll services to the Office of the Chief State Solicitor.

I rely on the letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of 14 contracts to the value of €1,112,703 which were listed in my annual return in respect of Circular 40/2002. Seven contracts to a value of €260,852 related to payments to sole suppliers. In the other seven cases with a value of €851,851, local contract arrangements were in place contrary to national procurement guidelines. The Office has completed the tendering process for one of the more significant items of expenditure and a new contract will be in place with effect from 1 April, 2019. It is also intended to make use of arrangements which the Office of Government Procurement (OGP) now has in place, to award a number of contracts during 2019.

Significant financial risks

As outlined above, maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Internal audit and audit committee

I confirm that, since 2015, the Office retains an internal audit function through a contract agreement with a professional auditing company with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up. An internal audit function for the Office was in place during 2018.

Information and communications technology security

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

Administrative and financial controls

The Management Board and the Audit Committee regularly review controls. All internal audit reports are considered by the Audit Committee.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a semi-annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office’s monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

29 March 2019

Comptroller and Auditor General

Report for the presentation to Houses of the Oireachtas

Vote 6 Office of the Chief State Solicitor

Opinion on the appropriation account

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 6 Office of the Chief State Solicitor for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Chief State Solicitor and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 6 Office of the Chief State Solicitor

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of legal services	34,779	33,982	33,132
	Gross expenditure	**34,779**	**33,982**	**33,132**
	Deduct			
B	**Appropriations-in-aid**	**1,084**	**1,374**	**1,141**
	Net expenditure	**33,695**	**32,608**	**31,991**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**1,087,182**	**348,872**

Maria Browne
Accounting Officer
Office of the Chief State Solicitor

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		15,217	14,833
Pay		16,591	15,697
Non pay		2,174	2,602
Gross expenditure		**33,982**	**33,132**
Deduct			
Appropriations-in-aid		**1,374**	**1,141**
Net expenditure		**32,608**	**31,991**
Changes in capital assets			
Purchases cash	(99)		
Depreciation	276		
Loss on disposals	1		
		178	(46)
Changes in net current assets			
Increase in closing accruals	1,871		
Decrease in stock	4		
		1,875	(1,243)
Direct expenditure		**34,661**	**30,702**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,192	2,497
Notional rents		835	795
Net programme cost		**38,688**	**33,994**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 6 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,543	1,653
Vote 13 Office of Public Works	1,624	814
Vote 18 National Shared Services Office	25	30
	3,192	**2,497**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	596	774
Current assets			
Bank and cash	2.3	830	648
Stocks		47	51
Prepayments		241	286
Accrued income	2.4	9,806	9,631
Other debit balances		181	179
Net Exchequer funding due	2.6	103	227
Total current assets		11,208	11,022
Less current liabilities			
Accrued expenses		2,806	805
Other credit balances	2.5	1,114	1,054
Total current liabilities		3,920	1,859
Net current assets		7,288	9,163
Net assets		**7,884**	**9,937**
Represented by:			
State funding account	2.1	**7,884**	**9,937**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			9,937	8,648
Disbursements from the Vote				
Estimate provision	Account	33,695		
Surplus to be surrendered	Account	(1,087)		
Net vote			32,608	31,991
Expenditure (cash) borne elsewhere	1.1		3,192	2,497
Non cash expenditure – notional rent	1		835	795
Net programme cost	1		(38,688)	(33,994)
Balance at 31 December			**7,884**	**9,937**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	4,609	1,729	6,338
Additions	82	17	99
Disposals	(133)	(22)	(155)
Cost or valuation at 31 December 2018	4,558	1,724	6,282
Accumulated depreciation			
Opening balance at 1 January 2018	3,982	1,582	5,564
Depreciation for the year	224	52	276
Depreciation on disposals	(132)	(22)	(154)
Cumulative depreciation at 31 December 2018	4,074	1,612	5,686
Net assets at 31 December 2018	**484**	**112**	**596**
Net assets at 31 December 2017	627	147	774

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	821	642
Other bank account balances	9	6
	830	**648**

Non-vote bank accounts

The CSSO maintains a number of bank accounts held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No moneys due to or paid from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2018 (not included in this account) is €6.29 million (2017: €1.74 million).

2.4 Accrued income

Accrued income represents taxed costs due to the State not yet recovered. It is the policy of the Office to pursue the recovery of all taxed costs awarded in favour of the State.

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	277	387
Pay Related Social Insurance	153	212
Professional Services Withholding Tax	489	415
Pension Contributions	64	-—
Value Added Tax	7	7
Local Property Tax	1	1
	991	1,022
State Property – Escheated Estates	123	32
	1,114	**1,054**

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,087	349
Exchequer grant undrawn	(1,190)	(576)
Net Exchequer funding due	**(103)**	**(227)**
Represented by:		
Debtors		
Bank and cash	830	648
Debit balances: suspense	181	179
	1,011	827
Creditors		
Due to State	(991)	(1,022)
Credit balances: suspense	(123)	(32)
	(1,114)	(1,054)
	(103)	**(227)**

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Total of legally enforceable commitments	903	1,088

2.8 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	83	40

Note 3 Vote Expenditure

Analysis of administration expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	17,371	16,591	15,697
ii	Travel and subsistence	70	97	65
iii	Training, development and incidental expenses	813	971	1,030
iv	Postal and telecommunications services	350	310	343
v	Office equipment and external IT services	750	656	952
vi	Office premises expenses	275	123	190
vii	Consultancy services and value for money policy reviews	50	17	22
		19,679	**18,765**	**18,299**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €17.371 million, outturn: €16.591 million

The saving of €780,000 on expenditure on salaries, wages and allowances was due to greater number of unexpected departures and timing of recruiting replacement staff. The Office also recovered from other government departments staff costs related to specific legal work.

vi *Office premises expenses*

Estimate provision: €275,000, outturn: €123,000

The saving of €152,000 in this subhead was due to lower than expected repair and maintenance requirements.

Programme A Provision of legal services

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration — pay	17,371	16,591	15,697
A.2	Administration — non pay	2,308	2,174	2,602
A.3	External legal services	200	221	235
A.4	Fees to counsel	13,500	13,971	13,627
A.5	General law expenses	1,400	1,025	971
		34,779	**33,982**	**33,132**

Significant variations

Overall, the expenditure in relation to Programme A was €797,000 lower than provided. This comprised the aggregate of (a) a saving of €914,000 related to administration expenditure that has already been explained and (b) a net excess of €117,000 in non-administration expenditure, which was mainly due to the following.

A.5 *General law expenses*

Estimate provision: €1.40 million, outturn: €1.025 million

The saving in expenditure of €375,000 relative to the estimate provision was due to the unpredictability of how legal cases progress through the courts.

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Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Costs and fees received by the Office of the Chief State Solicitor	200	556	397
2	Receipts from pension-related deductions on public service remuneration	884	818	744
		1,084	**1,374**	**1,141**

Significant variations

Overall, appropriations-in-aid were €290,000 more than the estimate.

Explanations for variances are set out below.

1 Costs and fees received by the Office of the Chief State Solicitor

Estimate provision: €200,000, outturn: €556,000

The increase of €356,000 was due to a combination of (a) a number of significant unexpected cost recoveries and (b) higher fees recovered on an increased volume of applications for sports capital grants.

4.2 Extra receipts payable to the Exchequer

A total of €2,540 (2017: €19,429) was lodged to the Exchequer under the State Property Act 1954.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	**260**	**260**

5.2 Pay

	2018	2017
	€000	€000
Pay	15,038	14,269
Higher, special or additional duties allowance	108	111
Other allowances	7	7
Overtime	49	35
Employer's PRSI	1,389	1,275
Total pay	**16,591**	**15,697**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	40	2	14,159	24,265
Other allowances	6	—	1,783	1,843
Overtime	22	1	15,334	8,502
Extra remuneration in more than than one category	7	1	19,229	11,380

5.4 Payroll overpayments

Overpayments at the year-end were €41,712 in respect of 41 individuals (2017: €43,934, 41 individuals). Of this €30,934, 32 individuals have recovery plans in place (2017: €20,058, 20 individuals).

Note 6 Miscellaneous

6.1 Counsel fee notes

The CSSO operates a robust system to determine the appropriate counsel fee level on a case-by-case basis. Following nomination by the Attorney General, counsel undertake the legal work and submit a fee note. The CSSO evaluates each fee note to decide what level of fee is appropriate for the work performed, taking into account a variety of factors, inter alia, case complexity, amount of work done by counsel, and performance of counsel.

Counsels' fee notes	**Number of notes**	**Amount submitted**	**Mark down value**
at 31 December 2018		**€000**	**€000**
Amount sought	**1,178**	12,449	In progress
Accruals	**576**	**3,885**	2,613

The accruals number above is included in the amount sought total. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year and this figure is included in the accrued expenses figure in the statement of financial position.

Appropriation Account 2018

Vote 7

Office of the Minister for Finance

Introduction

As Accounting Officer for Vote 7, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Finance, including the Paymaster-General's Office, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

The account has been prepared in accordance with the 2018 Revised Estimate for the Office of the Minister for Finance.

A surplus of €6.364 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018 have been applied in the preparation of the account, except for the following:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7 and spend on IT consumable stocks is recorded under Vote 11. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective departments.

As most capital assets are shared, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform. In general, furniture and fittings and office equipment assets are recorded on the asset register of the Department of Finance and IT equipment assets are recorded on the asset register of the Department of Public Expenditure and Reform. Depreciation on assets is charged to each department on the basis of staff numbers. Notwithstanding any of the above, the Department of Finance has purchased certain assets since 2012 which were for its exclusive use and the depreciation in respect of these is not apportioned.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Assurance on shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this department and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems, and
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. Two contracts one with a value of €61,773, and the other with a value of €26,543 were listed on my annual return in respect of Circular 40/2002. A brief outline of the contracts are set out below.

One contract with a value of €62,000 (ex VAT) was placed with specialist translators engaged to assist in preparation of a State aid case. One contract with a value of €22,000 (ex VAT) was placed with an academic consultant commissioned to carry out a review of a subject where he had expert knowledge.

Significant financial risks

There are no significant financial risks for the Vote**.**

Internal audit and audit committee

I confirm that the Department uses the services of the Department of Public Expenditure and Reform internal audit function under the terms of a service level agreement between the two departments. The Department of Public Expenditure and Reform internal audit unit operates under a written charter which has been approved by the Secretary General of the Department of Public Expenditure and Reform. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans (which are prepared in consultation with the Audit Committee and approved by me) are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Executive Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Executive Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Derek Moran
Accounting Officer
Office of the Minister for Finance

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 7 Office of the Minister for Finance

Opinion on the appropriation account

I have audited the appropriation account for Vote 7 Office of the Minister for Finance for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 7 Office of the Minister for Finance for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Minister for Finance and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 7 Office of the Minister for Finance

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Economic and fiscal policy	20,511	19,256	18,864
B	Banking and financial services policy	12,634	9,360	8,061
C	Delivery of shared services	8,903	7,521	7,049
	Gross expenditure	**42,048**	**36,137**	**33,974**
	Deduct			
D	**Appropriations-in-aid**	**1,401**	**1,854**	**1,440**
	Net expenditure	**40,647**	**34,283**	**32,534**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**6,364,005**	**7,162,688**

Derek Moran
Accounting Officer
Office of the Minister for Finance

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		14,129	13,310
Pay		18,109	17,410
Non pay		3,899	3,254
Gross expenditure		**36,137**	**33,974**
Deduct			
Appropriations-in-aid		**1,854**	**1,440**
Net expenditure		**34,283**	**32,534**
Changes in capital assets			
Purchases cash	(92)		
Depreciation	154		
		62	86
Changes in net current assets			
Increase in closing accruals	493		
Decrease in stock	7		
		500	(465)
Direct expenditure		**34,845**	**32,155**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		14,279	13,456
Notional rents		1,028	979
Net programme cost		**50,152**	**46,590**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 7 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2018	2017
	€000	€000
Vote 11 Public Expenditure and Reform	280	245
Vote 12 Superannuation and Retired Allowances	12,284	13,323
Vote 13 Office of Public Works	1,910	713
Vote 18 National Shared Services Office	607	35
Central Fund – Ministerial pensions	225	225
	15,306	14,541
Apportioned cost of accounting and facility support for other Votes	(1,027)	(1,085)
	14,279	**13,456**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	481	543
Current assets			
Bank and cash	2.3	1,807	2,130
Stocks	2.4	15	22
Prepayments		301	337
Other debit balances	2.5	242	186
Accrued income		117	736
Total current assets		2,482	3,411
Less current liabilities			
Accrued expenses		190	352
Other credit balances	2.6	544	850
Net Exchequer funding due	2.7	1,505	1,466
Total current liabilities		2,239	2,668
Net current assets		243	743
Net assets		**724**	**1,286**
Represented by:			
State funding account	2.1	**724**	**1,286**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			1,286	907
Disbursements from the Vote				
Estimate provision	Account	40,647		
Surplus to be surrendered	Account	6,364		
Net vote			34,283	32,534
Expenditure (cash) borne elsewhere	1.1		14,279	13,456
Non cash expenditure – notional rent	1		1,028	979
Net programme cost	1		(50,152)	(46,590)
Balance at 31 December			**724**	**1,286**

2.2 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	534	1,582	532	2,648
Additions	62	30	—	92
Disposals	(5)	(1,115)	(144)	(1,264)
Cost or valuation at 31 December 2018	591	497	388	1,476
Accumulated depreciation				
Opening balance at 1 January 2018	348	1,347	411	2,106
Depreciation for the year	75	42	37	154
Depreciation on disposals	(5)	(1,116)	(144)	(1,265)
Cumulative depreciation at 31 December 2018	418	273	304	995
Net assets at 31 December 2018	**173**	**224**	**84**	**481**
Net assets at 31 December 2017	186	235	122	543

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	1,807	2,056
Other bank accounts	—	74
	1,807	**2,130**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	8	8
IT consumables	7	14
	15	**22**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel expenditure	71	56
Travel imprests	1	2
Recoupable travel pass scheme expenditure	158	114
Other debit suspense items	12	14
	242	**186**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	238	308
Pay Related Social Insurance	149	191
Professional Services Withholding Tax	39	29
Value Added Tax	20	5
Pension contributions	1	68
Local Property Tax	2	2
Universal Social Charge	52	69
	501	672
Payroll deductions held in suspense	4	94
Other credit suspense items	—	74
Recoupable salaries	39	10
	544	**850**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	6,364	7,163
Exchequer grant undrawn	(4,859)	(5,697)
Net Exchequer funding due	**1,505**	**1,466**
Represented by:		
Debtors		
Bank and cash	1,807	2,130
Debit balances: suspense	242	186
	2,049	2,316
Creditors		
Due to State	(501)	(672)
Credit balances: suspense	(43)	(178)
	(544)	(850)
	1,505	**1,466**

2.8 Commitments

The Department had no legally binding commitments at 31 December 2018.

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	4	14

2.10 Contingent liabilities

There is litigation in progress regarding Irish Bank Resolution Corporation (IBRC) and Permanent TSB (PTSB). These actions are being defended and no estimate of the potential liability has been made.

Certain third party protections (in the form of warranties and indemnities) have been provided in connection with the sale of Irish Life Limited, the disposal of the Bank of Ireland contingent capital notes, the disposal of the preference shares in Bank of Ireland and the liquidation of IBRC.

Note 3 Vote Expenditure

Analysis of Administration Expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,671	18,109	17,410
ii	Travel and subsistence	850	759	672
iii	Training and development and incidental expenses	1,155	926	990
iv	Postal and telecommunications services	384	331	358
v	Office equipment and external IT services	977	780	783
vi	Office premises expenses	1,921	1,105	451
vii	Consultancy and other services	50	—	—
		24,008	**22,010**	**20,664**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €18.671 million, outturn: €18.109 million

The variance of €562,000 on expenditure on salaries, wage and allowances was due to the timing of recruitment.

vi. *Office premises expenses*

Estimate provision: €1.921 million, Outturn: €1.105 million

The variance of €816,000 on expenditure on office premises expenses was due to planned capital projects which were budgeted for not taking place during the year.

Programme A Economic and Fiscal Policy

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration – pay	7,424	6,931	6,658
A.2	Administration – non pay	992	894	874
A.3	Committee and commissions	370	314	277
A.4	Consultancy and other services	1,725	1,076	1,602
A.5	Fuel grant	10,000	10,041	9,453
		20,511	**19,256**	**18,864**

Significant variations

Overall, the expenditure in relation to Programme A was €1.255 million lower than provided. €591,000 of this related to administration expenditure and has already been explained. The remaining variance was mainly due to the following.

A.4 Consultancy and other services

Estimate provision €1.725 million, outturn €1.076 million

The variance in expenditure of €649,000 is due to the nature of this subhead. The work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise.

Programme B Banking and Financial Services Policy

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
B.1	Administration – pay	5,774	5,839	5,433
B.2	Administration – non pay	1,000	853	693
B.3	Committees and commissions	25	18	11
B.4	Consultancy and other services	4,885	1,700	1,924
B.5	Office of the Financial Services and Pensions Ombudsman	950	950	—
		12,634	**9,360**	**8,061**

Significant variations

Overall, the expenditure in relation to Programme B was €3.274 million lower than provided. The variance was mainly due to the following

B.4 Consultancy and other services

Estimate provision: €4.885 million, outturn: €1.7 million

The shortfall in expenditure of €3.185 million relative to the estimate provision is due to the nature of this subhead. The work programme cannot be predicted with certainty and budgets must be set at a prudent level to allow the units to address issues as they arise.

Programme C Delivery of Shared Services

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
C.1	Administration – pay	5,473	5,339	5,319
C.2	Administration – non pay	3,345	2,152	1,687
C.3	Consultancy and other services	85	31	43
		8,903	**7,522**	**7,049**

Significant variations

Overall, the expenditure in relation to Programme C was €1.381 million lower than provided. This mainly related to administration expenditure and has already been explained.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Recoupment of certain expenses in relation to the stabilisation of the banking sector	500	942	601
2	Miscellaneous	100	115	103
3	Receipts from pension-related deductions on public service remuneration	801	797	736
		1,401	**1,854**	**1,440**

Significant variations

1 *Recoupment of certain expenses in relation to the stabilisation of the banking sector*

Estimate provision: €500,000, outturn: €942,000

The increase of €442,000 was a result of the budget for 2018 recoupments being set at a prudent level because the timing and extent of same could not be predicted with certainty at the time of preparing the estimates.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Collected	1	1
Transferred to the Exchequer	(1)	(1)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	**312**	**310**

5.2 Pay

	2018	2017
	€000	**€000**
Pay	16,332	15,633
Redundancy	—	72
Higher, special or additional duties allowance	113	99
Other allowances	225	273
Overtime	180	159
Employer's PRSI	1,259	1,174
Total pay	**18,109**	**17,410**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	16	1	38,696	22,626
Other allowances	57	6	54,252	79,109
Overtime	51	1	14,187	23,268
Extra remuneration in more than one category	19	7	35,511	33,596

5.4 Other remuneration arrangements

This account includes expenditure of €125,844 in respect of four officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department.

5.5 Payroll overpayments

Overpayments at the year-end were €41,924 in respect of seventeen cases (2017: €51,830, ten cases). Of this, €4,437 have recovery plans in place in respect of three cases (2017: €8,045, four cases).

6 Miscellaneous

6.1 Banking system functions

The Minister for Finance delegated a number of banking system functions to the National Treasury Management Agency (NTMA) under Statutory Instrument (SI) no. 115 of 2010. This delegation was revoked with effect from 5 August 2011 under SI no. 395 of 2011 and the NTMA banking unit has since then been seconded to the Department of Finance. At the direction of the Minister, the costs of the unit, comprising staff costs and certain consultancy costs, continue to be met by the NTMA.

6.2 Committees and commissions

	2018	2017
	€000	€000
Credit Union Advisory Committee [a]	18	11
Disabled Drivers Appeals Board [b]	314	277
	332	**288**

Notes

[a] The Committee's statutory function (under section 180 of the Credit Union Act 1997) is to advise regarding

- improvement of the management of credit unions
- protection of the interest of members and creditors of credit unions, and
- other matters relating to credit unions upon which the Minister, the Central Bank or such other persons as may be specified by the Minister, may from time to time seek by way of advice from the Committee.

[b] The Disabled Drivers Medical Board of Appeals acts as an appeal body for those applicants refused a primary medical certificate by a senior medical officer in respect of the Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme. The Board was established in 1989.

6.3 Compensation and legal costs

There were no payments in 2018 in respect of claims taken against the Department.

Appendix A Accounts of bodies and funds under the aegis of the Department of Finance

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end of March 2019, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Central Bank	2017	20 Mar 18	24 Apr 18	9 May 18
Credit Institutions (Eligible Liabilities Guarantee) Scheme	2017	24 Aug 18	3 Sep 18	5 Sep 18
Credit Union Fund	2017	29 Jun 18	29 Jun 18	18 Jul 18
Credit Union Restructuring Board	2016	28 Jul 17	16 Aug 17	16 Aug 17
Finance Accounts	2017	28 Jun 18	29 Jun 18	18 Jul 18
Financial Services Ombudsman [a]	2017	30 Nov 18	21 Dec 18	31 Jan 19
Intestate Estates Fund Account	2017	20 Dec 18	21 Dec 18	31 Dec 18
Irish Financial Services Appeals Tribunal	2017	16 Mar 18	23 Mar 18	8 May 18
Irish Fiscal Advisory Council	2017	24 Sep 18	28 Sep 18	1 Oct 18
Local Loans Funds Accounts	2017	20 Dec 18	21 Dec 18	31 Dec 18
National Asset Management Agency	2017	30 Apr 18	18 May 18	13 Jun 18
National Treasury Management Agency	2017	31 May 18	6 June 18	9 Jul 18
Strategic Banking Corporation of Ireland	2017	30 Apr 18	8 May 18	7 Jun 18
Sundry Moneys Deposit Account	2017	18 Dec 18	18 Dec 18	31 Dec 18

Notes [a] Cessation accounts. On 1 January 2018, the Financial Services Ombudsman merged with the Pensions Ombudsman to form the Financial Services and Pensions Ombudsman.

Appropriation Account 2018

Vote 8

Office of the

Comptroller and Auditor General

Introduction

As Accounting Officer for Vote 8, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Comptroller and Auditor General.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.596 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of accounting policies and principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account. In addition, the following accounting policies have been adopted.

Accrued audit fee income

Accrued audit fee income represents audits where an opinion had been reported at the year end but the fee had not yet been invoiced.

Work in progress

Work in progress represents the estimated recoverable value associated with work undertaken on audits where a fee is chargeable but where the audit had not been completed at year end. The value of work in progress is calculated as a percentage of the agreed audit fee, based on the status of the audit at year end.

The percentage used is as follows

- cleared for certification 90%
- audit review stage 75%
- fieldwork complete 60%
- final audit in progress 30%
- interim audit completed 15%
- interim audit in progress 10%.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me as Accounting Officer. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The financial control environment is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- An Audit Committee advises in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office, and
- there are systems aimed at ensuring the security of the ICT systems.

Public procurement

Expenditure on goods and services including the cost of contracted-in staff amounted to a total of €2.4 million in 2018. The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of one contract to the value of €31,000, for IT support services. The Office continued with the existing contract while considering options as part of a strategic review of the provision of IT services.

Internal audit

I confirm that the Office has an internal audit function which operates in accordance with a written charter which I have approved. The internal audit function is provided by a private firm which uses appropriately trained personnel.

The work is informed by analysis of the financial risks to which the Office is exposed and its annual audit plans, approved by me, are based on this analysis. These plans aim to cover the key risks on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. A Risk Management Committee (RMC) comprising the three Directors of Audit oversees the risk management process.

A risk register is in place which records the key risks facing the Office. The register is regularly reviewed and updated by the RMC. The risks are graded according to their significance after taking account of mitigating controls and risks treatment actions are developed to ensure that risks are managed to an acceptable level. The results of risk management activities are reported to the Audit Committee.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Significant financial risk

Audit fees are charged for certain financial audits, as provided for in the Comptroller and Auditor General (Amendment) Act 1993. The fees form a significant proportion of the resources of the Office and a number of procedures have been put in place to ensure that costs are recovered for relevant audits. These measures include

- an annual review of the basis on which fees are charged, including a review of the recovery of costs on individual audits over time
- systems which record audit costs, audit progress and billing information
- the monitoring of financial information including audit costs and fee recovery.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of human resources and payroll processing shared services. I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Review of effectiveness of controls

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Colette Drinan
Accounting Officer
Office of the Comptroller and Auditor General

22 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 8 Office of the Comptroller and Auditor General

Opinion on the appropriation account

The appropriation account for Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2018 has been audited on my behalf by Mr Bernard Barron of Mazars, Chartered Accountants and Statutory Auditors under section 13 of the Comptroller and Auditor General (Amendment) Act 1993.

On the basis of his audit and report, in my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2018, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts.*

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

31 May 2019

Opinion to the Comptroller and Auditor General in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993

Report on the audit of the Appropriation Account

Opinion

As the auditor appointed under Section 13 of the Comptroller and Auditor General (Amendment) Act 1993, We have audited the appropriation account for Vote 8 Office of the Comptroller and Auditor General for the year ended 31 December 2018.

In our opinion, the appropriation account of the Vote for the Office of the Comptroller and Auditor General properly presents the receipts and expenditure of the Vote for the year ended 31 December 2018 and there are no matters on which I need to report, pursuant to Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993.

Basis of Opinion

We conducted our audit of the appropriation account of the Office of the Comptroller and Auditor General in accordance with the International Standards on Auditing (Ireland) (ISAs (Ireland)), applicable law and Section 3 of the Comptroller and Auditor General (Amendment) Act 1993. Our responsibilities under those standards are described in the auditor's responsibilities for the audit of the appropriation accounts section of my report. We are independent of the entity in accordance with ethical requirements that are relevant to audits in Ireland, including the ethical standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled my other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have obtained all the information and explanations which I considered necessary for the purposes of our audit. In our opinion, proper accounting records have been kept by the Office of the Comptroller and Auditor General. The appropriation account is in agreement with the accounting records.

Statement on Internal Financial Control

We have reviewed the contents of the statement on internal financial control. We have nothing to report in this regard.

Responsibilities of the Accounting Officer

Under Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is responsible for the preparation of the appropriation account. She is also responsible, inter alia, for the safeguarding of public funds and for the regularity and propriety of all transactions in the appropriation account.

Auditor's responsibilities for the audit of the Appropriation Account

It is our responsibility to audit the appropriation account in accordance with relevant legal and regulatory requirements and the ISAs. Our objective is to obtain reasonable assurance about whether the appropriation account is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the appropriation account.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the appropriation account, of whether the transactions recorded in the account conform with the authority under which they purport to have been carried out, and of whether the accounting provisions of *Public Financial Procedures* have been complied with. A further description of my responsibilities for the audit of the financial statements is located on the IAASA's website at http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsbilities for audit.pdf. That description forms part of our auditor's report.

The purpose of our audit work and to whom I owe my responsibilities

This report is made solely to the Comptroller and Auditor General, in accordance with Section 13 of the Comptroller and Auditor General (Amendment) Act 1993. Our audit work has been undertaken so that we can state to the Comptroller and Auditor General those matters We are required to state to him in our opinion and for no other purposes. To the fullest extent permitted by law We do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for the audit work, for this report, or for the opinions we have formed.

Bernard Barron

For and on behalf of

Mazars
Chartered Accountants and Statutory Auditors
Dublin 2

31 May 2019

Vote 8 Office of the Comptroller and Auditor General

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Audit and reporting	13,977	13,059	11,923
Gross expenditure		**13,977**	**13,059**	**11,923**
Deduct				
B	**Appropriations-in-aid**	**6,050**	**6,728**	**5,986**
Net expenditure		**7,927**	**6,331**	**5,937**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	1,596,252	978,145

Colette Drinan
Accounting Officer
Office of the Comptroller and Auditor General

22 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		10,133	9,898
Non pay		2,926	2,025
Gross expenditure		**13,059**	**11,923**
Deduct			
Appropriations-in-aid (Note 4)		**6,728**	**5,986**
Net expenditure		**6,331**	**5,937**
Changes in capital assets			
Purchases	(195)		
Depreciation	381		
		186	312
Changes in net current assets			
Increase in closing accruals	5		
Decrease in stock	2		
		7	(425)
Direct expenditure		**6,524**	**5,824**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,117	3,060
Notional rents		22	21
Net programme cost		**9,663**	**8,905**

1.1 Net allied services expenditure

The net allied services expenditure is made up of the following amounts associated with Vote 8 services that were borne elsewhere.

		2018	2017
		€000	€000
Vote 9	Office of the Revenue Commissioners	30	30
Vote 12	Superannuation and Retired Allowances	1,564	1,585
Vote 13	Office of Public Works	995	924
Vote 18	National Shared Services Office	16	19
Account of the Central Fund of the Exchequer		512	502
		3,117	**3,060**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	1,381	1,567
Current assets			
Stocks		1	3
Prepaid expenses		122	113
Audit fees recoverable	2.4	2,509	2,591
Other debit balances	2.5	142	117
Net exchequer funding due	2.7	640	(328)
Total current assets		3,414	2,496
Less current liabilities			
Bank and cash	2.3	411	(462)
Accrued expenses		57	125
Other credit balances	2.6	371	251
Total current liabilities		839	(86)
Net current assets		2,575	2,582
Net assets		**3,956**	**4,149**
Represented by:			
State funding account	2.1	**3,956**	**4,149**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			4,149	4,036
Disbursements for the Vote				
Estimate provision	Account	7,927		
Surplus to be surrendered	Account	(1,596)		
Net Vote			6,331	5,937
Expenditure (cash) borne elsewhere	1.1		3,117	3,060
Non-cash expenditure – notional rent	1		22	21
Net programme cost	1		(9,663)	(8,905)
Balance at 31 December			**3,956**	**4,149**

2.2 Capital assets

	Office equipment	Fixtures, furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	1,333	1,930	3,263
Additions	193	2	195
Cost or valuation at 31 December 2018	1,526	1,932	3,458
Accumulated depreciation			
Opening balance at 1 January 2018	1,113	583	1,696
Depreciation for the year	188[a]	193	381
Cumulative depreciation at 31 December 2018	1,301	776	2,077
Net assets at 31 December 2018	**225**	**1,156**	**1,381**
Net assets at 31 December 2017	220	1,347	1,567

Note [a] The figure includes additional depreciation charged in respect of assets no longer in use by the Office but held as contingency.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	(532)	280
Commercial bank account balance	121	182
	(411)	**462**

2.4 Audit fees recoverable

at 31 December	2018	2017
	€000	€000
Audit fee debtors	229	521
Accrued audit fee income	1,891	1,673
Work in progress	389	397
	2,509	**2,591**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel expenditure and travel pass scheme	127	97
Recoupable expenditure from co-tenants	10	20
Salary suspense	5	—
	142	**117**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	116	105
Pay Related Social Insurance	86	75
Universal Social Charge	25	24
Professional Services Withholding Tax	74	20
Value Added Tax	64	26
Local Property Tax	1	1
	366	251
Payroll deductions held in suspense	5	—
	371	**251**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,596	978
Exchequer grant undrawn	(2,236)	(650)
Net exchequer funding due	**(640)**	**328**
Represented by:		
Debtors		
Bank and cash	—	462
Debit balances: suspense	142	117
	142	579
Creditors		
Bank and cash	(411)	—
Credit balances: suspense	(371)	(251)
	(782)	(251)
	(640)	**328**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	92	28

Note 3 Vote Expenditure

All of the allocation for Vote 8 Office of the Comptroller and Auditor General is classified as administration expenditure applied towards a single programme: audit and reporting.

Analysis of administration expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	11,116	10,133	9,898
ii	Travel and subsistence	546	626	549
iii	Training and development and incidental expenses	340	453	343
iv	Postal and telecommunications services	100	58	63
v	Office equipment and external IT services	443	529	391
vi	Office premises expenses	217	159	202
vii	Consultancy services and value for money and policy reviews	350	7	59
viii	Legal fees	45	135	46
ix	Contract audit services	820	959	372
		13,977	**13,059**	**11,923**

Note The outturn includes audit committee costs totalling €2,687 (2017: €2,687).

Significant variations

Overall, the expenditure in relation to this programme was €918,000 lower than provided. Significant variations (+/- 25% and €100,000 relative to provision) are explained below.

i Salaries, wages and allowances

Estimate provision: €11.116 million; outturn: €10.133 million

The underspend of €983,000 arose due to a shortfall in the number of serving staff. The average number of staff in the year was 165 compared to a staff complement of 174.

iii Training and development and incidental expenses

Estimate provision: €340,000; outturn: €453,000

The overspend of €113,000 is mainly due to HR related costs.

vii Consultancy services and value for money policy reviews

Estimate provision: €350,000; outturn: €7,000

The estimate includes a provision for the Office to engage external assistance for value-for-money examinations, if required. It is difficult to predict what external assistance might be required in any year. Assistance acquired cost €7,000, resulting in a saving of €343,000.

ix *Contract audit services*

Estimate provision: €820,000; outturn: €959,000

Additional expenditure of €139,000 on this subhead was incurred to facilitate the timely certification of accounts. This was funded from savings on subhead (i) Salaries, wages and allowances. The virement was sanctioned by the Department of Public Expenditure and Reform.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Audit fees, etc.	5,400	6,301	5,592
2	Receipts from pension-related deductions on public service remuneration	650	427	394
		6,050	**6,728**	**5,986**

Significant variations

Overall, income from appropriations-in-aid exceeded the budgeted level by €678,000. The variation is the net result of the following

1 Audit fees, etc.

Estimate provision: €5.4 million; outturn: €6.301 million

The additional receipts of audit fees of €901,000 were due to earlier than anticipated completion of audits.

2 Receipts from pension-related deductions on public service remuneration

Estimate provision: €650,000; outturn: €427,000

Receipts from pension related deductions were €223,000 lower than anticipated due to the shortfall in permanent staff numbers.

Note 5 Staffing and Remuneration

5.1 Employee numbers(full time equivalents)

	2018	2017
Number of staff at year end	167	144

5.2 Pay

	2018 €000	2017 €000
Salaries	9,307	9,155
Higher, special or additional duties allowances	21	28
Overtime	3	1
Employer's PRSI	802	714
Total pay	**10,133**	**9,898**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	4	1	10,951	10,377
Overtime and extra attendance	1	—	2,904	1,104

No member of staff received additional payments in more than one category.

5.4 Remuneration of senior management

Comptroller and Auditor General

The salary of the Comptroller and Auditor General is paid directly out of the Central Fund of the Exchequer, as provided for in Section 14 of the Comptroller and Auditor General (Amendment) Act 1993. The charge on the Central Fund in 2018 in relation to the remuneration of the Comptroller and Auditor General was €185,992 (2017: €179,130). As provided for in Article 33 of the Constitution, the Comptroller and Auditor General may not hold any other office or position of emolument.

Accounting Officer

The charge to the Vote in 2018 in relation to the remuneration of the Accounting Officer was €144,032 (2017: €139,563).

5.5 Payroll overpayments

Payroll and human resources services are provided by the National Shared Services Office. Overpayments can occur for a number of reasons, including staff taking unpaid leave at short notice or payments continuing when sick leave limits are exceeded. Outstanding overpayments at the year end were €13,564 relating to 18 cases (2017: €20,101). Recovery plans are in place in five cases. Recovery of the other amounts is being pursued.

Note 6 Miscellaneous

6.1 Compensation and legal costs

Number of cases	Legal costs paid by the Office	Compensation awarded	Legal costs awarded	Total	
				2018	2017
	€000	€000	€000	€000	€000
1	10	—	—	10	—

Note In 2018 no compensation or legal costs were awarded against the Office.

Appropriation Account 2018

Vote 9

Office of the Revenue Commissioners

Introduction

As Accounting Officer for Vote 9, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Revenue Commissioners, including certain other services administered by that Office.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.701 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account with the exceptions listed here.

Capital assets: vehicles and equipment

Seized vehicles that have been appropriated by Revenue are included in the capital assets at open market value at the time of appropriation and are depreciated at a rate of 20% per annum on a straight line basis.

The Customs Cutter is depreciated at a rate of 5% per annum on a straight line basis.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Services Office for the provision of human resources and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office in relation to the provision of human resources and payroll shared services.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- there are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks, and
- there are appropriate capital investment control guidelines and formal project management disciplines.

A risk management system operates within the Office of the Revenue Commissioners. Mitigations used to manage risk include

- Revenue's governance structures
- environmental scanning to ensure Revenue is aware of influences that affect risk, such as Brexit
- integrated strategic/business planning and risk management system that regularly reviews risks at Organisational, Divisional and Branch level, and
- project management methodologies for all significant projects.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with the relevant guidelines. In 2018, the Office complied with national guidelines and EU regulations with the exception of the following

- €2.141 million relating to security contracts. The delay in running mini competitions under a new Office of Government Procurement (OGP) framework (established in November 2016) arose due to the time required to assess requirements on a national basis across multiple locations. New contracts were put in place in December 2018 (See Note 2.8).
- €1.037 million relating to warehousing contracts. A tender competition was held in 2018 by the OGP for a contract to manage the State Warehouse. The OGP tendering process was unsuccessful in appointing a supplier and a new tender competition, run by Revenue, was successfully concluded and a new contract was in place on 1 May 2019.
- €765,000 relating to various services including, inter alia, mobile telephony and fuel cards. Revenue is liaising with OGP with a view to utilising new and existing OGP frameworks and conducting procurement processes where necessary.
- €527,000 relating to long standing contracts for telephonist services. Revenue continues to work towards phasing out the use of external telephonists with the outstanding telephonists' contracts being ceased with effect from 30 September 2019.

It is the policy of my Office to avail of all centrally available frameworks as soon as is practicable and engage with the OGP where we have more specific requirements. Controls will remain in place to ensure compliance with this strategy.

Internal audit and audit committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a formal written Internal Audit Charter. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

This Office has implemented a risk management system which identifies and reports key risks and the actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing this Office and these have been identified, evaluated and graded according to their likelihood and impact. The Risk Register details the actions needed to mitigate risks and these actions are integrated in to Revenue's strategic and business planning process. The register is reviewed and updated on a quarterly basis by the Risk Management Committee (RMC) and noted by the Management Advisory Committee (MAC). The Committee also takes account of feedback received from Divisional management when determining whether there should be changes to the priority or ranking of a risk.

A Data Protection Unit is in place which has responsibility for the overall management and administration of data protection in Revenue. A Data Protection Officer, whose primary role is to ensure compliance with the General Data Protection Regulation (GDPR) and with Revenue data protection policies, is also in place.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the MAC, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that this Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within this Office are responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that require disclosure in the appropriation account.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

18 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 9 Office of the Revenue Commissioners

Opinion on the appropriation account

I have audited the appropriation account for Vote 9 Office of the Revenue Commissioners for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 9 Office of the Revenue Commissioners for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Revenue Commissioners and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

I draw attention to the statement on internal financial control which discloses that during 2018 the Revenue Commissioners incurred significant expenditure in relation to goods and services where the procurement arrangements did not comply with procurement guidelines. The statement also sets out the steps taken by the Revenue Commissioners to address the issues arising.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 9 Office of the Revenue Commissioners

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Administration and collection of taxes and duties, and frontier management	425,500	424,789	410,874
	Gross expenditure	**425,500**	**424,789**	**410,874**
	Deduct			
B	**Appropriations-in-aid**	**68,621**	**71,611**	**71,153**
	Net expenditure	**356,879**	**353,178**	**339,721**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**3,701,000**	**3,420,000**

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

27 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		302,969	293,808
Non pay		121,820	117,066
Gross expenditure		**424,789**	**410,874**
Deduct			
Appropriations-in-aid		**71,611**	**71,153**
Net expenditure		**353,178**	**339,721**
Changes in capital assets			
Purchases cash	(27,124)		
Depreciation	17,744		
Disposals cash	27		
Loss on disposals	7		
		(9,346)	(3,096)
Changes in net current assets			
Increase in closing accruals	2,682		
Decrease in stock	149		
		2,831	581
Direct expenditure		**346,663**	**337,206**
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		118,916	109,918
Notional rents (non cash)		11,431	9,936
Net programme cost		**477,010**	**457,060**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 9 borne elsewhere and amounts borne on the Vote in respect of other services.

		2018	2017
		€000	€000
Vote 12 Superannuation and Retired Allowances		103,982	94,061
Vote 13 Office of Public Works		18,434	18,825
Vote 18 National Shared Services Office		607	744
		123,023	113,630
Costs of shared services provided to other Votes			
Services rendered by Revenue without charge [a]	e	(4,107)	(3,712)
		118,916	**109,918**

Note [a] In addition to services rendered without charge to other Votes shown here (€4.107 million), services to the value of approximately €1.199 million were also provided without charge to other non voted bodies.

e Indicates that the number is an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	84,514	75,748
Current assets			
Bank and cash	2.3	9,037	9,687
Stocks	2.4	1,221	1,370
Prepayments		11,422	13,231
Accrued income		2,354	1,884
Other debit balances	2.5	3,510	2,613
Total current assets		27,544	28,785
Less current liabilities			
Accrued expenses		5,072	4,274
Deferred income		63	113
Other credit balances	2.6	12,141	12,385
Net Exchequer funding due	2.7	406	(85)
Total current liabilities		17,682	16,687
Net current assets		9,862	12,098
Net assets		**94,376**	**87,846**
Represented by:			
State funding account	2.1	**94,376**	**87,846**

Reclassification of some 2017 balances has been done to allow for comparison.

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			87,846	84,757
Disbursements from the Vote				
Estimate provision	Account	356,879		
Surplus to be surrendered	Account	(3,701)		
Net vote			353,178	339,721
Expenditure (cash) borne elsewhere	1.1		118,916	109,918
Non cash expenditure – notional rent	1		11,431	9,936
Other non-cash items – seized vehicles			15	574
Net programme cost	1		(477,010)	(457,060)
Balance at 31 December			**94,376**	**87,846**

2.2 Capital assets

	Vehicles and equipment	Office/IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	17,186	440,645	61,142	2,790	521,763
Additions	1,450	4,736	2,747	17,596	26,529
Seized vehicles appropriated to Revenue	15	—	—	—	15
Assets under development capitalised	—	12,652	—	(12,652)	—
Disposals	(598)	(27,424)	(114)	—	(28,136)
Cost or valuation at 31 December 2018	18,053	430,609	63,775	7,734	520,171
Accumulated depreciation					
Opening balance at 1 January 2018	12,130	380,801	53,084	—	446,015
Depreciation for the year	1,600	14,524	1,620	—	17,744
Depreciation on disposals	(598)	(27,400)	(104)	—	(28,102)
Cumulative depreciation at 31 December 2018	13,132	367,925	54,600	—	435,657
Net assets at 31 December 2018	**4,921**	**62,684**	**9,175**	**7,734**	**84,514**
Net assets at 31 December 2017	5,056	59,844	8,058	2,790	75,748

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	9,037	9,685
Commercial bank account balance	—	2
	9,037	9,687

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery and small stores	870	975
Equipment/clothing/miscellaneous	347	384
IT consumables	4	11
	1,221	**1,370**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Shared building advances	192	215
Travel imprests	4	18
Recoupable travel expenditure	28	18
Advances to OPW for building works,etc.	1,105	1,689
Vote 10 Tax Appeals Commission	99	340
Recoupable salaries	34	86
Recoupable travel pass scheme expenditure	825	162
Other debit suspense items	1,223	85
	3,510	**2,613**

Reclassification of some 2017 balances has been done to allow for comparison.

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	3,194	3,078
Universal Social Charge	709	740
Pay Related Social Insurance	1,959	1,794
Professional Services Withholding Tax	1,478	1,801
Value Added Tax	237	429
Pension contributions	831	799
Local Property Tax	46	47
Extra Exchequer receipts	441	424
	8,895	**9,112**
Payroll deductions held in suspense	2,956	3,019
Recoupable expenditure in advance	166	156
Other credit suspense items	124	98
	12,141	**12,385**

Reclassification of some 2017 balances has been done to allow for comparison.

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	3,701	3,420
Exchequer grant undrawn	(3,295)	(3,505)
Net Exchequer funding due	**406**	**(85)**
Represented by:		
Debtors		
Bank and cash	9,037	9,687
Other debit balances	3,510	2,613
	12,547	12,300
Creditors		
Due to State	(8,895)	(9,112)
Other credit balances	(3,246)	(3,273)
	(12,141)	(12,385)
	406	**(85)**

Reclassification of some 2017 balances has been done to allow for comparison.

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services [a]	12,928	2,351

Note [a] Following an OGP tender process, Revenue rolled out a new four-year security contract with effect from 31 December 2018, aggregating all previous regional/ local contracts with multiple suppliers into a national contract with one provider. Revenue's commitment under this contract is €8.284 million.

2.9 Contingent liabilities

Revenue has contingent liabilities estimated at €2.937 million (2017: €1.509 million) relating to possible legal and compensation costs.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	307,900	302,969	293,808
ii	Travel and subsistence	4,500	5,227	4,670
iii	Training and development and other day-to-day expenses	24,300	23,109	20,943
iv	Postal and telecommunications services	10,400	11,295	11,198
v	Office equipment and external IT services	56,950	59,349	56,855
vi	Office premises expenses	7,000	7,561	7,954
vii	Consultancy services and value for money and policy reviews	50	63	47
viii	Motor vehicles and equipment maintenance	3,000	3,498	3,807
ix	Law charges	10,900	11,010	11,250
x	Compensation and losses	500	708	342
		425,500	**424,789**	**410,874**

Significant variations

All the programme expenditure is classified as administration expenditure. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

x *Compensation and Losses*

Estimate provision: €500,000, outturn: €708,000

The increase of €208,000 in expenditure on compensation and losses is due to one large case. Compensation and losses can be difficult to accurately estimate due to irregular and long lead-in nature of payments. See note 6.3.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts for services relating to Pay Related Social Insurance Scheme	37,437	37,437	37,437
2	Fines, forfeitures, law costs recovered	3,250	3,011	2,895
3	Cherished numbers	163	165	198
4	Receipts in respect of Environmental Levy collection	400	397	397
5	Share of SASP collection cost (Single Authorisation for Simplified Procedures)	15,600	17,264	17,885
6	Miscellaneous	2,000	2,908	2,441
7	Receipts from pension-related deductions on public service receipts in respect of civil service staff	9,771	10,429	9,900
		68,621	**71,611**	**71,153**

Significant variations

Overall, appropriations-in-aid were €2.99 million more than the estimate.

Explanations for variances are set out below

2 *Fines, forfeitures, law costs recovered*

Estimate provision: €3.25 million, outturn: €3.011 million

The shortfall of €239,000 is due to the long lead in nature of the payments making it difficult to forecast. The ongoing effect of the instalment arrangement is still working its way through the collection process.

5 *Share of SASP collection cost (Single Authorisation for Simplified Procedures)*

Estimate provision: €15.6 million, outturn: €17.264 million

Centralised clearance (currently known as Single Authorisation for Simplified Procedures (SASP)) allows economic operators to declare goods in one Member State while the goods are physically imported or exported in a different Member State. The increase of €1.664 million relates to an increase in activity in other Member States which is difficult to forecast. A conservative approach is taken in preparing the estimate.

6 *Miscellaneous*

Estimate provision: €2 million, outturn: €2.908 million

These receipts relate to amounts charged to the Vote in previous years that were subsequently recouped. The majority relate to liquidation cases where amounts are recouped on disbursement by the liquidator, which can take a number of years to complete.

7 *Receipts from pension-related deductions on public service receipts in respect of civil service staff*

Estimate provision: €9.771 million, outturn: €10.429 million

The increase of €658,000 is due to an increase in staff numbers.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	424	—
Receipts from cash forfeited under Section 39 of the Criminal Justice Act 1994	751	862
Receipts from Ireland's share of the annual payments under an international anti-counterfeit/anti-contraband agreement with global cigarette manufacturers	769	750
EU Commission (co-ordinated by OLAF) litigation case settlement	316	—
Transferred to Exchequer	(1,819)	(1,188)
Balance at 31 December	**441**	**424**

The balance arose due to sums received late in 2018. The balance was paid over to the Exchequer early in 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	6,250	6,113

The number of staff at year end 2018 includes 140 temporary clerical officers the majority of whom were engaged in the administration of Local Property Tax and PAYE Modernisation.

5.2 Pay

	2018 €000	2017 €000
Pay	278,763	271,404
Higher, special or additional duties allowance	4,274	4,087
Overtime	2,613	2,490
Employer's PRSI	17,319	15,827
Total pay	**302,969**	**293,808**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018 €	2017 €
Higher, special or additional duties	140	19	19,568	21,304
Overtime and extra attendance	1,830	129	23,390	17,085
Shift and roster allowances	217	27	26,489	23,413
Miscellaneous	226	3	18,857	28,385
Extra remuneration in more than one category	342	106	29,737	25,478

5.4 Performance awards

A total of €98,000 was spent on Staff Recognition Schemes. There were 1,782 individual awards, ranging from €12 to €400.

5.5 Other remuneration arrangements

The cost of Revenue staff on secondment to other departments/agencies without recoupment was €527,000 (2017: €295,000).

A total of €3,960 was paid to a retired Revenue employee in 2018 in compensation for loss of earnings in accordance with Labour Court Recommendation No.19995.

A total of €57,000 was paid to 30 retired civil servants by Revenue in 2018 in respect of Interview Board payments, training interventions and witness expenses. These payments were made in accordance with the appropriate Department of Public Expenditure and Reform rates.

5.6 Payroll overpayments

Overpayments recorded by NSSO at the year end were €1.809 million in respect of 889 individuals (2017: €1.691 million, 797 individuals). Of this, €808,000 have recovery plans in place in respect of 436 individuals (2017: €731,000, 353 individuals).

30 overpayment recovery plans, in respect of 22 individuals, to the value of €10,692 were transferred to 12 various departments during the year.

5.7 Severance/redundancy

Revenue had no expenditure in 2018 relating to severance/redundancy payments.

Note 6 Miscellaneous

6.1 Write-offs

The following sums were written off in the year:

	2018	2017
	€000	€000
Obsolete stock	37	31

6.2 Law charges (subhead A (ix))

	2018	2017
	€000	€000
Legal costs paid during the year are categorised as follows:		
External solicitors	4,245	4,713
Counsel fees	2,673	2,406
Other fees and costs:		
Bankruptcy/liquidation costs	3,326	2,877
Court fees	94	10
Miscellaneous costs and rewards	672	1,244
	11,010	**11,250**

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by the Office	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees of the Office						
Legal action taken by members of staff including claims pursued via the State Claims Agency	11	62	123	233	418	60
Miscellaneous expenses arising from work-related incidents	12	—	—	5	5	1
Claims by members of the public	25	33	166	86	285	281
		95	**289**	**324**	**708**	**342**

6.4 Arbitration and conciliation costs

Revenue had €9,047 of expenditure in 2018 related to mediation costs (2017: €0). This relates to one case. Figures include legal and associated costs and are inclusive of VAT.

6.5 Misappropriation

During 2018, there were three cases of misappropriation of tax by employees of the Revenue Commissioners. The total amount involved is estimated at €45,600.

These cases have been investigated. In accordance with Revenue's normal procedures, where investigations have been completed, and such investigations substantiate a finding of misappropriation, the relevant details are reported to An Garda Síochána.

As part of internal controls, Revenue monitors the internal use of tax systems in order to identify any inappropriate use. Revenue analyses all instances of internal fraud and, where appropriate, develops its system-based controls to better identify similar patterns of activity and thereby further improve its management oversight.

6.6 EU funding

Under a grant agreement with the EU Commission European Anti-Fraud Office, the Office of the Revenue Commissioners are entitled to a grant to a maximum of €515,000, or 80% of the eligible cost for the purchase of a mobile back scatter x-ray scanning van which is used by Customs to scan trucks and containers. The scanner was purchased in 2018 and is included in Capital assets under vehicles and equipment. The first instalment of €257,500 was received in 2018 and is included in category 6 'Miscellaneous' in Appropriations-in-aid. It is expected that the second instalment will be received in 2019.

Appendix A Accounts under the aegis of the Office of the Revenue Commissioners

The following table lists other Accounts under the aegis of the Office where the Office has an obligation to present financial statements. It indicates, as at end of March 2019, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Name of Account	Last accounting period date	Date of audit report	Date presented to the Oireachtas
Account of the Receipt of Revenue of the State collected by the Revenue Commissioners	31 Dec 2017	20 Apr 2018	25 Apr 2018

Vote 10

Tax Appeals Commission

Introduction

As Accounting Officer for Vote 10, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Tax Appeals Commission.

The expenditure outturn is compared with the sums granted by Dáil Eireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €260,170 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Establishment of the Commission

The Finance (Tax Appeals) Act 2015 which establishes the Tax Appeals Commission (formerly the Office of the Appeal Commissioners) was signed into law in December 2015. The Minister for Finance signed the relevant commencement orders to give effect to the new legislative provisions in February 2016. The Tax Appeals Commission and the new regime for the processing of tax appeals came into force in March 2016. To coincide with these legislative changes, a modern governance framework is also being put in place.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is implemented, maintained and operated by the Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. The implementation of the system of internal financial controls is an ongoing process. When finalised and implemented, the system and its effectiveness will be kept under ongoing review.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

Procedures in relation to the payment and accounting service were established in 2016 when the Commission was established. A service level agreement (SLA) between the Commission and the Office of the Revenue Commissioners setting out the responsibilities of the parties was signed in 2016. This agreement covered Accounts/Finance, IT Services and Internal Audit. The SLA was not reviewed in 2017 and 2018 but it is planned that a review will take place in 2019 and a new management agreement will be put in place as required.

I note in this regard the assurances provided to the Revenue Commissioners by the Accounting Officer of the Vote for National Shared Services Office in relation to the provision of Human Resources and Payroll shared services.

The Commission does not have a formalised system in which financial responsibilities have been assigned at the appropriate management level and through which significant control failures are identified and appropriate corrective action taken. During 2018, formalised Financial Procedures and Policies were devised and it is planned to put this system in place in 2019. The Commission received approval, through the Minister for Finance's sanction of the recommendations in the O'Donoghue Report, for the recruitment of a designated Finance Officer in 2019.

Pending the establishment of an Audit and Risk Committee, an Audit Group was formed in late 2017 consisting of senior administration management and a representative of the consultant internal audit firm. The group met four times in 2018 but following the last of those meetings in September 2018, due to staffing issues, were unable to reach the necessary quorum to continue. The group was unable to progress the establishment of an Audit and Risk Committee in 2018. The Commission has now prepared Terms of Reference for an Audit and Risk Committee and will appoint members to this committee in 2019.

During 2018, due to resource constraints, the Commission had difficulty in assigning responsibility for risk management and, as a result, the Commission did not have a risk management system or maintain a risk register. With the assistance of external consultants, the Commission commenced the development of a risk management policy and risk register in 2018. The most significant risk faced by the Commission is the ability to adequately process appeals and address civil service compliance obligations with current staffing levels. Increased resources have been made available to the Commission in 2019 which will allow these areas of risk to be addressed. The newly appointed Chief Operations Officer has been tasked with finalising and implementing the risk management procedures in 2019.

Administrative controls and management reporting

I confirm that within our limited resources a draft framework of administrative procedures and regular management reporting is in place. This includes the following elements

- Under the SLA between the Commission and the Office of the Revenue Commissioners, an annual budget is prepared and is reviewed by senior management periodically.
- There are periodic and annual financial reports which indicate financial performance against forecasts provided by Revenue to senior management for review.
- There are systems aimed at ensuring the security of Revenue's ICT applications.
- The Commission aims to ensure that there is an appropriate focus on good practice in purchasing.

Internal audit

I confirm that the Commission has an agreement in place with the Revenue Commissioners which provides the Commission with access to Revenue's internal audit function which will, on request, advise the Commission on departmental standards of internal audit, practices and procedures in auditing generally, and ongoing developments. In 2018, the Commission did not consult with or seek the advice of Revenue's internal audit function.

The Commission established an internal audit function during 2017, with consultants engaged for this purpose, under the remit of the Audit Group. The group agreed an internal audit plan for the period from 2018 to 2020 with the internal auditors in 2018.

Non-compliance with procurement rules

The Commission ensures that there is an appropriate focus on good practice in purchasing. However, formal procedures are not yet in place to ensure compliance with all relevant guidelines. It is the Commission's intention to put such procedures in place during 2019.

In 2018, the Commission complied with procurement guidelines with the exception of the following

- €33,000 relating to the software and hardware for a voice recognition and dictation system.

The Commission has provided details of this exceptional contract in the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

The Commission is committed to achieving value for money in the procurement of supplies and services that are essential to the Commissions activities. From January 2019 the Commission has fully participated in on-going initiatives of the Office of Government Procurement (OGP) including the use of appropriate shared services and services agreed under the SLA with Revenue. Policies and procedures are being adhered to that are in accordance with The Public Procurement Guidelines for Goods and Services. Controls will remain in place to ensure compliance with this strategy.

Risk and control framework

The Commission has identified the need to develop a risk management system which identifies key risks and the management actions required to address and, to the extent possible, to mitigate those risks. The Commission engaged the Institute of Public Administration (IPA) to assist with enhancement of the risk function and to train staff on all aspects of same. A draft policy and register were developed in the latter half of 2017 but, given our limited resources and the time and expertise needed for this important task, assistance was sought from consultants in 2018. This is a time-consuming process and due to the absence of an Audit and Risk Committee, this has gone on into 2019.

The draft risk register is being adapted, in consultation with the IPA and internal auditors, to meet the Commission's needs. The outcome of these assessments will be used to plan and allocate the available resources to ensure risks are managed to the best level possible.

The risk register will detail the controls and actions needed to mitigate risks and will identify where responsibility for the operation of controls should be assigned to specific staff.

Subject to the establishment of the Audit and Risk Committee in 2019, the Commission aims to have an operational risk and control framework in place by the end of 2019.

Ongoing monitoring and review

Formal procedures have not yet been finalised and implemented for monitoring control processes. As a result, control deficiencies are communicated to those responsible for taking corrective action in an unsystematic and ad hoc manner. The main risk, our significant resource deficit, has been identified and additional resources have been approved for 2019 by the Minister for Finance. In 2018 a full resource review was undertaken by an external consultant, Ms. Niamh O'Donoghue. The Report was submitted to the Minister for Finance in August 2018. The Report's findings were approved by the Minister and funding has been approved for 2019 to implement its recommendations. Subject to the establishment of an Audit and Risk Committee in 2019, the Commission aims to have formal procedures in place for monitoring control processes by the end of 2019.

Review of effectiveness

The Commission's monitoring and review of the effectiveness of the internal financial controls is informed by the work of the internal and external auditors and the senior management within the Commission responsible for the development and implementation of the internal financial framework. No review took place in 2018. However, arising from the work of the Audit Group, the internal audit plan for the year was agreed and a review of the systems of internal control commenced at the start of 2019.

Internal financial control issues

Case management system

In 2016, following a procurement exercise, the Commission procured a case management system. During 2016 and 2017, expenditure totaling €202,000 was incurred in this regard. During 2018, a review conducted by Internal Audit identified weaknesses in the procurement process used.

The system did not operate as intended. By April 2018, the Commission ceased operation of the new system. At the end of 2018, the net book value of the related assets was €84,000. Whilst the system may have some residual value, the Commission have decided it would be more prudent to write off the remaining value at year end 2018. A temporary ICT solution has been implemented pending a decision around a long term solution.

The joint development of a new case management system which would allow for an automated electronic interface between the ICT systems in Revenue and the Commission has been suggested and Revenue have conducted a high level scoping exercise in this regard. An ICT working group with representatives from Revenue, the Commission, OGCIO and the Department of Finance is in the process of being established to consider how the ICT requirements of the Commission and its stakeholders can best be met.

In addition, the Commission has in 2019 employed an ICT expert at Assistant Principal grade to ensure it has in-house capacity to manage on-going ICT requirements.

Mark O'Mahony
Accounting Officer
Tax Appeals Commission

23 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 10 Tax Appeals Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 10 Tax Appeals Commission for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 10 Tax Appeals Commission for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Tax Appeals Commission and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 10 Tax Appeals Commission

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Facilitation of hearing of tax appeals	1,707	1,426	1,122
	Gross expenditure	**1,707**	**1,426**	**1,122**
	Deduct			
B	**Appropriations-in-aid**	**81**	**60**	**45**
	Net expenditure	**1,626**	**1,366**	**1,077**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	260,170	528,203

Mark O'Mahony
Accounting Officer
Tax Appeals Commission
27 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost			
Pay		1,148	753
Non pay		278	369
Gross expenditure		**1,426**	**1,122**
Deduct			
Appropriations-in-aid		**60**	**45**
Net expenditure		**1,366**	**1,077**
Changes in capital assets			
Purchases cash	(38)		
Depreciation	65		
Asset write off	84		
Loss on disposal	27		
		138	4
Changes in net current assets			
Increase in closing accruals	31		
Increase in stock	(2)		
		29	(3)
Direct expenditure		**1,533**	**1,078**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		380	270
Net programme cost		**1,913**	**1,348**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 10 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	28	28
Vote 13 Office of Public Works	352	242
	380	**270**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	66	204
Current assets			
Bank and cash		134	371
Stocks	2.3	5	3
Prepayments		34	36
Total current assets		173	410
Less current liabilities			
Accrued expenses		38	9
Vote 9 Revenue Commissioners		99	340
Net Exchequer funding due	2.4	35	31
Total current liabilities		172	380
Net current assets		1	30
Net assets		**67**	**234**
Represented by:			
State funding account	2.1	**67**	**234**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			234	235
Disbursements from the Vote				
Estimate provision	Account	1,626		
Surplus to be surrendered	Account	(260)		
Net vote			1,366	1,077
Expenditure (cash) borne elsewhere	1		380	270
Net programme cost	1		(1,913)	(1,348)
Balance at 31 December			**67**	**234**

2.2 Capital assets

	Furniture and fittings	Office equipment	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	85	307	392
Additions	—	38	38
Asset write off[a]	—	(186)	(186)
Disposals	(85)	(12)	(97)
Cost or valuation at 31 December 2018	—	147	147
Accumulated depreciation			
Opening balance at 1 January 2018	65	123	188
Depreciation for the year	—	65	65
Asset write off[a]	—	(102)	(102)
Depreciation on disposals	(65)	(5)	(70)
Cumulative depreciation at 31 December 2018	—	81	81
Net assets at 31 December 2018	**—**	**66**	**66**
Net assets at 31 December 2017	20	184	204

Note [a] Please see the statement on internal financial control regarding the case management system in the internal financial control issues section.

2.3 Stocks

at 31 December	2018	2017
	€000	€000
Stationery and small stores	5	1
IT consumables	—	2
	5	**3**

2.4 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	260	528
Exchequer grant undrawn	(225)	(497)
Net Exchequer funding due	**35**	**31**
Represented by:		
Debtors		
Bank and cash	134	371
	134	371
Creditors		
Vote 9 Revenue Commissioners	(99)	(340)
	35	**31**

2.5 Commitments

Global commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	34	—
Total of legally enforceable commitments	**34**	**—**

2.6 Contingent Liabilities

The Tax Appeals Commission has contingent liabilities estimated at €22,000.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	1,307	1,148	753
ii	Travel and subsistence	70	4	1
iii	Training and development and incidental expenses	30	98	62
iv	Postal and telecommunications services	30	8	9
v	Office equipment and external IT services	200	116	252
vi	Office premises expenses	70	4	16
vii	Consultancy and other services	—	48	29
		1,707	**1,426**	**1,122**

Significant variations

All the programme expenditure is classified as administrative expenditure. The following outlines the reasons for significant variations in administration expenditure (+/- 25% or €100,000).

i. *Salaries, wages and allowances*

Estimate provision: €1.307 million, outturn: €1.148 million

The underspend of €159,000 on salaries, wages and allowances was due to the recruitment of additional staff by the Commission taking longer than anticipated and the departure of senior staff towards the end of the year.

ii. *Travel and subsistence*

Estimate provision: €70,000, outturn: €4,000

The underspend of €66,000 on expenditure on travel and subsistence expenses was due to all appeals being heard in Dublin. The 2018 estimate provided for Commissioner travel to venues around the country to hear appeals.

iii *Training and development and incidental expenses*

Estimate provision: €30,000, outturn: €98,000

The overspend of €68,000 on expenditure on training and development and incidental expenses was due to the flow in staff numbers at the Commission requiring additional training and development. The Commission also incurred additional expenditure in relation to subscriptions to legal and tax databases and internal audit fees. The Commission was also obliged to incur room hire charges to conduct hearings as space was not available in it's former office.

iv *Postal and telecommunications services*

Estimate provision: €30,000, outturn: €8,000

The underspend of €22,000 on expenditure on postal and telecommunications services expenses was due to the Commission's policy of communicating by e-mail rather than by post where possible and appropriate.

v *Office equipment and external IT services*

Estimate provision: €200,000, outturn: €116,000

The underspend of €84,000 on expenditure on office equipment and external IT services expenses was due to planned expenditure on additional computer hardware and on the development of the Commission's software not occurring during 2018.

vi *Office premises expenses*

Estimate provision: €70,000, outturn: €4,000

The underspend of €66,000 on expenditure on office premises expenses was due to expenditure envisaged during 2018 in relation to the recruitment of additional staff not arising, and the costs of the Commission's move to new offices was less than anticipated.

vii *Consultancy and other services*

Estimate provision: €Nil, outturn: €48,000

The overspend of €48,000 on consultancy and other services expenses was due to the need for project management services in relation to the Commission's office move, ICT support and development of the case management system.

4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from pension-related deductions on public service remuneration	81	60	41
2	Miscellaneous	—	—	4
	Total	**81**	**60**	**45**

Significant variations

Overall, appropriations-in-aid were €21,000 less than the estimate. Explanation for the variance is set out below.

1 Receipts from pension related deductions on public service remuneration

Estimate provision: €81,000, outturn: €60,000

The shortfall of €21,000 was due to the recruitment of additional staff taking longer than anticipated.

Note 5 Staffing and Remuneration

5.1 Employee Numbers (full time equivalents)

	2018	2017
Number of staff at year end	14	13

5.2 Pay

	2018 €000	2017 €000
Pay	1,040	686
Higher, special or additional duties allowance	9	—
Employer's PRSI	99	67
Total pay	**1,148**	**753**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	1	—	9,519	—

5.4 Payroll overpayments

Overpayments at the year-end were €2,217 in respect of 1 individual (2017: Nil). At the year-end there were no recovery plans in place. Since 31 December 2018 the recoupment process has commenced.

Appropriation Account 2018

Vote 11

Office of the Minister for Public Expenditure and Reform

Introduction

As Accounting Officer for Vote 11, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.338 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account with the following exceptions:

Stocks and capital assets

The Department of Finance (Vote 7) and the Department of Public Expenditure and Reform (Vote 11) share IT consumable stocks. They are allocated on the basis of staff numbers in the respective Votes.

For efficiency and convenience reasons, spend on stationery stocks is recorded under Vote 7. However, as the stocks are deemed to be shared, they are included in the operating cost notes to the accounts of Vote 7 and Vote 11 and are allocated on the basis of staff numbers in the respective Departments.

As most capital assets are shared between the Department of Public Expenditure and Reform and the Department of Finance, the usage of capital assets is also allocated on the basis of staff numbers. Up to 31 December 2010, all capital assets had been recorded on the asset register of the Department of Finance. The asset register does not record the location of the business unit using the asset. As a result, it was not possible to split the assets between those units remaining in the Department of Finance and those transferring to the Department of Public Expenditure and Reform when established in 2011. In general, IT equipment assets are now recorded on the asset register of the Department of Public Expenditure and Reform and furniture and fittings and office equipment assets are now recorded on the asset register of the Department of Finance. Depreciation on assets is charged to each Department on the basis of staff numbers. Notwithstanding any of the above, the Department of Public Expenditure and Reform has at times, since it was established, purchased certain assets which were for its exclusive use and the depreciation in respect of these is not apportioned.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department. This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Service Office that the appropriate controls are exercised in the provision of shared services to this Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- The Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 11.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. One supply arrangement was reported under Circular 40/2002. It had a total value of €48,853 which was in relation to the Department being required to use a data centre's own supplier within its secure environment.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

27 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 11 Office of the Minister for Public Expenditure and Reform

Opinion on the appropriation account

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 11 Office of the Minister for Public Expenditure and Reform

Appropriation Account 2018

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Public expenditure and sectoral policy	16,719	16,513	15,092
B	Public service management and reform			
	Current year provision	42,812		
	Deferred surrender	685		
		43,497	41,100	37,899
	Gross expenditure			
	Current year provision	59,531		
	Deferred surrender	685		
		60,216	**57,613**	**52,991**
	Deduct			
C	**Appropriations-in-aid**	**3,301**	**4,036**	**1,897**
	Current year provision	56,230		
	Deferred surrender	685		
	Net expenditure	**56,915**	**53,577**	**51,094**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus	3,338,062	2,011,378
Deferred surrender	—	(685,000)
Surplus to be surrendered	**3,338,062**	**1,326,378**

Robert Watt
Accounting Officer
Department of Public Expenditure and Reform

27 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		29,251	28,152
Pay		25,452	22,165
Non pay		2,910	2,674
Gross expenditure		**57,613**	**52,991**
Deduct			
Appropriations-in-aid		**4,036**	**1,897**
Net expenditure		**53,577**	**51,094**
Changes in capital assets			
Purchases cash	(5,642)		
Depreciation	3,070		
		(2,572)	(5,139)
Changes in net current assets			
Decrease in closing accruals	(654)		
Decrease in closing stock	6		
		(648)	(1,111)
Direct expenditure		**50,357**	**44,844**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		5,294	3,531
Notional rents		2,365	2,252
Net programme cost		**58,016**	**50,627**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 11 borne elsewhere.

		2018	2017
		€000	€000
Vote 7	Finance	815	882
Vote 9	Office of the Revenue Commissioners	362	410
Vote 12	Superannuation and Retired Allowances	3,134	2,182
Vote 13	Office of Public Works	2,229	1,040
Vote 18	National Shared Services Office	41	46
		6,581	**4,560**
Cost of shared services provided to other Votes		(1,287)	(1,029)
		5,294	**3,531**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	10,298	8,122
Current assets			
Bank and cash	2.3	1,839	2,066
Stocks	2.4	21	27
Prepayments		3,142	2,575
Other debit balances	2.5	361	221
Total current assets		5,363	4,889
Less current liabilities			
Accrued expenses		319	406
Other credit balances	2.6	1,264	1,612
Net Exchequer funding due	2.7	936	675
Total current liabilities		2,519	2,693
Net current assets		2,844	2,196
Net assets		**13,142**	**10,318**
Represented by:			
State funding account	2.1	**13,142**	**10,318**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			10,318	4,069
Disbursements from the Vote				
Estimate provision	Account	56,230		
Deferred surrender	Account	685		
Surplus to be surrendered	Account	(3,338)		
Net vote			53,577	51,094
Expenditure (cash) borne elsewhere			5,294	3,531
Non-cash items – capital assets adjustments			(396)	(1)
Non cash expenditure – notional rent			2,365	2,252
Net programme cost			(58,016)	(50,627)
Balance at 31 December			**13,142**	**10,318**

2.2 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	18,229	218	3	305	18,755
Additions	3,899	10	—	1,733	5,642
Brought into use	833	—	—	(833)	—
Adjustment [a]	(677)	(108)	(1)	—	(786)
Disposals	(28)	—	—	—	(28)
Cost or valuation at 31 December 2018	22,256	120	2	1,205	23,583
Accumulated depreciation					
Opening balance at 1 January 2018	10,566	64	3	—	10,633
Depreciation for the year	3,058	12	—	—	3,070
Depreciation on adjustment	(358)	(31)	(1)	—	(390)
Depreciation on disposals[a]	(28)	—	—	—	(28)
Cumulative depreciation at 31 December 2018	13,238	45	2	—	13,285
Net assets at 31 December 2018	**9,018**	**75**	**—**	**1,205**	**10,298**
Net assets at 31 December 2017	7,663	154	—	305	8,122

Note [a] This adjustment relates to the removal of individual asset values of under €1,000 from the asset register. Most of these assets are still in use.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	1,839	1,943
Other bank accounts	—	123
	1,839	**2,066**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	10	10
IT consumables	11	17
	21	**27**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel expenditure	9	9
Recoupable travel pass scheme expenditure	178	138
Recoupable salaries	16	42
Other debit suspense items	158	32
	361	**221**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	477	650
Pay Related Social Insurance	212	259
Professional Services Withholding Tax	247	218
Value Added Tax	156	72
Pension contributions	2	91
Local Property Tax	4	3
Ministerial salary surrender	—	8
	1,098	1,301
Payroll deductions held in suspense	—	149
Other credit suspense items	166	162
	1,264	**1,612**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	3,338	1,326
Deferred surrender	—	685
Exchequer grant undrawn	(2,402)	(1,336)
Net Exchequer funding due	**936**	**675**
Represented by:		
Debtors		
Bank and cash	1,839	2,066
Debit balances: suspense	361	221
	2,200	2,287
Creditors		
Due to State	(1,098)	(1,301)
Credit balances: suspense	(166)	(311)
	(1,264)	(1,612)
	936	**675**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	599	360
Capital projects	454	—
Total of legally enforceable commitments	**1,053**	**360**

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimates of matured liabilities not discharged at year end	9	3

2.10 Contingent liabilities

The Department received a final judgment in its favour in respect of a legal case and costs were partly awarded in favour of the Department. However, the Department is also liable for some costs and the amount involved is being determined through the process of assessment and measurement of legal costs by the Office of the Taxing Master. The Office has contingent liabilities estimated at €260,000. The Department has also received notice of a personal injury claim that is due before the courts in 2019.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	25,798	25,452	22,165
ii	Travel and subsistence	322	287	265
iii	Training and development and incidental expenses	1,071	1,162	1,029
iv	Postal and telecommunications services	344	198	186
v	Office equipment and external IT services	1,143	994	987
vi	Office premises expenses	468	269	195
vii	Consultancy and other services	37	—	12
		29,183	**28,362**	**24,839**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations (+/- 25% and €100,000) in the administration expenditure of the Vote.

iv *Postal and telecommunications services*

Estimate provision: €344,000, outturn: €198,000

The underspend of €146,000 on postal and telecommunications services occurred as these services are demand led and can be difficult to estimate.

vi *Office premises expenses*

Estimate provision: €468,000, outturn: €269,000

The underspend of €199,000 in relation to office premises expenses was due to costs not being billed within the year by suppliers as well as accommodation being acquired by the Department much later in the year than had been anticipated.

Programme A Public Expenditure and Sectoral Policy

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration – pay	8,097	8,552	7,614
A.2	Administration – non pay	588	443	797
A.3	Economic and Social Research Institute – administration and general expenses	2,775	2,775	2,675
A.4	Structural funds technical assistance and other costs	1,272	1,177	1,275
A.5	Technical assistance costs of Regional Assemblies	650	638	631
A.6	Peace Programme/ Northern Ireland INTERREG	890	833	608
A.7	Special EU Programmes Body	1,300	1,030	998
A.8	Ireland/ Wales and Transnational INTERREG	150	131	131
A.9	Consultancy and other services	228	23	101
A.10	Funding for pensions for bodies under the aegis of the Department	519	755	262
A.11	Irish Government Economic & Evaluation Service	250	156	178
		16,719	**16,513**	**15,270**

Significant variations

Overall, the expenditure in relation to Programme A was €206,000 lower than provided. Administration expenditure variances have already been explained and the balance of the variance of €516,000 was mainly due to the following:

A.7 *Special EU Programmes Body*

Estimate provision: €1.3 million, outturn €1.03 million

The underspend in expenditure of €270,000 relative to the estimate provision was due to the impact of the delay in 2014-2020 programme expenditure along with the favourable euro to sterling exchange rate.

A.9 *Consultancy and other services*

Estimate provision: €228,000, outturn: €23,000

The underspend in expenditure of €205,000 relative to the estimate provision was due to the timing of reviews of OPW Flood Relief Environment Impact Schemes for Ministerial confirmation. Savings also arose on a number of proposed consultancy projects in the Expenditure Policy and Reporting Division due to in-house completion of work, and some planned activities not going ahead due to other competing business priorities all which contributed to the lower outturn.

A.10 *Funding for pensions for bodies under the aegis of the Department*

Estimate provision: €519,000, outturn €755,000

The increase in expenditure of €236,000 relative to the estimate provision was due to a number of retirements that were unanticipated by bodies under the aegis of the Department when the Revised Estimates were being concluded in late 2017.

Programme B Public Service Management and Reform

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	17,701	16,899	14,550
B.2	Administration – non pay	2,797	2,467	1,877
B.3	Institute of Public Administration	2,725	2,725	2,725
B.4	Civil service arbitration and appeals procedure	40	40	33
B.5	Consultancy and other services	618	302	291
B.6	Office of the Government Chief Information Officer			
	Original	12,465		
	Deferred Surrender	685		
		13,150	13,433	14,441
B.7	Reform agenda	2,050	1,599	1,862
B.8	Employee Assistance Officer shared service	1,356	1,347	1,305
B.9	Public Service Pay Commission	360	307	166
B.10	Civil service learning and development programme	2,100	1,395	87
B.11	Single public service pension administration project	380	366	164
B.12	Implementation of Protected Disclosures Act	220	220	220
		43,497	**41,100**	**37,721**

Significant variations

Overall, the expenditure in relation to Programme B was €2.397 million lower than provided. Administration expenditure variances have already been explained and the balance of the variance of €1.265 million was mainly due to the following:

B.5 Consultancy and other services

Estimate provision: €618,000, outturn: €302,000
The saving in expenditure of €316,000 relative to the estimate provision was, in the main, due to costs associated to a court case which did not materialise in 2017 as well as a number of smaller savings across the business units in Programme B.

B.7 Reform agenda

Estimate provision: €2.05 million, outturn: €1.599 million
The saving in expenditure of €451,000 relative to the estimate provision was due to a combination of smaller savings over a number of policy and programme areas in HR resourcing and capacity.

B.10 Civil service learning and development programme

Estimate provision: €2.1 million, outturn: €1.395 million

The saving in expenditure of €705,000 relative to the estimate provision was due to the procurement process to develop the IT platform required for the civil service learning and development service taking longer than anticipated. The work on the IT platform was completed in 2019.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	EU programmes	1,500	1,924	—
2	Pension cashflow surpluses	56	58	58
3	Miscellaneous	45	81	74
4	Receipts from pension-related deduction on public service remuneration	1,700	1,973	1,765
	Total	**3,301**	**4,036**	**1,897**

Significant variations

Overall, appropriations-in-aid were €735,000 more than the estimate.

Explanations for variances are set out below:

1 EU programmes

Estimate provision: €1.5 million, outturn: €1.924 million

The increase of €424,000 was because payments expected at the end of 2017 were not received until 2018. Due to the late timing of the receipts, they were not included in the 2018 estimates.

4 Receipts from pension-related deduction on public service remuneration

Estimate provision: €1.7 million, outturn: €1.973 million

The increase of €273,000 was due to the increase in headcount as well as anticipated changes in the composition of staff due to retirements and turnover not being realised.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	8	—
Voluntary surrender of ministerial salaries	4	8
Open data award refund	3	—
EU Interact III refund	5	—
Transferred to Exchequer	(20)	—
Balance at 31 December	**—**	**8**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	431	397

5.2 Pay

	2018	2017
	€000	€000
Pay	26,129	23,076
Higher, special or additional duties allowance	262	250
Other allowances	145	144
Overtime	51	32
Employer's PRSI	1,785	1,475
Total pay [a,b]	**28,372**	**24,977**

Notes

[a] The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, B.1, B.7 and B.8

[b] Staff working in the Special EU Programmes Body (SEUPB) which is headquartered in Belfast are not included in PER staff numbers. SEUPB is a North South Body established under the Good Friday Agreement and PER contributes to its payroll costs from subheads A.6 and A.7 which are included in pay above.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	41	8	20,806	29,414
Other allowances	11	—	8,866	12,498
Overtime	36	—	8,931	5,600
Extra remuneration in more than one category	7	4	18,860	14,338

5.4 Other remuneration arrangements

This account includes expenditure of €7,969 (2017: €146,586) in respect of one officer who was serving outside the Department for all or part of 2018 and whose salary was paid by the Department.

Under the terms of the AHCPS 1% Programme for Competitiveness and Work (PCW) restructuring agreement 40 officers (2017: 37) received a total of €90,482 (2017: €83,787) in respect of PCW/seniority allowances.

5.5 Payroll overpayments

Overpayments at year end were €49,978 in respect of 23 individuals (2017: €18,224, 10 individuals). Of this, €26,806 (2017: €9,344) have a recovery plans in place in respect of eight individuals. Four individuals with recovery plans in place to a value of €7,418 transferred to other Departments in the year.

Note 6 Miscellaneous

6.1 EU funding

The outturn shown in headings A.4, A.5, A.6 and A.8 includes the following payments in respect of activities which are co-financed by the EU.

		2018		2017
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	1,006	927	1,044
A.5	Technical assistance costs of Regional Assemblies	650	638	631
A.6	Peace Programme/Northern Ireland INTERREG	890	833	608
A.8	Ireland/Wales and Transnational INTERREG	150	131	131
		2,696	**2,529**	**2,414**

6.2 Committees, commissions and special inquiries

	Year of appointment	2018	2017
		€000	€000
Civil Service Arbitration Board [a]	1950/51	23	17
Public Service Pay Commission [b]	2017	307	166
		330	**183**

Notes [a] The Civil Service Arbitration Board provides means acceptable both to the State and to its employees for dealing with claims and proposals relating to the conditions of service of civil servants and to secure the fullest co-operation between the State, as employer, and civil servants, as employees, for the better discharge of public business.

[b] The Public Service Pay Commission was established to consider public service remuneration matters and report to the Government.

Note 7 Contingency Fund

	2018	2017
	€000	€000
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	**1,200**	**1,200**

Note The Contingency Fund is a non-statutory fund formed in 1923. The fund is available for use to facilitate the defraying of urgent or unforeseen expenditure which is not covered by the ordinary Votes and for which it may be impracticable to seek the immediate approval of Dáil Éireann e.g. during recess.

The procedures in relation to the operation of the Fund are set out in *Public Financial Procedures* (Sections C.1.5 to C.1.12).

The size of the Fund is reviewed every five years. Following a review in 2014, it was decided that the Fund should remain at its existing level.

Appendix A Accounts of bodies and funds under the aegis of the Department of Public Expenditure and Reform

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Economic and Social Research Institute	2017	5 Dec 2018	21 Dec 2018	12 Mar 2019
Institute of Public Administration	2017	15 Sep 2018	27 Nov 2018	13 Dec 2018
Ireland-United States Educational Fund	2017	21 Nov 2018	21 Nov 2018	31 Dec 2018
Regulator of the National Lottery	2017	7 Jul 2018	9 Nov 2018	22 Nov 2018
Special EU Programmes Body	2017	7 Jul 2018	9 Nov 2018	29 Nov 2018
State Property Miscellaneous Deposit Account	2017	18 Dec 2018	18 Dec 2018	31 Dec 2018
Travellers' Protection Fund Investment Account	2017	29 Jun 2018	29 Jun 2018	31 Dec 2018

Vote 12

Superannuation and Retired Allowances

Introduction

As Accounting Officer for Vote 12, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for pensions, superannuation, occupational injuries, and additional and other allowances and gratuities under the Superannuation Acts 1834 to 2004 and sundry other statutes; extra-statutory pensions, allowances and gratuities awarded by the Minister for Public Expenditure and Reform; fees to medical referees and occasional fees to doctors; compensation and other payments in respect of personal injuries; fees to Pensions Authority, and other professional fees (as per REV 2018), miscellaneous payments, etc.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €45.099 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, all transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Office.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place:

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the management board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the management board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the department has procedures to monitor the effectiveness of its risk management and control procedures. The department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

26 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 12 Superannuation and Retired Allowances

Opinion on the appropriation account

I have audited the appropriation account for Vote 12 Superannuation and Retired Allowances for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 12 Superannuation and Retired Allowances for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 12 Superannuation and Retired Allowances

Appropriation Account 2018

			2018		2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Superannuation and retired allowances				
	Original	569,900			
	Supplementary	15,001			
			584,901	573,180	535,478
	Gross expenditure				
	Original	569,900			
	Supplementary	15,001			
			584,901	**573,180**	**535,478**
	Deduct				
B	**Appropriations-in-aid**				
	Original	**203,750**			
	Supplementary	**15,000**			
			218,750	**252,128**	**202,555**
	Net expenditure				
	Original	**366,150**			
	Supplementary	**1**			
			366,151	**321,052**	**332,923**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**45,099,294**	**33,476,725**

Robert Watt
Accounting Officer
Superannuation and Retired Allowances

26 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

This note is not applicable. The administration costs of this Vote are borne on Vote 18 – National Shared Services Office. The costs involved in formulation of superannuation policy are borne on Vote 11 - Office of the Minister for Public Expenditure and Reform.

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Current assets			
Other debit balances	2.3	273	242
Bank and cash	2.2	41,405	19,171
Total current assets		41,678	19,413
Less current liabilities			
Other credit balances	2.4	22,193	14,894
Net Exchequer funding due	2.5	19,485	4,519
Total current liabilities		41,678	19,413
Net current assets		—	—
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	366,151		
Surplus to be surrendered	Account	(45,099)		
Net vote			321,052	332,923
Net programme cost			(321,052)	(332,923)
Balance at 31 December			---	—

2.2 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	41,399	18,037
Other bank balances	6	1,134
	41,405	**19,171**

2.3 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable pensions owed by other departments	273	242
	273	**242**

2.4 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	16,188	5,996
Universal Social Charge	3,020	1,278
Local Property Tax	322	122
	19,530	7,396
Voluntary pension deductions held in suspense	—	4,193
Other credit suspense items	2,663	3,305
	22,193	**14,894**

2.5 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	45,099	33,477
Exchequer grant undrawn	(25,614)	(28,958)
Net Exchequer funding due	**19,485**	**4,519**
Represented by:		
Debtors		
Debit balances: suspense	273	242
Bank and cash	41,405	19,171
	41,678	19,413
Creditors		
Due to State	(19,530)	(7,396)
Credit balances: suspense	(2,663)	(7,498)
	(22,193)	(14,894)
	19,485	**4,519**

Note 3 Vote Expenditure

Programme A Superannuation and Retired Allowances

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances				
	Original	409,000			
	Supplementary	(2,019)			
			406,981	403,005	378,995
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers				
	Original	42,500			
	Supplementary	(141)			
			42,359	42,327	41,873
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers				
	Original	450			
	Supplementary	(75)			
			375	352	447
A.4	Additional allowances and gratuities in respect of established officers and payments in respect of transferred service				
	Original	94,200			
	Supplementary	18,409			
			112,609	104,865	91,479
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service				
	Original	22,500			
	Supplementary	(1,063)			
			21,437	22,005	21,915
A.6	Injury grants and medical fees				
	Original	*365*			
	Supplementary	14			
			379	325	350

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.7	Pension related fees and other expenses				
	Original	330			
	Supplementary	(124)			
			206	206	151
A.8	Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997		500	41	214
A.9	Pension liabilities of former public service bodies payable under statute		55	54	54
			584,901	**573,180**	**535,478**

Significant variations

Overall, the expenditure in relation to programme A was €3.28 million higher than originally provided. This was mainly due to the following:

A.4 Additional allowances and gratuities in respect of established officers and payments in respect of transferred service

Estimate provision: €94.2 million, outturn: €104.865 million

Expenditure on this subhead is impacted by numbers entering and leaving the scheme and the grade mix, all of which can vary from year to year. The increase in expenditure of €10.665 million relative to the estimate provision was due to higher level of lump sums paid relative to that provided for in the estimate due to the higher grade mix of retirees. Given the inherent expenditure variability, and the level of gross expenditure as it stood at the end of October, a Supplementary Estimate of €18.409 million was sought for subhead A.4 as a precautionary measure and approved by the Oireachtas. The actual experience at year end was that 1,541 people (96.9% of the original estimate) retired from the established scheme and received a lump sum under subhead A.4. An additional 52 former civil servants, who had retired under the Incentivised Scheme for Early Retirement (ISER), received a lump sum payment in 2018 on reaching minimum pension age. In the event, the full supplementary provision was not used.

A.7 Pension related fees and other expenses

Estimate provision: €330,000, outturn €206,000

The estimate provision includes legal fees. The 2018 outturn for the subhead was lower than expected due to no legal cases arising in 2018.

A.8 Payments in respect of liability under Chapter 2C of the Taxes Consolidation Act 1997

Estimate provision: €500,000, outturn: €41,000

The shortfall in expenditure of €459,000 relative to the estimate provision of €500,000 was due to less people exercising their right to create a charge to the Vote than expected.

Note 4 Receipts

4.1 Appropriations-in-aid

			2018		2017
			Estimated	Realised	Realised
		€000	€000	€000	€000
1	Receipt from the Social Welfare Consolidation Act 1993 (No. 38 of 1993) in respect of pension liability of staff		28,000	28,000	28,000
2	Receipts in respect of pension liability of staff on loan, etc.		1,850	1,079	1,706
3	Contributions to spouses' and children's pension scheme for civil servants and others		18,200	18,741	18,847
4	Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95)		29,900	33,062	31,704
5	Repayment of gratuities, etc.		700	188	120
6	Purchase of notional service		5,000	5,230	4,956
7	Single scheme contributions				
	Original	120,000			
	Supplementary	15,000			
			135,000	165,828	117,203
8	Miscellaneous		100	0	19
	Total		**218,750**	**252,128**	**202,555**

Significant variations

Overall, appropriations-in-aid were €48.378 million more than the original estimate provided for. Explanations for variances are set out below:

2 *Receipts in respect of pension liability of staff on loan, etc.*

Estimate Provision: €1.85 million, outturn: €1.079 million

The decrease of €771,000 was due to a decrease in the level of receipts of staff on loan. It is difficult to predict the number of staff on loan year to year.

4 *Receipts in respect of the contributory scheme introduced for established civil servants who were appointed on and after 6 April 1995 (Circular 6/95).*

Estimate provision: €29.9 million, outturn: €33.062 million

The increase of €3.126 million was due to an underestimation of the level of receipts from the cohort of civil servants appointed on or after 6 April 1995 and before 1 January 2013 who are members of the established scheme. The number in this cohort will decrease as retirements occur, however the level of contributions is affected by changes in the salary levels of this cohort which may increase in line with career progression.

5 *Repayment of gratuities, etc.*

Estimate provision: €700,000, outturn: €188,000

This subhead varies year on year as it is dependent on the occurrence of civil servants repaying gratuities. As a result the estimate can be difficult to predict.

7 Single scheme contributions

Estimate provision: €120 million, outturn: €165.828 million

The increase of €45.828 million was largely due to an increased level of receipts in the final months of the year. The amount credited to the Vote in respect to the Single Public Service Pension Scheme represents contributions made by all new public servants who commence employment after 1 January 2013. While there is central oversight of total public service employee numbers, the number of new entrants, the timing of their engagement and the grade and pay level at which they are engaged in individual sectors in any year is managed in those sectors and is subject to wide variation. Due to the nature of recruitment and retirement processes across the public service, a level of variation in estimates versus receipts will remain. A supplementary estimate of €15 million was provided in respect of this subhead.

Note 5 Staffing and Pensioner Numbers

5.1 Staff

All staff employed in the administration and payment of superannuation charged to this Vote are paid from Vote 18 National Shared Services Office. Staff engaged on the formulation of superannuation policy are charged to Vote 11 Office of the Minister for Public Expenditure and Reform.

5.2 Pensioners

A breakdown of the total numbers of pensioners in payment by heading at year end is set out below.

		2018	2017
A.1	Superannuation allowances, compensation allowances, pensions and certain children's allowances	17,684	16,448
A.2	Payments under the contributory pensions schemes for spouses and children of civil servants, members of the judiciary and court officers	2,888	2,859
A.3	Ex-gratia pensions for widows and children of civil servants, members of the judiciary and court officers	24	30
A.5	Pensions, allowances and gratuities in respect of unestablished officers and their spouses and children and other pensions and payments in respect of transferred service	4,594	4,578
A.9	Pension liabilities of former public service bodies payable under statute	3	3
		25,193	**23,918**

5.3 Pension payment agency services

The Department (Vote 12) makes pension payments, on an agency basis, to former staff of the bodies detailed below.

Name of body	Number of pensioners	Gross value (per annum) €m
Vocational Education Committee/Institute of Technology/ Education Training Board pensions	10,092	281
FÁS/SOLAS pensions	1,552	31

Note The amounts paid are charged to the Vote for Education and Skills (Vote 26).

5.4 Overpayments of pensions

Overpayments at year end were €146,571 (37 cases), (2017: €158,436 (44 cases)), all of these cases have recoupment plans in place.

Following sanction from the Department of Public Expenditure and Reform pension overpayments of €40,000 were written-off in the year.

5.5 Severance payments

There were no severance payments in 2018.

Note 6 Miscellaneous

6.1 Abatement of pensions

The Pensions (Abatement) Act 1965 and the Public Service (Single Scheme and other Provisions) Act 2012 provides that the pensions of civil servants who are retained or re-employed after normal retirement age are abated as necessary to ensure that their total pay in the period of retention or re-employment does not exceed the remuneration which they would have received if they had remained in the posts they had held on the last day of their reckonable service. The legislation also provides that such abatements may be waived at the discretion of the Minister for Public Expenditure and Reform.

In 2018, the pensions of 76 retired civil servants were fully or partially abated. The total amount abated in 2018 was €787,426.

6.2 Compensation and legal costs

There were no payments in 2018 or 2017 in respect of claims taken against the Department.

Appropriation Account 2018

Vote 13

Office of Public Works

Introduction

As Accounting Officer for Vote 13, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of Public Works, for services administered by that Office, for payment of certain grants and for the recoupment of certain expenditure.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €571,328 is liable for surrender to the Exchequer.

The OPW acts as an agent, and incurs expenditure on behalf of other Government Departments and agencies. The expenditure incurred on their behalf is set out in Note 2.8. In addition, the OPW provides client services on behalf of the State. This expenditure is set out in Note 1.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account. Departures from the standard accounting policies and principles are highlighted below.

Valuation of capital assets

The Office of Public Works recognises the value of land and buildings as follows

- Assessments of market value have been applied to properties where market comparisons are available.
- Prestige properties have been individually valued using the replacement cost method of valuation. This rebuilding cost is based on the application of market rates.
- Where market comparisons are not available, properties acquired or purchased before 1 January 1995 or constructed before 1 January 1997 are valued based on building cost norms and notional site values that are updated regularly. Properties purchased since 1 January 1995 or constructed since 1 January 1997 are valued at cost.

The valuations are subject to a number of significant qualifications and should not be regarded as a current estimate of realisable value.

Capital expenditure in a number of areas is not recognised in Note 2.2 Capital assets as follows

- Expenditure on improvements of certain buildings is not included. The change in value will be reflected at the next valuation date.
- National monuments and certain national historic properties are not valued.
- Flood relief works are considered infrastructure assets and are not capitalised.
- Expenditure on improvements to leased buildings is not capitalised.
- Artwork acquired after 1 January 2008 is included in the statement of capital assets under the heading Fixtures and Fittings at historical cost and is not revalued. Artwork acquired prior to 1 January 2008 has not been capitalised.

Depreciation

Plant and machinery assets are depreciated on a straight line basis over their estimated useful life of between five and 20 years, less a residual value.

Artworks and heritage assets are not depreciated.

Buildings are not depreciated on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition.

Capital assets under development

Expenditure on existing properties owned by the OPW carried out under Subhead B6 (new works alterations and additions) is capitalised under its relevant asset category in the year the expenditure is incurred save for the exceptions outlined above where capital expenditure is not recognised as a capital asset. Capital expenditure on new developments spanning multiple accounting periods is accounted for as a capital asset under development and is transferred to the relevant asset category on completion.

Property lease payments

The OPW recognises payment for goods and services when the goods or services have been provided satisfactorily, the supplier has submitted their account and the instruction for payment has been executed. In the case of property lease agreements, once the service is provided, and the rent is due and payable, then the OPW are satisfied the liability has matured. However, where there are legal or compliance difficulties in making such payments to the suppliers, the OPW may charge the payment to the Vote and transfer the funds to suspense.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chairman. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of human resources and payroll and travel shared services for civil service grades.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- a corporate governance framework for the Office is in place.

Non-compliance with procurement rules

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with the relevant guidelines. In 2018, the Office complied with procurement guidelines with the exception of payments totalling €1.62 million.

- nine contracts with a total value of €514,000 related to urgent specialised work of a security nature
- eight contracts to the value of €781,000 related to instances where services were procured from a single suitable supplier or a contractor with specialised expertise or due to urgency.
- payments to the value of €327,000 were made to five suppliers where no contract was in place.

Internal audit and audit committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the recommendations arising from reports of the internal audit function are implemented.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the office has procedures to monitor the effectiveness of its risk management and control procedures. The office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

The following internal financial control issues were identified in 2018.

Lease of offices

Arising out of a report published by the Comptroller and Auditor General in 2018, the OPW has further enhanced its approach to managing projects.

Expenditure on measured term maintenance contract

A contract entered into in 2014 with an anticipated value estimated at €12 million incurred total expenditure over the four years ending 2018 of €39.4 million.

Expenditure on papal visit

Given the urgency and tight timeframe for organising the papal visit, the OPW utilised existing frameworks for the provision of some services. In five instances, framework contracts were utilised to provide services of €6 million in excess of the original contracts value.

Maurice Buckley
Accounting Officer
Office of Public Works

24 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 13 Office of Public Works

Opinion on the appropriation account

I have audited the appropriation account for Vote 13 Office of Public Works for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 13 Office of Public Works for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of Public Works and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

My audit noted a number of instances of non-compliance with national procurement rules that occurred in respect of contracts that operated in 2018. The Accounting Officer has disclosed these in the statement on internal financial control.

Expenditure under a maintenance contract

Chapter 6 of my report on the accounts of the public services for 2018 examines expenditure by the OPW under a maintenance contract in the period 2015–2018 which was significantly in excess of the OPW's estimate of the value of the contract.

Seamus McCarthy
Comptroller and Auditor General

26 September 2019

Vote 13 Office of Public Works

Appropriation Account 2018

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Flood risk management		101,135	99,244	75,099
B	Estate management				
	Original	326,828			
	Supplementary	22,000			
			348,828	350,639	319,180
	Gross expenditure				
	Original	427,963			
	Supplementary	22,000			
			449,963	**449,883**	**394,279**
	Deduct				
C	**Appropriations-in-aid**				
	Original	23,749			
	Supplementary	2,000			
	Net expenditure		**25,749**	**26,240**	**33,847**
	Original	404,214			
	Supplementary	20,000			
			424,214	**423,643**	**360,432**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**571,328**	**4,634,977**

Maurice Buckley
Accounting Officer
Office of Public Works

24 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		399,018	350,262
Administration pay		39,895	35,976
Administration non pay		10,970	8,041
Gross expenditure		**449,883**	**394,279**
Deduct			
Appropriations-in-aid		**26,240**	**33,847**
Net expenditure		**423,643**	**360,432**
Changes in capital assets			
Purchases cash	(11,199)		
Depreciation	4,079		
Disposals cash	376		
Gain on disposal	(36)		
		(6,780)	191
Changes in net current assets			
Increase in closing accruals	2,419		
Increase in stock	(3)		
		2,416	505
Direct expenditure		**419,279**	**361,128**
Expenditure on services provided free to other departments (allied services)		(178,700)	(163,606)
Expenditure on services where OPW acts as client		(127,015)	(87,288)
Direct expenditure (excluding allied services and services where OPW acts as client)		**113,564**	**110,234**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,905	23,047
Net programme cost[a]		**135,469**	**133,281**

Note [a] The net programme cost does not include an amount for notional income or payments.

- Notional rents receivable by the OPW on State owned properties are estimated at some €87.9 million. Notional rents payable by OPW are estimated at €3.5 million.
- Amounts have not been included in the statement in respect of notional income from client departments in respect of services currently provided free of charge by the OPW.

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 13 borne elsewhere, net of costs of shared services apportioned to other votes.

	2018 €000	2017 €000
Vote 9 Office of the Revenue Commissioners	8	—
Vote 12 Superannuation and Retired Allowances	21,828	23,047
Vote 18 National Shared Services Office	69	—
	21,905	**23,047**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	3,338,779	3,326,934
Current assets			
Bank and cash	2.3	20,375	32,628
Stocks	2.4	1,847	1,844
Prepayments	2.5	19,172	20,060
Accrued income		1,076	1,510
Other debit balances	2.6	4,511	278
Total current assets		46,981	56,320
Less current liabilities			
Accrued expenses		9,364	7,973
Deferred income		52	346
Other credit balances	2.7	24,450	31,086
Net Exchequer funding due	2.9	436	1,820
Total current liabilities		34,302	41,225
Net current assets		12,679	15,095
Net assets		**3,351,458**	**3,342,029**
Represented by:			
State funding account	2.1	**3,351,458**	**3,342,029**

2.1 State funding account

	Note		2018 €000	2017 €000
Balance at 1 January			3,342,029	3,343,641
Disbursements from the Vote				
Estimate provision	Account	424,214		
Surplus to be surrendered	Account	(571)		
Net vote			423,643	360,432
Expenditure (cash) borne elsewhere	1		21,905	23,047
Allied services	1		(178,700)	(163,606)
Client services	1		(127,015)	(87,288)
Net programme cost	1		(135,469)	(133,281)
Asset adjustments			5,065	(916)
Balance at 31 December			**3,351,458**	**3,342,029**

2.2 Capital assets

	Land and buildings[a]	Plant and machinery	Office equipment	Furniture and fittings	Assets under development[b]	Total
Gross assets	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Cost or valuation at 1 January 2018	3,308,721	41,783	27,188	22,665	177	3,400,534
Reclassification[c]	—	135	560	(695)	—	—
Additions	8,450	4,022	1,780	944	953	16,149
Disposals	(270)	(1,922)	(3,263)	(547)	—-	(6,002)
Revaluation on disposal	130	—-	—-	—-	—-	130
Cost or valuation at 31 December 2018	3,317,031	44,018	26,265	22,367	1,130	3,410,811
Accumulated depreciation						
Opening balance at 1 January 2018	—	33,847	23,860	15,893	—	73,600
Reclassification	—	160	507	(667)	—	—
Depreciation for the year	—	1,921	1,664	494	—	4,079
Depreciation on disposals	—	(1,908)	(3,205)	(534)	—	(5,647)
Cumulative depreciation at 31 December 2018	—	34,020	22,826	15,186	—	72,032
Net assets at 31 December 2018	**3,317,031**	**9,998**	**3,439**	**7,181**	**1,130**	**3,338,779**
Net assets at 31 December 2017	3,308,721	7,936	3,328	6,772	177	3,326,934

Notes
[a] An analysis of the valuations of land and buildings is given below.
[b] Capital assets under development do not include construction projects carried out under subhead B6 new works, alterations and additions. Expenditure on leased buildings is not capitalised.
[c] Following a review of capital assets in 2018, some assets were reclassified.

Valuation of land and buildings

As set out in the statement of accounting policies and principles, assets are valued using a number of valuation bases. The number of buildings and the valuation basis used is set out below.

Valuation basis	2018		2017	
	Number of buildings	€000	Number of buildings	€000
Market value	287	831,124	289	831,264
Building cost norms	544	718,711	544	718,711
Cost	135	839,290	131	830,840
Prestige properties (replacement cost)	11	927,906	11	927,906
Heritage properties (nil value)	727	—	727	—
	1,704	**3,317,031**	**1,702**	**3,308,721**

2.3 Bank and cash

at 31 December	2018 €000	2017 €000
PMG balances	20,388	32,721
Petty cash	8	12
Orders outstanding	(21)	(105)
	20,375	**32,628**

2.4 Stocks

at 31 December	2018 €000	2017 €000
Engineering stocks	910	807
Heritage depot stocks	846	918
Building materials	51	48
Stationery	20	20
Miscellaneous stocks	20	51
	1,847	**1,844**

2.5 Prepayments

at 31 December	2018 €000	2017 €000
Administration	658	474
Flood risk management	5	15
Estate management	18,509	19,571
	19,172	**20,060**

2.6 Other debit balances

at 31 December	2018 €000	2017 €000
Agency balances (note 2.8)	4,353	278
Other debit balances	158	—-
	4,511	**278**

2.7 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	963	1,081
Universal Social Charge	220	266
Pay Related Social Insurance	858	896
Professional Services Withholding Tax	616	590
Value Added Tax	4,189	3,698
Pension contributions	275	231
Local Property Tax	10	11
	7,131	6,773
Agency balances (note 2.8)	7,716	14,540
Sundry works account	—-	1,224
Property management	7,543	4,989
Receipts from sale of State property	—-	84
Percent for Art scheme	850	1,175
Miscellaneous heritage	726	1,024
Payroll deductions held in suspense	104	175
Other credit balances	380	1,102
	24,450	**31,086**

2.8 Provision of agency services

In addition to expenditure on Vote 13, the OPW also acts as an agent, and incurs expenditure on behalf of other Government departments and agencies. Funding for this expenditure is provided to the OPW by the sponsoring department/agency and appears as a charge on the account of the client organisation. The total expenditure in 2018 was €89 million of which the main areas of expenditure were major capital works (€65.4 million); schools programme (€1.9 million); maintenance works (€3.3 million) and leasing of accommodation (€18.4 million).

Agency services account

at 31 December	2018	2017
	€000	€000
Opening balance at 1 January	(14,262)	(10,559)
Payments	89,005	84,011
Receipts	(78,106)	(87,714)
Closing balance[a]	**(3,363)**	**(14,262)**

Note [a] The closing credit balance of €3.363 million is made up of debit agency balances (note 2.6) €4.353 million and credit agency balances (note 2.7) €7.716 million.

2.9 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	571	4,635
Exchequer grant undrawn	(135)	(2,815)
Net Exchequer funding due	**436**	**1,820**
Represented by:		
Debtors		
Bank and cash	20,375	32,628
Debit balances: suspense	4,511	278
	24,886	32,906
Creditors		
Due to State	(7,131)	(6,773)
Credit balances: suspense	(17,319)	(24,313)
	(24,450)	(31,086)
	436	**1,820**

2.10 Commitments

Global commitments

	2018	2017
	€000	€000
Procurement of goods and services	10,328	2,883
Non-capital grant programmes	1,500	—-
Capital grant programmes	12,720	12,970
Capital projects	53,055	92,250
Public Private Partnership projects	417,748	443,827

There were future commitments at the end of 2018 in respect of rental of leased properties and associated service charges – longer term leases would normally have a specific provision or minimum notice period for early termination. Figures have not been included for such commitments in this account but they are estimated to be €107.6 million in 2019 (2018: €100.2 million).

Non-capital grant programmes	2018	2017
	€000	€000
Opening balance	—-	—-
New grant commitments	1,750	—-
Grants paid in the year	(250)	—-
Closing balance	**1,500**	**—-**

Capital grant programmes	2018	2017
	€000	€000
Opening balance	12,970	13,220
Grants paid in year	(250)	(250)
Closing balance	**12,720**	**12,970**

Major capital projects

Major projects during 2018 where the total estimated cost of the individual project is expected to exceed €10 million. Particulars are as follows:

Project	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years[a]	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	€000	€000	€000	€000
Flood risk management					
River Dodder (fluvial scheme)	12,116	1,939	3,100	17,155	14,500
Ennis Lower	17,492	563	945	19,000	18,647
Bray	40,685	1,491	400	42,576	41,185
Waterford	15,072	519	409	16,000	16,000
Bandon	11,804	10,628	6,000	28,432	20,900
Skibbereen	9,681	15,216	9,603	34,500	30,001
Clonakilty	1,262	6,343	16,495	24,100	—-
Total	**108,112**	**36,699**	**36,952**	**181,763**	**141,233**
Estate management					
Miesian Plaza	8,734	10,766	3,941	23,441	23,441
Leinster House	1,135	6,568	7,164	14,867	14,185
Total	**9,869**	**17,334**	**11,105**	**38,308**	**37,626**

Note [a] Project commitments in subsequent years refers to the OPW's current estimate of capital costs to completion of project.

Significant variations

An explanation is provided below where multi-annual commitments changed by more than €500,000 from 2017 to 2018.

Description	Less/(more) than provided	Explanation
Flood risk management	**€000**	
River Dodder (fluvial scheme)	(2,655)	The increased estimated total project cost is due to the identification of additional works which require some modification to the scheme.
Bray	(1,391)	The revised estimate includes previously unforeseen necessary works.
Bandon	(7,532)	Additional costs have been incurred on the overall project due to changes and issues arising during the course of the project which necessitated additional and altered works.
Skibbereen	(4,499)	Additional costs have been incurred on the overall project due to changes and issues arising during the course of the project which necessitated additional and altered works.
Estate management		
Leinster House	(682)	The revised estimate has arisen because of additional necessary works identified during the course of implementing the project that could not have been foreseen when the scale of works involved was initially scoped.

Unitary payments of public private partnership projects

	Cumulative Expenditure to 31 December 2017	Expenditure in 2018	Legally enforceable commitments to be met in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	**€000**	**€000**	**€000**	**€000**
Convention Centre Dublin	326,372	24,328	417,748	768,448	770,199

2.11 Contingent liabilities

The Office is involved in a number of pending legal proceedings and contractual conciliation, which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	39,706	39,895	35,976
ii	Travel and subsistence	1,511	2,049	1,540
iii	Training and development and incidental expenses	1,187	1,087	1,039
iv	Postal and telecommunications services	1,532	1,445	1,433
v	Office equipment and external IT services	5,100	5,195	2,785
vi	Office premises expenses	1,079	953	944
vii	Consultancy services and value for money and policy reviews	416	118	165
viii	Government Publication Services	170	123	135
		50,701	**50,865**	**44,017**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

ii *Travel and subsistence*

Estimate provision: €1.511 million, outturn: €2.049 million

The increase is due to greater staff numbers and additional site visits and third party engagements.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €416,000, outturn: €118,000

The requirement for consultancy services and value for money and policy reviews was less than anticipated.

Programme A Flood risk management

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	10,577	10,134	8,718
A.2	Administration - non pay	2,140	2,749	2,079
A.3	Purchase of plant and machinery	3,150	4,385	2,167
A.4	Hydrometric and hydrological investigation and monitoring	1,246	1,024	1,109
A.5	Flood risk management	68,069	64,644	45,369
A.6	Drainage maintenance	15,953	16,308	15,657
		101,135	**99,244**	**75,099**

Significant variations

Overall, the expenditure in relation to Programme A was €1.891 million lower than originally provided. €166,000 of this related to administration expenditure and has already been explained and the balance of the variance of €2.057 million was mainly due to the following:

A.3 Purchase of plant and machinery

Estimate provision: €3.15 million, outturn: €4.385 million

The increase arose due to the purchase of additional plant and machinery including hydrometric equipment and vehicles for capital construction in flood relief schemes.

A.4 Hydrometric and hydrological investigation and monitoring

Estimate provision: €1.246 million, outturn: €1.024 million

The saving of €222,000 arose mainly due to a timing delay at year end to planned vehicle fit-outs and procurement of monitoring station structural elements.

A.5 Flood risk management

Estimate provision: €68.069 million, outturn: €64.644 million

The saving of €3.425 million was due to delays in planning approval for the commencement of some flood relief projects and a delay in the Home Relocation Scheme.

Programme B Estate management

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay		29,129	29,761	27,258
B.2	Administration – non pay		8,855	8,221	5,962
B.3	President's household staff		899	803	801
B .4	Grants to certain refurbishment works and services		500	500	250
B.5	Purchase of sites and buildings		3,480	3,780	1,031
B.6	New works, alterations and additions				
	Original	56,030			
	Supplementary	22,000			
			78,030	77,690	52,847
B.7	Property maintenance and supplies		60,236	60,720	60,233
B.8	Rents		92,020	90,772	96,374
B.9	Service charges and utilities		10,543	10,724	9,549
B.10	Unitary payments		25,000	24,328	24,281
B.11	Heritage services		40,136	43,340	40,594
			348,828	**350,639**	**319,180**

Significant variations

Overall, the expenditure in relation to Programme B was €23.811 million higher than the sum provided, before the granting of a supplementary estimate of €22 million. The variance was mainly due to the following.

B.5 Purchase of sites and buildings

Estimate provision: €3.48 million, outturn: €3.78 million

The increase of €300,000 arose from the OPW availing of the opportunity to purchase two previously leased assets to reduce future rental costs.

B.6 New works, alterations and additions

Estimate provision: €56.03 million, outturn: €77.69 million

A supplementary estimate of €22 million was required, in the main to cover the costs incurred by the OPW for the Papal visit in August 2018. €2.7 million of the supplementary estimate was expended on Leinster House and the Department of Justice rationalisation project.

B.11 Heritage services

Estimate provision: €40.136 million, outturn: €43.34 million

The increase in expenditure of €3.204 million is as a result of a number of factors including necessary works required at some heritage sites and the further development of the online booking system.

Note 4 Receipts

4.1 Appropriations-in-aid

				2018	2017
			Estimated	Realised	Realised
			€000	€000	€000
1	Rents, licence fees, etc.				
	Original	3,040			
	Supplementary	1,000			
			4,040	4,541	4,637
2	Events and facilities management				
	Original	3,000			
	Supplementary	1,000			
			4,000	4,412	3,903
3	Receipts for Government publication services		630	737	631
4	Recoveries for services carried out on repayment or agency basis		—	—	8,744
5	Sales at national monuments and historic properties		2,300	2,475	1,371
6	Admission charges at national monuments and historic properties		10,000	10,057	10,214
7	Miscellaneous, including fees, interest and disposals etc.		1,360	1,054	1,643
8	Receipts from pension-related deduction on public service remuneration		3,419	2,964	2,704
	Total		**25,749**	**26,240**	**33,847**

Significant variations

Overall, appropriations-in-aid were €2.491 million more than the estimate.

Explanations for variances are set out below.

1 Rents, licence fees, etc.

Estimate provision: €3.04 million, outturn: €4.541 million

The increase of €1.501 million was mainly due to prior year income on mast sites and the timing of some 2017 receipts which were received in early 2018.

2 Events and facilities management

Estimate provision: €3 million, outturn: €4.412 million

The increase of €1.412 million was mainly due to an increase in visitor numbers at OPW managed sites including Dublin and Kilkenny Castles and an increase in business activity at conference centres.

3 Receipts for Government publication services

Estimate provision: €630,000, outturn: €737,000

The increase of €107,000 was due mainly to an increase in the flow of receipts from publications.

5 Sales at national monuments and historic properties

Estimate provision: €2.3 million, outturn: €2.475 million

The increase of €175,000 was mainly due to an increase in demand for the sites which resulted in additional revenue from the facility fees.

7 Miscellaneous, including fees, interest and disposals etc.

Estimate provision: €1.360 million, outturn: €1.054 million

The difference of €306,000 was mainly due to a timing issue which resulted in moneys due in 2018 being received in early 2019.

8 Receipts from pension-related deduction on public service remuneration

Estimate provision: €3.419 million, outturn: €2.964 million

The difference of €455,000 was due to a higher than required estimate. The receipts from the pension-related deduction were in line with the increase for 2018 included in the estimate.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end		
Civil service grades	724	674
OPW specific grades	1,049	1,037
	1,773	**1,711**

5.2 Pay

	2018	2017
	€000	€000
Pay		
Civil service grades	37,057	33,725
OPW specific grades	45,887	43,448
Higher, special or additional duties allowance		
Civil service grades	210	87
OPW specific grades	2,022	1,932
Overtime		
Civil service grades	81	27
OPW specific grades	3,169	3,108
Extra attendance, shift and roster		
OPW specific grades	2,414	2,495
Employer's PRSI		
Civil service grades	2,548	2,137
OPW specific grades	5,561	5,236
Total pay	**98,949**	**92,195**

The total pay figure includes pay for 551 temporary and seasonal staff in 2018 (2017: 245 staff).

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties				
Civil service grades	42	3	20,596	10,595
OPW specific grades	1,121	1	10,292	8,574
Overtime				
Civil service grades	26	1	11,644	8,380
OPW specific grades	1,017	76	54,401	37,831
Extra attendance, shift and roster				
OPW specific grades	815	12	13,233	25,985
Extra remuneration in more than one category				
Civil service grades	6	—	9,409	10,075
OPW specific grades	1,122	196	55,076	39,991

5.4 Other remuneration arrangements

Seven retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €54,193.

5.5 Payroll overpayments

Overpayments at the year-end were €31,371 in respect of 28 individuals (2017: €28,490, 20 individuals). Recovery plans are in place in respect of the OPW specific grades. Recovery plans for civil service grades are in place or in the process of being put in place.

Two overpayment recovery plans to the value of €809, in respect of two individuals, were transferred to the Office in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by the OPW	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees						
Personal injury claims						
- settled in 2018	7	81	192	291	564	225
- settled in a previous year or ongoing	6	13	16	—	29	16
Claims by members of the public						
Personal injury claims						
- settled in 2018	6	7	20	190	217	327
- settled in a previous year or ongoing	11	17	—	—	17	135
Loss or damage claims settled in 2018	7	19	16	2	37	14
		137	**244**	**483**	**864**	**717**

6.2 Arbitration and conciliation costs

Expenditure in 2018 includes payments of €6.188 million (2017: €4.880 million) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There were seven cases in 2018 (2017: four). Figures include VAT, legal and professional fees.

6.2 Interest and compensation

Penalty interest and compensation payments amounting to €58,893 were made by the OPW in 2018 under the Prompt Payment of Accounts Act 1997, in respect of late payments (2017: €25,132). The total value of payments made by the OPW in 2018 amounted to €414 million and the total number of reckonable payments were €86,713.

Appropriation Account 2018

Vote 14

State Laboratory

Introduction

As Accounting Officer for Vote 14, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the State Laboratory.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €572,989 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the State Laboratory. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the State Laboratory and the National Shared Service Office for the provision of payroll shared services and human resource shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Laboratory.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the State Laboratory.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The State Laboratory ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The State Laboratory complied with the guidelines with the exception of four contracts to the value of €198,205, which were listed in my annual return in respect of circular 40/2002. These contracts were not competitively procured for the following reasons
    - One contract to the value of €67,546 was awarded to a company who is the sole supplier for certain laboratory consumables.
    - One contract to the value of €27,552 was awarded to a supplier of specialist laboratory software and is the sole supplier for support and software upgrade.
    - One contract to the value of €59,177 was awarded to a supplier who is the sole European agent for specialist consumables for a particular laboratory instrument.
    - €43,930 was spent with the supplier of laboratory gases following expiry of the contract in March 2017. The Education Procurement Service (EPS) is establishing a Framework Agreement for this requirement, which was delayed.

Internal audit and audit committee

I confirm that the State Laboratory has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter, which I have approved. Its work is informed by analysis of the financial risks to which the State Laboratory is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The State Laboratory has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place, which identifies the key risks facing the laboratory and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a bi-annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the State Laboratory has procedures to monitor the effectiveness of its risk management and control procedures. The State Laboratory's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the laboratory responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 14 State Laboratory

Opinion on the appropriation account

I have audited the appropriation account for Vote 14 State Laboratory for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 14 State Laboratory for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the State Laboratory and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 14 State Laboratory

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Government analytical laboratory and advisory service	10,278	9,742	9,318
	Gross expenditure	**10,278**	**9,742**	**9,318**
	Deduct			
B	**Appropriations-in-aid**	**935**	**972**	**1,023**
	Net expenditure	**9,343**	**8,770**	**8,295**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**572,989**	**454,489**

Ita Kinahan
Accounting Officer
State Laboratory

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		5,369	5,279
Non pay		4,373	4,039
Gross expenditure		**9,742**	**9,318**
Deduct			
Appropriations-in-aid		**972**	**1,023**
Net expenditure		**8,770**	**8,295**
Changes in capital assets			
Purchases cash	(999)		
Depreciation	822		
Loss on disposals	1		
		(176)	(201)
Changes in net current assets			
Increase in closing accruals	73		
Increase in stock	(18)		
		55	82
Direct expenditure		**8,649**	**8,176**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		1,295	1,367
Notional rents		1,638	1,622
Net programme cost		**11,582**	**11,165**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 14 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	1,286	1,355
Vote 18 National Shared Services Office	9	12
	1,295	**1,367**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	1,897	1,721
Current assets			
Bank and cash	2.3	112	253
Stocks	2.4	192	174
Prepayments		614	630
Accrued income		140	80
Other debit balances	2.5	15	5
Net Exchequer funding due	2.7	61	(3)
Total current assets		1,134	1,139
Less current liabilities			
Accrued expenses		245	128
Other credit balances	2.6	188	255
Total current liabilities		433	383
Net current assets		701	756
Net assets		**2,598**	**2,477**
Represented by:			
State funding account	2.1	**2,598**	**2,477**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			2,477	2,358
Disbursements from the Vote				
Estimate provision	Account	9,343		
Surplus to be surrendered	Account	(573)		
Net vote			8,770	8,295
Expenditure (cash) borne elsewhere	1.1		1,295	1,367
Non cash expenditure – notional rent	1		1,638	1,622
Net programme cost	1		(11,582)	(11,165)
Balance at 31 December			**2,598**	**2,477**

2.2 Capital assets

	Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	13,651	556	14,207
Additions	997	2	999
Disposals	(1,966)	—	(1,966)
Cost or valuation at 31 December 2018	12,682	558	13,240
Accumulated depreciation			
Opening balance at 1 January 2018	11,946	540	12,486
Depreciation for the year	820	2	822
Depreciation on disposals	(1,965)	—	(1,965)
Cumulative depreciation at 31 December 2018	10,801	542	11,343
Net assets at 31 December 2018	**1,881**	**16**	**1,897**
Net assets at 31 December 2017	1,705	16	1,721

2.3 Bank and Cash

at 31 December	2018	2017
	€000	€000
PMG balances	106	248
Other bank accounts	5	5
Petty cash	1	—
	112	**253**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Chemicals and laboratory consumables	153	138
Stationery and IT consumables	39	36
	192	**174**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel expenses	2	1
Recoupable travel pass scheme expenditure	11	2
Recoupable cycle to work scheme	2	2
	15	**5**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	69	93
Pay Related Social Insurance	46	65
Universal Social Charge	15	21
Local Property Tax	1	1
Value Added Tax on intra-EU acquisitions	17	15
	148	195
Payroll deductions held in suspense	40	60
	188	**255**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	573	454
Exchequer grant undrawn	(634)	(451)
Net Exchequer funding due	**(61)**	**3**
Represented by:		
Debtors		
Bank and cash	112	253
Debit balances: suspense	15	5
	127	258
Creditors		
Due to State	(148)	(195)
Credit balances: suspense	(40)	(60)
	(188)	(255)
	(61)	**3**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Total of legally enforceable commitments	277	296

Note 3 Vote Expenditure

Analysis of expenditure

A	Government Analytical Laboratory and Advisory Service		2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	5,898	5,369	5,279
ii	Travel and subsistence	40	37	33
iii	Training and development and incidental expenses	256	249	248
iv	Postal and telecommunications services	70	68	48
v	Office equipment and external IT services	2,451	2,527	2,321
vi	Office premises expenses	1,545	1,471	1,376
vii	Consultancy services and value for money and policy reviews	18	21	13
		10,278	**9,742**	**9,318**

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts for various analyses, examinations, tests etc.	700	754	818
2	Receipts from pension-related deductions on public service remuneration	235	218	205
	Total	**935**	**972**	**1,023**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	93	96

5.2 Pay

	2018 €000	2017 €000
Pay	4,944	4,870
Higher, special or additional duties allowance	23	21
Overtime	3	1
Employer's PRSI	399	387
Total pay	**5,369**	**5,279**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	1	1	19,336	16,657
Other allowances	4	—	2,384	2,430
Overtime	5	—	1,419	645

No staff member received additional payments in more than one category.

5.4 Performance and merit payments

Under the terms of the AHCPS 1% PCW restructuring agreement, ten officers received a total of €29,450 in respect of PCW allowances (2017: €29,142).

5.5 Payroll overpayments

Overpayments at the year-end were €2,794 in respect of five individuals (2017: €6,210, three individuals). Of this, €1,444 have recovery plans in place in respect of four individuals (2017: €6,210, three individuals).

Appropriation Account 2018

Vote 15

Secret Service

Introduction

As Accounting Officer for Vote 15, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the Secret Service.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018.

A surplus of €116,720 is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 3 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Prescribed arrangements are in place with the Department of Justice and Equality and the Department of Defence for the drawdown of moneys from the Secret Service Vote and for the annual certification by the relevant Ministers of moneys actually expended during the year, as well as balances at year end.

For security reasons, restrictions are in place regarding operations and information about the individual transactions. This places a limitation on the normal direct controls available to me as Accounting Officer of a Vote. In the circumstances, I rely on annual certified statements signed by the Ministers to whom moneys have been issued, which are underpinned by operational controls put in place by their Departments.

Robert Watt
Accounting Officer
Secret Service

19 February 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 15 Secret Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 15 Secret Service for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 15 Secret Service for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Public Expenditure and Reform and have fulfilled my other ethical responsibilities in accordance with the standards.

For the purposes of this audit, I have been furnished with certificates from the Minister for Justice and Equality and the Minister of State with Responsibility for Defence which support the expenditure from the Vote. The audit included review of operational controls over the moneys issued from the Vote and, on a sample basis, of related transactions. For security reasons, certain information about those transactions was not reviewed.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

17 September 2019

Vote 15 Secret Service

Appropriation Account 2018

	Estimate provision	2018 Outturn	2017 Outturn
	€000	€000	€000
Programme expenditure			
Secret service	1,000	883	741
	1,000	**883**	**741**

	2018	2017
	€	€
Surplus to be surrendered	**116,720**	**258,649**

Robert Watt
Accounting Officer
Secret Service

19 February 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

The note is not applicable in the case of the Secret Service Vote.

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Current assets			
Sub-account balances		116	272
Net Exchequer funding due	2.2	156	46
Total current assets		272	318
Less current liabilities			
PMG balance		272	318
Total current liabilities		272	318
Net assets		—	—
Represented by:			
State funding account	2.1	—	—

2.1 State funding account

		2018	2017
	€000	€000	€000
Balance at 1 January		—	—
Disbursements from the Vote			
Estimate provision	1,000		
Surplus to be surrendered	(117)		
Net vote		883	741
Net programme cost		(883)	(741)
Balance at 31 December		—	—

2.2 Net Exchequer funding due

at 31 December	2018 €000	2017 €000
Surplus to be surrendered	117	259
Exchequer grant undrawn	(273)	(305)
Net Exchequer funding due	**(156)**	**(46)**
Represented by:		
Debtors		
Sub-account balances	116	272
Creditors		
Net PMG balance	(272)	(318)
	(156)	**(46)**

2.3 Extra receipts payable to Exchequer

	2018 €000	2017 €000
Balance at 1 January	—	75
Drawdown returned	—	—
Transferred to Exchequer	—	(75)
Balance at 31 December	—	—

Note 3 Variations in Expenditure

The estimate is necessarily conjectural.

Appropriation Account 2018

Vote 16

Valuation Office

Introduction

As Accounting Officer for Vote 16, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Valuation Office and certain minor services.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.311 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Valuation Office. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The payroll function transferred to the National Shared Service Office in June 2017. The CEO of the Shared Services Vote is Accounting Officer for Vote 18, and is responsible for the operation of controls within the shared service centres.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of human resource and payroll shared services.

I rely on a letter of assurance from the CEO of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place:

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Valuation Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines in operation
- the Valuation Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal audit and audit committee

I confirm that the Valuation Office has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Valuation Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Valuation Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Valuation Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

John O'Sullivan
Accounting Officer
Valuation Office

28 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 16 Valuation Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 16 Valuation Office for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 16 Valuation Office for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Valuation Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 16 Valuation Office

Appropriation Account 2018

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Provision of a State valuation service	10,488	9,248	9,107
B	Administration services for the Valuation Tribunal	1,099	669	581
	Gross expenditure	**11,587**	**9,917**	**9,688**
	Deduct			
C	**Appropriations-in-aid**	**1,147**	**1,788**	**1,307**
	Net expenditure	**10,440**	**8,129**	**8,381**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**2,310,642**	**1,857,762**

John O'Sullivan
Accounting Officer
Valuation Office

28 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	Note		2018	2017
		€000	€000	€000
Programme cost			558	1,277
Pay			7,289	6,725
Non pay			2,070	1,686
Gross expenditure			**9,917**	**9,688**
Deduct				
Appropriations-in-aid			**1,788**	**1,307**
Net expenditure			**8,129**	**8,381**
Changes in capital assets				
Purchases cash	2.2	(110)		
Depreciation	2.2	183		
			73	135
Changes in net current assets				
Increase in closing accruals		12		
Decrease in stock		20		
			32	136
Direct expenditure			**8,234**	**8,652**
Net allied services expenditure	1.1		5,832	4,648
Net programme cost			**14,066**	**13,300**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 16 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	4,008	3,818
Vote 13 Office of Public Works	1,811	821
Vote 18 National Shared Services Office	13	9
	5,832	**4,648**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	249	322
Current assets			
Bank and cash	2.3	123	191
Stocks		20	40
Prepayments		70	43
Accrued income		89	108
Other debit balances	2.4	93	10
Net Exchequer funding due	2.6	8	(38)
Total current assets		403	354
Less current liabilities			
Accrued expenses		182	133
Deferred income		186	215
Other credit balances	2.5	224	163
Total current liabilities		592	511
Net current liabilities		(189)	(157)
Net assets		**60**	**165**
Represented by:			
State funding account	2.1	**60**	**165**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			165	436
Disbursements from the Vote				
Estimate provision	Account	10,440		
Surplus to be surrendered	Account	(2,311)		
Net vote		8,129	8,129	8,381
Expenditure (cash) borne elsewhere	1.1		5,832	4,648
Net programme cost	1		(14,066)	(13,300)
Balance at 31 December			**60**	**165**

2.2 Capital assets

	Office & IT Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	1,729	1,129	2,858
Additions	91	19	110
Disposals	(133)	(18)	(151)
Cost or valuation at 31 December 2018	1,687	1,130	2,817
Accumulated depreciation			
Opening balance at 1 January 2018	1,468	1,068	2,536
Depreciation for the year	169	14	183
Depreciation on disposals	(133)	(18)	(151)
Cumulative depreciation at 31 December 2018	1,504	1,064	2,568
Net assets at 31 December 2018	**183**	**66**	**249**
Net assets at 31 December 2017	261	61	322

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	9	12
Other bank account balances	114	179
	123	**191**

2.4 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel pass scheme	88	8
Other debit balance suspense items	5	2
	93	**10**

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	128	101
Pay Related Social Insurance	67	54
Value Added Tax	2	1
Professional Services Withholding Tax	7	4
	204	160
Miscellaneous liabilities	20	3
	224	**163**

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	2,311	1,858
Exchequer grant undrawn	(2,319)	(1,820)
Net Exchequer funding due	**(8)**	**38**
Represented by:		
Debtors		
Bank and cash	123	191
Debit balances: suspense	93	10
	216	201
Creditors		
Due to State	(204)	(160)
Credit balances: suspense	(20)	(3)
	(224)	(163)
	(8)	**38**

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Total of legally enforceable commitments	494	696

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,505	7,289	6,725
ii	Travel and subsistence	271	259	222
iii	Training and development and incidental expenses	885	883	515
iv	Postal and telecommunications services	105	136	131
v	Office equipment and external IT services	527	630	639
vi	Office premises expenses	161	112	97
vii	Consultancy services; value for money and policy reviews	60	50	82
		10,514	**9,359**	**8,411**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision €8.505 million, outturn €7.289 million

The expenditure in relation to salaries, wages and allowances showed an underspend of €1.216 million due to higher than estimated rate of retirements and also to lower than expected uptake of advertised professional posts.

Programme A Provision of a State valuation service

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	8,116	7,108	6,482
A.2	Administration – non-pay	1,299	1,582	1,348
A.3	Fees to counsel and other legal expenses	73	5	1
A.4	National revaluation projects	1,000	553	1,276
		10,488	**9,248**	**9,107**

Significant variations

Overall the expenditure in relation to Programme A was €1.24 million lower than originally provided. €725,000 of this related to administration expenditure and has already been explained.

A4 *National revaluation projects*

Estimate provision €1 million, outturn €553,000

Overall, A.4 showed an outturn €447,000 lower than originally provided for. Expenditure for 2018 related to the final payments for an outsourcing project and were less than anticipated due to a pro-rata reduction in the overall cost. This was as a result of a lower than estimated number of cases to be valued within the project.

Programme B Administration services for the Valuation Tribunal

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	389	181	243
B.2	Administration – non-pay	710	488	338
		1,099	**669**	**581**

Significant variations

Overall the expenditure in relation to Programme B was €430,000 lower than originally provided.

B.1 *Administration – pay*

Estimate provision €389,000, outturn €181,000

The expenditure in relation to administration pay shows an outturn of €208,000 lower than originally provided for. The under spend arose due to there being fewer than anticipated staff resources allocated to this programme due to a corresponding reduction from the expected number of Appeal cases to be processed during the year.

B2 *Administration – non pay*

Estimate provision €710,000, outturn €488,000

The expenditure in relation to administration – non pay shows an outturn €222,000 lower than originally provided for. The reduction related directly to the reduced number of appeal cases processed.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1.	Valuation Tribunal appeal fees	60	53	296
2.	Valuation certificates	120	107	91
3.	Valuation revision fees	600	1,286	613
4.	Fees from appeals to the Commissioner	—	—	—
5.	Miscellaneous receipts	65	44	31
6.	Receipts from pension related deduction on public service remuneration	302	298	276
	Total	**1,147**	**1,788**	**1,307**

Significant variations

Overall appropriations-in-aid were €641,000 more than estimate.

3 Valuation revision fees

Estimate provision €600,000, outturn €1.286 million

The valuation revision fee receipts were €686,000 greater than originally provided for. Having recruited additional staff during 2017 and 2018, there was a concentration of effort on processing the revision cases on hand. As revisions are subject to a fee, the activity generated receipts significantly greater than anticipated income.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	130	124

5.2 Pay

	2018 €000	2017 €000
Pay	6,649	6,173
Higher, special or additional duties allowance	103	78
Other allowances	9	14
Overtime	10	12
Employer's PRSI	518	448
Total pay	**7,289**	**6,725**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	22	1	11,605	8,274
Other allowances	3	—	4,693	4,693
Overtime	11	—	5,638	4,852
Extra remuneration in more than one category	17	2	11,605	9,545

5.4 Other remuneration arrangements

€50,345 in total was paid to five retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

Note 6 Miscellaneous

6.1 Merger

As part of a programme of rationalisation of State bodies, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The new organisation arising from the merger will be known as Tailte Éireann. The establishment of the new entity requires primary legislation. The Tailte Éireann Bill to provide for the merger is being finalised.

Responsibility for the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority transferred to the Department of Housing Planning and Local Government from the Department of Justice and Equality on 1 January 2018, as did responsibility for the establishment of Tailte Éireann.

The Chief Executive Designate for Tailte Éireann, who was appointed on 1 July 2013, has been working towards the development of a detailed plan for the establishment of the new entity. He will continue to work with the Registrar of Deeds and Titles, the Chief Survey Officer and other members of the Programme Board on the planning and design of the necessary infrastructure for the new organisation. DHPLG are providing guidance and support to the Programme Board in relation to the required legislation and other issues relevant to the merger.

The Valuation Office will continue to provide every support in bringing about the establishment of Tailte Éireann.

When established, Tailte Éireann will be responsible for providing the authoritative property registration system, national mapping and surveying infrastructure and property valuation service for the State. As such, it will be the primary national source of property information and geo-spatial data and will be a leader in the development and delivery of land information services.

Appropriation Account 2018

Vote 17

Public Appointments Service

Introduction

As Chief Executive of the Public Appointments Service, I am the Accounting Officer for Vote 17. I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Public Appointments Service.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €1.175 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Role of the Board

The Public Appointments Service was established under the Public Service Management (Recruitment and Appointments) Act 2004. It provides for a Chief Executive of the Service, and the appointment of a Board, consisting of eight external members and the Chief Executive in an ex officio basis.

The statutory functions of the Board are more advisory in nature than the traditional functions of State Boards and essentially relate to giving advice or guidance to the Chief Executive. In general, they include

- representing the interests of the public service and ensuring that all appropriate service standards are being achieved
- considering and approving plans and strategic objectives put forward by the Chief Executive
- monitoring and advising the Public Appointments Service in the performance of its functions
- ensuring that appropriate review procedures are developed and implemented in relation to recruitment and promotion competitions, having regard to any relevant codes of practice issued by the Commission for Public Service Appointments
- publishing the annual report of the Public Appointments Service.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Public Appointments Service.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of the Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Public Appointments Service and the National Shared Service Office for the provision of (e.g. human resource and payroll) shared services.

I rely on a letter of assurance from the accounting officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Public Appointments Service.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Public Appointments Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Public Appointments Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. Three active contracts during 2018, with expenditure of €244,692 (excluding VAT) required disclosure on the annual 40/02 return to the Department of Public Expenditure and Reform and the Office of the Comptroller and Auditor General.

One of the contracts with expenditure in 2018 of €150,337 relates to software support and licencing services for which there is only a single suitable supplier available. The other two contracts do not comply with procurement rules.

Of the non-compliant contracts, one relates to the cleaning of the Chapter House facility (€72,105) on which a decision to re-tender had been put on hold in 2017 pending a decision on the long term status of the facility by OPW. A request for tender in respect of this service issued in August 2019. The second (€22,250) relates to a contract extension beyond the original expected end date, for standardisation of business process services. The contract ended in 2019.

Internal audit and audit committee

I confirm that the Public Appointments Service has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Public Appointments Service is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for corrective action and to the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Public Appointments Service responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that require disclosure in the appropriation account.

Shirley Comerford
Accounting Officer
Public Appointments Service

13 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 17 Public Appointments Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 17 Public Appointments Service for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 17 Public Appointments Service for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Public Appointments Service and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

17 September 2019

Vote 17 Public Appointments Service

Appropriation Account 2018

				2018	2017
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Civil and public service - redeployment/ recruitment/selection				
		Original	13,598		
		Deferred surrender	60		
			13,658	12,558	11,757
	Gross expenditure				
		Original	13,598		
		Deferred surrender	60		
			13,658	**12,558**	**11,757**
	Deduct				
B	**Appropriations-in-aid**		**239**	**314**	**303**
	Net expenditure				
		Original	13,359		
		Deferred surrender	60		
			13,419	**12,244**	**11,454**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus	1,174,763	366,071
Deferred surrender	—	(60,000)
Surplus to be surrendered	**1,174,763**	**306,071**

Shirley Comerford
Accounting Officer
Public Appointments Service

13 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost			
Pay		7,161	6,557
Non pay		5,397	5,200
Gross expenditure		**12,558**	**11,757**
Deduct			
Appropriations-in-aid		**314**	**303**
Net expenditure		**12,244**	**11,454**
Changes in capital assets			
Purchases cash	(246)		
Depreciation	478		
		232	224
Changes in net current assets			
Decrease in closing accruals	(78)		
Decrease in stock	1		
		(77)	274
Direct expenditure		**12,399**	**11,952**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		3,263	3,146
Net programme cost		**15,662**	**15,098**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 17 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	45	45
Vote 12 Superannuation and Retired Allowances	1,020	869
Vote 13 Office of Public Works	2,188	2,213
Vote 18 National Shared Services Office	10	19
	3,263	**3,146**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	465	697
Current assets			
Bank and cash	2.3	337	452
Stocks		21	22
Prepayments		254	251
Accrued income		84	91
Other debit balances	2.4	573	67
Total current assets		1,269	883
Less current liabilities			
Accrued expenses		204	286
Other credit balances	2.5	283	404
Net Exchequer funding due	2.6	627	115
Total current liabilities		1,114	805
Net current assets		155	78
Net assets		**620**	**775**
Represented by:			
State funding account	2.1	**620**	**775**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			775	1,273
Disbursements from the Vote				
Estimate provision	Account	13,419		
Surplus to be surrendered	Account	(1,175)		
Net vote			12,244	11,454
Expenditure (cash) borne elsewhere	1.1		3,263	3,146
Net programme cost	1		(15,662)	(15,098)
Balance at 31 December			**620**	**775**

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Building improvement	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	6,763	695	691	8,149
Additions	196	50	—	246
Disposals	(11)	(1)	—	(12)
Cost or valuation at 31 December 2018	6,948	744	691	8,383
Accumulated depreciation				
Opening balance at 1 January 2018	6,142	619	691	7,452
Depreciation for the year	461	17	—	478
Depreciation on disposals	(11)	(1)	—	(12)
Cumulative depreciation at 31 December 2018	6,592	635	691	7,918
Net assets at 31 December 2018	**356**	**109**	—	**465**
Net assets at 31 December 2017	621	76	—	697

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG account balance	328	431
Other commercial bank account balance	9	21
	337	**452**

2.4 Other debit balances

at 31 December	2018	2017
	€000	€000
Salary suspense	35	33
Advances to OPW	460	—
Recoupable travel pass scheme	77	33
Other debit balance suspense items	1	1
	573	**67**

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	136	176
Pay Related Social Insurance	75	93
Local Property Tax	1	1
Professional Services Withholding Tax	25	26
Value Added Tax	44	28
	281	324
Credit balances suspense	2	80
	283	**404**

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,175	306
Deferred surrender	—	60
Exchequer grant undrawn	(548)	(251)
Net Exchequer funding due	**627**	**115**
Represented by:		
Debtors		
Bank and cash	337	452
Debit balances suspense	573	67
	910	519
Creditors		
Due to State	(281)	(324)
Credit balances suspense	(2)	(80)
	(283)	(404)
	627	**115**

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	162	40
Total of legally enforceable commitments	**162**	**40**

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,398	7,161	6,557
ii	Travel and subsistence	35	24	31
iii	Training and development and incidental expenses	240	279	213
iv	Postal and telecommunications services	115	102	93
v	Office equipment and external IT services	2,750	1,518	1,462
vi	Office premises expenses	250	391	231
vii	Recruitment costs – research and corporate governance	50	58	40
viii	Recruitment costs – advertising and testing	910	1,231	1,167
ix	Recruitment costs – interview boards	1,850	1,794	1,963
		13,598	**12,558**	**11,757**

Significant variations

This Vote has one programme concerning civil and public service redeployment, recruitment and selection. All expenditure under this programme is administrative in nature. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

v *Office equipment and external IT services*

Estimate provision: €2.75 million, outturn: €1.518 million

The original estimate provided for an upgrade of the Office's Chapter House facility in the amount of €750,000. This should have been included in the estimate for office premises expenses, to which the actual expenditure on the upgrade of Chapter House has been charged. Of the remaining underspend of €482,000, €360,000 was due to delays in the commencement of "Project Nova" – an IT project to replace the current online recruitment system. The delay was caused by the need to hold two procurement competitions in order to secure a suitable bid.

vi *Office premises expenses*

Estimate provision: €250,000, outturn: €391,000

The increase in expenditure is largely due to expenditure on the upgrade of the Office's Chapter House facility which had not been included in the estimate for office premises expenses (included in the estimate for subhead *v* - Office equipment and external IT services as noted above). These works are being carried out on a phased basis. A total of €234,000 was spent on upgrade works during 2018 and the ground floor refurbishment was completed in 2019. Upgrade works will continue into 2020.

viii *Recruitment costs – advertising and testing*

Estimate provision: €910,000, outturn: €1.231 million

. The increase in expenditure on recruitment advertising and testing costs of €321,000, relative to the estimate provision, was due to higher than anticipated recruitment activity and related resourcing throughout 2018. (Compared to 2017, the number of advertised competitions increased by 26 to 435 and the number of candidate applications increased by 12,501 to 88,111).

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	25	118	91
2	Receipts from pension-related deductions on public service remuneration	214	196	212
	Total	**239**	**314**	**303**

Note 5 Staffing and remuneration

5.1 Employee numbers (full time equivalents)

at 31 December	2018	2017
Number of staff	181	158

5.2 Pay

	2018	2017
	€000	€000
Pay	6,446	5,899
Higher, special or additional duties allowance	53	54
Overtime	97	104
Employer's PRSI	565	500
Total pay	**7,161**	**6,557**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	20	1	10,174	7,962
Overtime and extra attendance	110	—	9,074	12,595
Extra remuneration in more than one category	12	3	12,610	16,054

5.4 Fees paid to members of the Board of the Public Appointments Service

Member	Status	Sector	Annual spend 2018	2017
			€	€
Ms Fiona Tierney[d]	Member (Chief Executive)	Civil servant	—	—
Ms Shirley Comerford[a]	Member (Chief Executive)	Civil Servant	—	—
Ms Judith Eve[b]	Chairperson	Private sector	—	11,970
Mr Tom Moran[a]	Chairman	Former Civil Servant	7,821	—
Mr Paul Lemass[c]	Member	Civil servant	—	—
Dr Eddie Molloy[c]	Member	Private sector	7,695	7,695
Ms Anne Marie Taylor[c]	Member	Private sector	7,695	7,695
Ms Eimear Kenny[b]	Member	Private sector	—	7,695
Ms Oonagh McPhillips[b]	Member	Civil servant	—	—
Ms Mary Connaughton[a]	Member	Private sector	5,028	—
Mr Damien Mc Callion[b]	Member	Public servant	—	—
Mr John O' Callaghan[a]	Member	Civil servant	—	—
Mr David Cagney[e]	Member	Civil servant	—	—
Ms Rosarii Mannion[a]	Member	Public servant	—	—
Total			**28,239**	**35,055**

Notes
[a] Appointed in 2018
[b] Retired in 2017
[c] Reappointed in 2017
[d] Retired in 2018
[e] Reappointed in 2018

Appropriation Account 2018

Vote 18

National Shared Services Office

Introduction

As Accounting Officer for Vote 18, I am required to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the National Shared Services Office.

The expenditure outturn is compared with the sums

(a) granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

(b) provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €2.001 million is liable for surrender to the Exchequer.

The National Shared Services Office is a statutory office, established under the National Shared Services Office Act 2017 on 1 January 2018. On 1 January 2018, all assets and liabilities transferred to the newly established civil service body. Prior to 1 January 2018, the National Shared Services operated as a separate division within the Department of Public Expenditure and Reform.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account except for the following:

Basis of charge for services

The National Shared Services Office applies a service charge for its HR and pensions administration service. The HR Shared Services 2018 charge (PeoplePoint Levy) has distributed a portion of operational costs on a pro-rata basis among each public sector body served (based on their employee headcount). The remainder is borne by the National Shared Services Office.

The method of charge for payroll shared services is by way of payroll budget suppression on an Exchequer - neutral basis. As public sector bodies come on-board for payroll shared services, a related budget reduction is applied on the customer Vote. In 2018 the payroll suppression was €1.5 million.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the National Shared Services Office. This Office was established as a civil service body on 1 January 2018. Prior to this it existed on an administrative basis within the Department of Public Expenditure and Reform.

This responsibility is exercised in the context of the resources available to me and my other obligations as Accounting Officer. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness are kept under ongoing review.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an independent Audit and Risk Committee to advise me on discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.
- The Statement of Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides finance transaction services on a shared basis to Vote 18.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The National Shared Services Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The National Shared Services Office has reported in the 40/02 return to the Department of Public Expenditure and Reform and the Office of the Controller and Auditor General seven contracts with a spend value in the year of €451,758 that were not subject to a competitive tendering process. They consisted of a mix of legacy suppliers inherited from other departments that are currently being retendered; and contracts where it was economically advantageous to continue with the work to completion.

Internal audit and audit committee

I confirm that the National Shared Services Office has an internal audit function with appropriately trained personnel. The National Shared Services Office internal audit unit operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The National Shared Services Office has implemented a risk management system which identifies and reports key risks and the management action being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office and these have been evaluated and graded according to their significance. The register is reviewed by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the National Shared Services Office has procedures to monitor the effectiveness of its risk management and control procedures. The National Shared Services Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the office responsible for the development and maintenance of the internal financial control framework.

Assurance reports on controls at a service organisation

I have put in place an audit process to provide independent assurance on the operation of controls surrounding the delivery of services by the National Shared Services Office. The audits are conducted by independent auditors in accordance with the International Standard on Assurance Engagement (ISAE 3402) 'Assurance Reports on Controls at a Service Organisation'. There are two types of ISAE 3402 reports:

- Type I which is designed to report to user departments and their auditors on the description and design of controls at a service organisation, and
- Type II which provides the same assurance as a Type I report but also provides assurance that the control objectives were achieved and operated effectively throughout the period under review.

Human resource shared services achieved ISAE Type II certification in 2019 based on testing performed in 2018. An ISAE Type II audit of payroll services was carried out in 2018. The audit report on payroll services included one exception relating to a failure to cancel the computer access rights of a retired staff member.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Internal audits conducted in 2018 in the areas of payroll overpayments, information technology, fraud and vulnerability, travel and subsistence, superannuation and pensions recommended improvements in internal financial controls. The recommendations made by internal audit to improve internal financial controls are being implemented by NSSO.

In 2017 an issue was identified where payments were made on unmatured liabilities to a single supplier. No financial loss was incurred as a result. I can confirm that no such issues arose in 2018.

Overpayments

Overpayments, in respect of which the root cause was attributable to the National Shared Services Office, were made in 1,010 cases with an estimated value of €974,316. This amounts to 22% of the financial value of all overpayments and 22% of the number of overall overpayment cases.

The NSSO continues to address the overpayments attributable to NSSO through process improvement and automation and improved end to end reporting and monitoring.

Hilary Murphy-Fagan
Accounting Officer
National Shared Services Office

23 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 18 National Shared Services Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 18 National Shared Services Office for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 18 National Shared Services Office for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the National Shared Services Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

24 September 2019

Vote 18 National Shared Services Office

Appropriation Account 2018

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Provision of shared services including personnel, payroll and pension administration services				
	Current year provision	48,759			
	Deferred surrender	1,429			
			50,188	46,802	40,081
	Gross expenditure				
	Current year provision	48,759			
	Deferred surrender	1,429			
			50,188	**46,802**	**40,081**
	Deduct				
B	**Appropriations-in-aid**		**5,492**	**5,275**	**5,463**
	Net expenditure				
	Current year provision	43,267			
	Deferred surrender	1,429			
			44,696	**41,527**	**34,618**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus	3,168,962	10,555,610
Deferred surrender	(1,168,000)	(1,429,000)
Surplus to be surrendered	**2,000,962**	**9,126,610**

Hilary Murphy-Fagan
Accounting Officer
National Shared Services Office

27 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		12,793	9,661
Pay		26,484	22,530
Non pay		7,525	7,890
Gross expenditure		**46,802**	**40,081**
Deduct			
Appropriations-in-aid		**5,275**	**5,463**
Net expenditure		**41,527**	**34,618**
Changes in capital assets			
Purchases cash	(8,235)		
Depreciation	4,910		
Loss on disposal	32		
		(3,293)	(1,831)
Changes in net current assets			
Increase in closing accruals	1,881		
Increase in stock	(29)		
		1,852	(2,330)
Direct expenditure		**40,086**	**30,457**
Expenditure borne elsewhere			
Net allied services (note 1.1)		(9,069)	(12,303)
Notional rents		445	423
Net programme cost		**31,462**	**18,577**

1.1 Net allied services expenditure

The net allied services amount is made up of the following estimated amounts in relation to Vote 18 borne elsewhere, and costs borne by Vote 18 in respect of other Votes.

	2018	2017
	€000	€000
Vote 7 Finance	98	96
Vote 9 Office of the Revenue Commissioners	—	5
Vote 11 Public Expenditure and Reform	820	598
Vote 13 Office of Public Works	1,689	907
Apportioned cost of shared services for other votes	(11,676)	(13,909)
	(9,069)	**(12,303)**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	23,277	22,117
Current assets			
Bank and cash	2.3	23,688	16,489
Stocks	2.4	29	—
Prepayments	2.5	2,733	2,953
Other debit balances	2.6	1,092	1,846
Total current assets		27,542	21,288
Less current liabilities			
Accrued expenses		1,891	230
Other credit balances	2.7	1,040	1,264
Client funding/advance balances	2.9	22,963	17,127
Net Exchequer funding due	2.8	777	(56)
Total current liabilities		26,671	18,565
Net current assets		871	2,723
Net assets		**24,148**	**24,840**
Represented by:			
State funding account	2.1	**24,148**	**24,840**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			24,840	27,931
Disbursements from the Vote				
Estimate provision	Account	44,696		
Surplus to be surrendered	Account	(2,001)		
Deferred surrender	Account	(1,168)		
Net vote			41,527	34,618
Expenditure (cash) borne elsewhere	1.1		(9,069)	(12,303)
Non cash items - capital asset adjustment			(2,133)	(7,252)
Non cash expenditure – notional rents			445	423
Net programme cost	1		(31,462)	(18,577)
Balance at 31 December			**24,148**	**24,840**

2.2 Capital assets

	IT software and equipment	Furniture and fittings	Office equipment	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	25,565	545	77	9,948	36,135
Prior year adjustment [a]	40	8	3	(2,240)	(2,189)
Additions	252	16	2	7,965	8,235
Disposals	(1)	(39)	—	—	(40)
Cost or valuation at 31 December 2018	25,856	530	82	15,673	42,141
Accumulated depreciation					
Opening balance at 1 January 2018	13,725	233	60	—	14,018
Prior year adjustment [a]	(59)	3	—	—	(56)
Depreciation on disposals	(1)	(7)	—	—	(8)
Depreciation for the year	4,857	43	10	—	4,910
Cumulative depreciation at 31 December 2018	18,522	272	70	—	18,864
Net assets at 31 December 2018	**7,334**	**258**	**12**	**15,673**	**23,277**
Net assets at 31 December 2017	11,840	312	17	9,948	22,117

Note [a] Adjustment to correct previously recorded costs arising from a comprehensive review of all assets.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	725	(643)
Other bank accounts	22,963	17,132
	23,688	**16,489**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	27	—
IT consumables	2	—
	29	**—**

2.5 Prepayments

at 31 December	2018	2017
	€000	€000
Software support/licences	1,947	2,092
Hardware maintenance	686	679
Other prepayments	100	182
	2,733	**2,953**

2.6 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel pass	102	93
OPW	499	809
Recoupable HRMS	467	920
Other debit suspense items	24	24
	1,092	**1,846**

2.7 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	253	302
Pay Related Social Insurance	263	308
Professional Services Withholding Tax	411	340
Value Added Tax	45	—
Pension contributions	5	91
Local Property Tax	3	4
Universal Social Charge	59	76
	1,039	1,121
Payroll deductions held in suspense	—	143
Other credit suspense items	1	—
	1,040	**1,264**

2.8 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	2,001	9,127
Deferred surrender	1,168	1,429
Exchequer grant undrawn	(2,392)	(10,612)
Net Exchequer funding due	**777**	**(56)**
Represented by:		
Debtors		
Bank and cash	23,688	16,489
Debit balances: suspense	1,092	1,846
	24,780	18,335
Creditors		
Due to State	(1,039)	(1,121)
Client funding/advances balances	(22,963)	(17,127)
Credit balances: suspense	(1)	(143)
	(24,003)	(18,391)
	777	**(56)**

2.9 Client funded payroll bank account

The National Shared Services Office provides a payroll shared service function to Government departments/offices and agencies. The balance was €22.963 million at 31 December 2018 (2017: €17.127 million), all of which represents money lodged by these client offices to cover funding for salaries over the new year period.

The NSSO issued total payroll payments of €4.83 billion in 2018.

2.10 Commitments

Global commitments

at 31 December	2018 €000	2017 €000
Procurement of goods and services	2,743	2,190
Capital projects	12,501	24,680
Total of legally enforceable commitments	**15,244**	**26,870**

Major capital projects

Project	Cumulative expenditure to 31 December 2017 €000	Expenditure in 2018 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2018 €000	Expected total spend lifetime of project 2017 €000
Financial management shared services [a]	12,324	7,965	12,501	32,790	28,481

Note [a] The FMSS 2017 costs to date and the life time costs of capital contractual obligations have been restated following a review of the costs incurred to date and committed in subsequent years. This review concluded that the prior year's expenditures and commitments reported included amounts that were not of a capital nature and/or there were no contractual obligations.

Significant variations

Financial management shared services

The increase of €4.309 million arises from additional works required that were not specified in the contractual obligations at 31 December 2017.

2.11 Matured liabilities

at 31 December	2018 €000	2017 €000
Estimate of matured liabilities not discharged at year end	139	15

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	25,821	26,484	22,530
ii	Travel and subsistence	377	195	102
iii	Training and development and incidental expenses	1,491	1,144	1,127
iv	Postal and telecommunications services	986	604	519
v	Office equipment and external IT services	4,302	5,161	5,834
vi	Office premises expenses	734	421	308
		33,711	**34,009**	**30,420**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

ii. Travel and subsistence

Estimate provision: €377,000, outturn: €195,000

Spend in 2018 was 48% under budget. This was largely due to delays in the commencement of Finance Shared Services. In addition, costs can be difficult to estimate in the early stages of operational establishments.

iv Postal and telecommunications services

Estimate provision: €986,000, outturn: €604,000

There was a significant underspend in 2018 because of the delay in go live of Finance Shared Services.

v Office equipment and external IT services

Estimate provision: €4.302 million, outturn: €5.161 million

The ICT budget for 2018 was insufficient for 2018 licences, support and annual maintenance payments, that are paid by the NSSO for the entire Civil Service.

vi Office premises expenses

Estimate provision: €734,000, outturn: €421,000

The 2018 outturn is below budget. This is driven by lower than anticipated costs arising as a result of economies of scale across locations.

Programme A Provision of shared services including personnel, payroll and pension administration services

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		25,821	26,484	22,530
A.2	Administration – non pay		7,890	7,525	7,890
A.3	PeoplePoint project		—	—	—
A.4	Payroll shared services project		—	—	2,147
A.5	Financial management shared services project				
	Original	*15,048*			
	Deferred surrender	*1,429*			
			16,477	12,793	7,514
			50,188	**46,802**	**40,081**

Significant variations

Overall, the expenditure in relation to Programme A was €3.386 million lower than provided (including the deferred surrender carried forward from 2017). The variance was mainly due to the following:

A.5 *Financial management shared services project*

Estimate provision: €15.048 million, outturn: €12.793 million

The shortfall in expenditure of €3.684 million was due largely to delays associated with the development, design and roll out of certain aspects of the project. This is a timing issue that will be absorbed over the course of the project.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1.	PeoplePoint levy	4,700	4,454	4,867
2.	Miscellaneous	170	234	140
3.	Receipts from pension-related deduction on public service remuneration	622	587	456
	Total	**5,492**	**5,275**	**5,463**

Significant variations

Appropriations-in-aid were lower than forecast, with a negative variance of €217,000.

1. PeoplePoint levy

Estimate provision: €4.7 million, outturn: €4.454 million

The PeoplePoint levy had a negative variation of €246,000 and arose due to amounts disputed by public services bodies.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	**746**	**750**

5.2 Pay

	2018	2017
	€000	€000
Pay[a]	26,177	22,315
Higher, special or additional duties allowance	77	30
Other allowances	20	33
Overtime	297	250
Employer's PRSI	2,267	1,890
Total pay	**28,838**	**24,518**

Note [a] The total pay figure is inclusive of pay in subheads A.1 and A.5 (2017: A.1, A.4 and A.5)

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	26	1	31,194	23,546
Other allowances	7	—	7,509	9,474
Overtime	283	—	8,169	8,741
Extra remuneration in more than one category	13	1	10,117	6,252

5.4 Payroll overpayments

Overpayments at the year-end were €124,454 in respect of 166 individuals (2017: €114,681, 122 individuals). Of this, €57,323 have recovery plans in place in respect of 100 individuals (2017: €34,553, 95 individuals).

In the year, six overpayment recovery plans to a value of €5,872 were transferred to other Government Departments.

Note 6 Miscellaneous

6.1 Public service bodies in Shared Services at 31 December 2018

Public service body	HR Shared Services	Payroll Shared Services
An Garda Síochána	—	✔
Central Statistics Office	✔	✔
Chief State Solicitor's Office	✔	✔
Competition and Consumer Protection Commission	—	✔
Courts Service	✔	✔
Department of Agriculture, Food and the Marine	✔	✔
Department of Business, Enterprise and Innovation	✔	✔
Department of Children and Youth Affairs	✔	✔
Department of Communications, Climate Action and Environment	✔	✔
Department of Culture, Heritage and the Gaeltacht	✔	✔
Department of Defence	✔	✔
Department of Education and Skills	✔	✔
Department of Employment Affairs and Social Protection	✔	✔
Department of Finance	✔	✔
Department of Foreign Affairs and Trade	✔	✔
Department of Health	✔	✔
Department of Housing, Planning and Local Government	✔	✔
Department of Justice and Equality	✔	✔
Department of Public Expenditure and Reform	✔	✔
Department of Rural and Community Development	✔	✔
Department of the Taoiseach	✔	✔
Department of Transport, Tourism and Sport	✔	✔
Garda Síochána Ombudsman Commission	✔	✔
Health Information and Quality Authority	—	✔
International Co-operation	✔	✔
Irish Auditing and Accounting Supervisory Authority	—	✔
Irish Human Rights and Equality Commission	✔	✔
Irish Prison Service	—	✔
Law Reform Commission	—	✔
Legal Aid Board	✔	✔
National Council for Curriculum and Assessment	—	✔
National Council for Special Education	✔	✔
National Disability Authority	—	✔
National Library of Ireland	✔	✔
National Museum of Ireland	✔	✔

Public service body	HR Shared Services	Payroll Shared Services
National Shared Services Office	✔	✔
Office of the Attorney General	✔	✔
Office of the Comptroller and Auditor General	✔	✔
Office of the Director of Public Prosecutions	✔	✔
Office of the Ombudsman	✔	✔
Office of Public Works	✔	✔
Office of the Revenue Commissioners	✔	✔
Ordnance Survey Ireland	✔	—
Policing Authority	✔	✔
President's Establishment	✔	✔
Property Registration Authority	✔	✔
Public Appointments Service	✔	✔
Road Safety Authority	✔	—
State Examinations Commission	✔	✔
State Laboratory	✔	✔
Tax Appeals Commission	✔	✔
Valuation Office	✔	✔
Workplace Relations Commission	—	✔

Appropriation Account 2018

Vote 19

Office of the Ombudsman

Introduction

As Accounting Officer for Vote 19, I am required each year to prepare the appropriation account for the Vote and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Ombudsman, the Office of the Commission for Public Service Appointments, the Standards in Public Office Commission, the Office of the Information Commissioner and the Office of the Commissioner for Environmental Information.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.874 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office of the Ombudsman.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this office.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting, internal audit and risk management is as follows:

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- The Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Office. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- there are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- there are appropriate capital investment control guidelines and formal project management disciplines.

Procurement compliance

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of one contract to the value of €27,670 which was listed in my annual return in respect of Circular 40/2002. However, this case concerns an instance in which the contract for contract cleaning services had previously been in place, following competitive tendering processes, but this had expired in April 2018. As the lease on our building was due to expire in December 2019, a decision was taken to extend the contract to that date under the same terms and conditions and hold a new tendering process for the new building at the appropriate time.

Internal audit and audit committee

I confirm that the Office has an internal audit function with appropriately trained personnel. The internal audit unit operates under a charter which was approved in 2016. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Team on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the management team, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Office responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Liam Duffy
Accounting Officer
Office of the Ombudsman

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

Opinion on the appropriation account

I have audited the appropriation account for Vote 19 Office of the Ombudsman for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 19 Office of the Ombudsman for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of the Ombudsman and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 19 Office of the Ombudsman

Appropriation Account 2018

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
	Programme expenditure			
A	Ombudsman function/ Office of the Commission for Public Service Appointments	6,327	5,496	5,109
B	Standards in Public Office Commission	2,073	1,610	1,500
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	3,197	2,623	2,311
	Gross expenditure	**11,597**	**9,729**	**8,920**
	Deduct			
D	**Appropriations-in-aid**	**420**	**426**	**414**
	Net expenditure	**11,177**	**9,303**	**8,506**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**1,874,057**	**2,029,395**

Liam Duffy
Accounting Officer
Office of the Ombudsman

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		7,327	6,675
Non pay		2,402	2,245
Gross expenditure		**9,729**	**8,920**
Deduct			
Appropriations-in-aid		**426**	**414**
Net expenditure		**9,303**	**8,506**
Changes in capital assets			
Purchases cash	(490)		
Depreciation	533		
		43	(208)
Changes in net current assets			
Decrease in closing accruals	(62)		
Increase in stock	(1)		
		(63)	10
Direct expenditure		**9,283**	**8,308**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,475	2,329
Net programme cost		**11,758**	**10,637**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 19 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	23	23
Vote 12 Superannuation and Retired Allowances	1,287	1,137
Vote 13 Office of Public Works	1,153	1,155
Vote 18 National Shared Services Office	12	14
	2,475	**2,329**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	1,021	1,064
Current assets			
Bank and cash	2.3	294	552
Stocks		12	11
Prepayments		133	102
Other debit balances		40	51
Net Exchequer funding due	2.5	37	(280)
Total current assets		516	436
Less current liabilities			
Accrued expenses		48	79
Other credit balances	2.4	371	323
Total current liabilities		419	402
Net current assets		97	34
Net assets		**1,118**	**1,098**
Represented by:			
State funding account	2.1	**1,118**	**1,098**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			1,098	884
Disbursements from the Vote				
Estimate provision	Account	11,177		
Surplus to be surrendered	Account	(1,874)		
Net vote			9,303	8,506
Expenditure (cash) borne elsewhere	1		2,475	2,329
Non cash item – asset adjustment			—	16
Net programme cost	1		(11,758)	(10,637)
Balance at 31 December			**1,118**	**1,098**

2.2 Capital assets

	IT equipment	Office equipment	Furniture and fittings	Capital assets under development [a]	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	1,877	133	437	175	2,622
Additions	412	4	—	74	490
Disposals	(2)	(24)	(1)	—	(27)
Brought into use	228	—	—	(228)	—
Cost or valuation at 31 December 2018	2,515	113	436	21	3,085
Accumulated depreciation					
Opening balance at 1 January 2018	1,023	114	421	—	1,558
Depreciation for the year	523	7	3	—	533
Depreciation on disposals	(2)	(24)	(1)	—	(27)
Cumulative depreciation at 31 December 2018	1,544	97	423	—	2,064
Net assets at 31 December 2018	**971**	**16**	**13**	**21**	**1,021**
Net assets at 31 December 2017	854	19	16	175	1,064

Note [a] There has been ongoing major investment in IT infrastructure including the following:
Phase I of the Case Management System to service the Office of the Ombudsman went live in 2018. It is expected that the system will assist in delivering better throughput and quality of casework along with a better service for our customers. Phase II of the Case Management System, which will manage documentation, processes, workflow and reporting requirements for cases concerning the Office of the Information Commissioners and the Commission for Environmental Information, is due to commence in 2019.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances and cash	287	549
Other bank account balance	7	3
	294	**552**

2.4 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	117	151
Pay Related Social Insurance	58	68
Professional Services Withholding Tax	15	32
Pension contributions	22	28
	212	279
Payroll deductions held in suspense	29	39
Other credit suspense items	130	5
	371	**323**

2.5 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,874	2,029
Exchequer grant undrawn	(1,911)	(1,749)
Net Exchequer funding due	**(37)**	**280**
Represented by:		
Debtors		
Bank and cash	294	552
Debit balances: suspense	40	51
	334	603
Creditors		
Due to State	(212)	(279)
Credit balances: suspense	(159)	(44)
	(371)	(323)
	(37)	**280**

2.6 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	322	99

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,693	7,327	6,675
ii	Travel and subsistence	53	57	50
iii	Training and development and incidental expenses	354	393	357
iv	Postal and telecommunications services	39	40	39
v	Office equipment and external IT services	452	816	761
vi	Office premises expenses	129	107	114
vii	Consultancy services and value for money and policy reviews	1,217	314	409
viii	Legal fees	650	675	515
ix	Referendum Commission	10	—	—
		11,597	**9,729**	**8,920**

Significant variations

The following outlines the reasons for significant variations (+/- 25% and +/- €100,000) in administration expenditure.

i *Salaries, wages and allowances*

Estimate provision: €8.693 million, outturn: €7.327 million

The underspend of €1.366 million arose due to a shortfall in the number of serving staff and the delays in filling vacancies. The average staff number in the year was 122 compared with a staff compliment of 136. In addition, 10% of staff left the Office during 2018 and the resultant time period between vacancies arising and being filled gave rise to further savings.

v *Office equipment and external IT services*

Estimate provision: €452,000, outturn: €816,000

The overspend of €364,000 was due to the reprioritising of projects where hardware and licences needed to be procured for business continuity reasons. This was funded from savings on subhead vii consultancy services and value for money and policy reviews. The virement was sanctioned by the Department of Public Expenditure and Reform.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €1.217 million, outturn: €314,000

The underspend of €903,000 was due to the reprioritising of projects which involved moving Phase II of the Case Management Project to 2019 to allow for work on business continuity and other project upgrades. There were also delays in some other projects due to IT resource availability and these will be done in 2019.

Programme A Ombudsman function/ Office of the Commission for Public Service Appointments

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration – pay	5,189	4,579	4,213
A.2	Administration – non pay	1,138	917	896
		6,327	**5,496**	**5,109**

Programme B Standards in Public Office Commission

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
B.1	Administration – pay	1,347	988	917
B.2	Administration – non pay	726	622	583
		2,073	**1,610**	**1,500**

Programme C Office of the Information Commissioner/Office of the Commissioner for Environmental Information

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
C.1	Administration – pay	2,157	1,760	1,545
C.2	Administration – non pay	1,040	863	766
		3,197	**2,623**	**2,311**

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	20	17	129
2	Receipts from pension-related deductions on public service remuneration	330	322	285
3	Fixed Payment Fines under section 21 of the Regulation of Lobbying Act 2015	70	87	—
		420	**426**	**414**

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Collected	3	40
Transferred to the Exchequer	(3)	(40)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	125	120

5.2 Pay

	2018 €000	2017 €000
Pay	6,815	6,227
Higher, special or additional duties allowance	20	21
Overtime and extra attendance	13	11
Employer's PRSI	479	416
Total pay	**7,327**	**6,675**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	3	1	10,913	11,573
Overtime and extra attendance	15	—	4,576	4,198
Extra remuneration in more than one category	2	—	9,269	8,891

5.4 Overpayments

Overpayments at the year-end were €59 (two individuals) (2017: €10,641, 13 individuals). Of this €23 (one individual) had a recovery plan in place.

In addition, there were a further 18 overpayment recovery plans in place, in respect of 15 individuals, to the value of €9,027 that were transferred to the Office of the Ombudsman in the year.

Note 6 Miscellaneous

6.1 Recoupment of legal costs

Costs were awarded in favour of the Standards in Public Office Commission with regard to the successful defence of a judicial review case taken by a former county councillor against the Commission concerning an investigation it was undertaking. An amount of €153,144 was agreed by the Taxing Master in this regard. Efforts are ongoing to recover these costs.

6.2 Compensation and legal costs

					2018	2017
	Number of cases	Legal costs paid by Office of the Ombudsman	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Cases by members of the public in respect of						
Commission for Public Service Appointments function	1	20	47	—	67	—
Office of the Commissioner for Environmental Information function	1	—	100	—	100	—
Standards in Public Office Commission	1	31	21	—	52	—
		51	168	—	219	—

Appropriation Account 2018

Vote 20

An Garda Síochána

Introduction

As Accounting Officer for Vote 20, I am required to prepare the appropriation account for the Vote, and to submit the Account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Garda Síochána, including pensions, etc. for the payment of certain witnesses' expenses, and for payment of certain grants.

The expenditure outturn is compared with the sums:

(a) granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
(b) provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €3.373 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Land and buildings

The Minister for Justice and Equality owns eight Garda stations which are included in the appropriation account of the Office of Public Works (Vote 13).

Land holdings are used by An Garda Síochána at Templemore for student use for recreational purposes. An Garda Síochána is working with the Office of Public Works to ensure that all lands are transferred into State ownership.

All other property utilised by An Garda Síochána is owned by the Office of Public Works, and is accounted for in the appropriation account of that Office.

The operating cost statement at Note 1 does not include a computed notional rent amount in respect of properties occupied by An Garda Síochána and owned by the Minister of Justice and Equality or by the Office of Public Works.

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month recorded in the fixed asset register.

The standard depreciation rates are applied in respect of office and IT equipment, and furniture and fittings. The following depreciation rates apply to other capital assets

- aircraft: 5% per annum
- boats: 10% per annum
- vehicles: 25% per annum
- major operational software systems: 20% per annum

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by An Garda Síochána. This responsibility is exercised in the context of the resources available to me and my other obligations as the Commissioner of An Garda Síochána. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial control environment

I confirm that a control environment containing the following elements is in place:

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within An Garda Síochána
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Risk management

In 2015, a comprehensive review of An Garda Síochána's risk management approach was completed and a 'Revised Approach to Risk Management' was developed that ensures risk management processes continue to be robust and reflect best national and international practice. The revised approach aligns with Government policies and is designed to ensure that corporate, executive and local risks that impact on the achievement of the organisation's strategic objectives are managed in line with the organisation's Strategy Statement and plans.

The 'Revised Approach to Risk Management' was implemented on 31st March 2017 as a phase 1 initiative under the Modernisation and Renewal Programme 2016-2021. It is supported by a Risk and Policy Governance Board, a dedicated Garda Risk Management Unit, a Risk Champion Network, revised policy and procedures, portal webpage and associated documents.

The Chief Administrative Officer has been appointed as the Chief Risk Officer for An Garda Síochána and chairperson of the Risk and Policy Governance Board. His role includes the identification of corporate risks, championing risk management at all levels, advising the Commissioner on the status and effectiveness of risk management and reporting to the Policing Authority. Membership of the Risk and Policy Governance Board includes a number of Assistant Commissioners and Executive Directors. The Risk and Policy Governance Board meetings are required to be held on at least a quarterly basis. An Garda Síochána has taken steps to mitigate the risks of conflict of interest related to the attendance of the Chief Administrative Officer at Audit Committee meetings as a member of the Audit Committee.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service level agreements between An Garda Síochána and the Financial Shared Services Centre of the Department of Justice and Equality and the National Shared Services Office for the provision of financial and payroll shared services.

I rely on letters of assurance from the Accounting Officers of Vote 24 Justice and Equality and of Vote 18 Shared Services that the appropriate controls are exercised in the provision of shared services to An Garda Síochána.

Non–compliance with procurement rules

An Garda Síochána ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

126 contracts with a value of €30,396,714 (excluding VAT) have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process, as follows

- 71 contracts to a value of €20,851,513 are considered non-competitive and non-compliant as the contracts were extended beyond the original contract date without competitive procurement. They included contracts for IT skilled resources. Tenders were advertised in 2018 for these services.
- 23 contracts to a value of €2,849,030 are considered non-competitive and non-compliant. They relate to medical services were paid in accordance with the Department of Public Expenditure and Reform sanctioned rates for professional services. A competitive tender for medical services was undertaken with the support of the HSE and contracts are currently being awarded.
- Eight cases with a value of €450,364 are considered non-competitive and non-compliant and relate to local contract arrangements, in place contrary to national procurement guidelines.
- 24 contracts to a value of €6,245,807 are considered non-competitive but compliant. These contracts related to sole suppliers and security-related services.

An Garda Síochána has already put contracted arrangements in place for a number of these supplies (18 contracts, €4,105,165) and at contract stage (20, €2,829,046) and is taking steps to put tenders in place in 2019 for the remainder.

Internal audit and audit committee

I confirm that An Garda Síochána has an internal audit function with appropriately trained personnel. Its work is informed by analysis of the risks to which An Garda Síochána is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Significant financial risks

Garda payroll and pension overpayments

The overpayment of Garda and civilian salaries arises largely from the late notification of sick/maternity leave, retirements, resignations, dismissals, and family friendly applications to the Payroll Shared Services Centre. To 31 December 2018, recovery plans have been agreed in respect of 33% of identified overpaid Garda pensions and 44% of identified overpaid Garda and civilian salaries recovery plans have been agreed.

The overpayment of Garda pensions is mainly due to the payment of pensions in advance, rather than in arrears which is the public sector norm. An Garda Síochána requested the Department of Justice and Equality to amend the Pensions Order 1925 to facilitate pension payment in arrears following consultation with the Garda staff associations.

Audit of the Garda College

An internal audit report (February 2017) concluded that financial irregularities existed in the financial management of the Garda College. A Steering Group was established to commence the implementation of the recommendations.

The report made nineteen recommendations to ensure compliance with Public Financial Procedures. All but two of the recommendations have been implemented. The two outstanding recommendations concern the wind-up of Sportsfield Company Ltd and the transfer of all land associated with Sportsfield Ltd to the Office of Public Works (OPW). These issues are the subject of on-going discussions.

Internal Audit has provided reasonable assurance in relation to the financial controls now in place in the Garda College.

Summonses issued incorrectly

An examination of 830,687 summonses, issued between 1 January 2006 and 27 May 2016, identified that a total of 146,865 cases of persons who had committed offences had been brought before the courts incorrectly. Of these summonses, 12,074 cases resulted in a penalty being imposed by the courts. An Garda Síochána is appealing these outcomes, with the consent of plaintiffs, to the Circuit Court. Subject to the determination of the Court, any fines imposed will be reimbursed and all records involved will be corrected. To date 2,354 cases have been successfully appealed. The appeal process is ongoing.

There were inadequate safeguards on the PULSE system to prohibit the issuing of a summons for a fixed charge offence prior to a fixed charge notice (FCN) for the offence being issued. To prevent a reoccurrence of this, a safeguard has now been placed on the PULSE system and it is no longer possible to create a summons for a fixed charge offence unless a FCN has already issued for the offence and has remained unpaid. In addition, the complexity of the legislation and a lack of understanding of the processes involved contributed to the problem, and a quick guide for the information of Garda members has been issued. In addition, the development of an FCN app as part of the mobility project will further enhance this process.

Due to the staggered nature of the introduction of fixed charge offences and volume of summonses issued annually (approximately 260,000), the number of summonses created incorrectly as a result of this issue while large were not sufficient in themselves to create a surge in summons applications.

The numbers involved in terms of letters sent, responses received and cases to August 2019:

Letters issued	12,074
Status of 12,074 letters issued	
Letters delivered (by post or hand)	10,422
Unable to deliver	1,161
Enquiries ongoing	491
Status of 10,422 delivered letters	
No response received to date	5,999
Consent forms received to appeal (summons and charges)	4,423
Status of 4,423 consent forms received	
Appeals successfully conducted	2,354
Letter in respect of appeal date issued	1,515
Awaiting appeal date	554

In addition to the above, a further letter will be issued to the 5,999 persons who have not responded to date.

As a result of the processes put in place by all agencies to rectify this matter, associated costs have been kept to a minimum. In addition, as there was no requirement for the person affected to attend the appeal or to be independently represented no additional legal costs were incurred by the individuals to whom the incorrect summonses were issued. The incremental costs incurred by An Garda Síochána related to the printing and postage of all correspondence by registered post equated to approximately €130,000.

Property and evidence management

The Property and Exhibits Management System Part 2 (PEMS2), an electronic tracking system to manage all property in the custody of the organisation, has been deployed to all regions since November 2017. Also, while significant progress has been made in the opening and refurbishment of PEMS stores, there is a legacy backlog of evidential material to be recorded on PEMS system which is being addressed as it was identified as a continuing financial and reputational risk by Internal Audit.

Youth Diversion Programme

Following a review by An Garda Síochána of the youth referral process under the Juvenile Diversion Programme, it was found that, between July 2010 and July 2017, 2,492 individuals and 988 individual organisations who were victims of crime did not see their cases progressed properly. There are 3,489 children associated with these referrals not appropriately progressed. Each of the victims and the children is receiving a written apology from An Garda Síochána and an offer of support. Victims of serious crimes are receiving a personal visit. Divisional Officers are examining the individual accountability of 3,230 serving Garda members associated with the referrals not appropriately progressed on a case-by-case basis.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Executive, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that An Garda Síochána has procedures to monitor the effectiveness of its risk management and control procedures. An Garda Síochána's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within An Garda Síochána responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

JA Harris
Accounting Officer
An Garda Síochána

24 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 20 An Garda Síochána

Opinion on the appropriation account

I have audited the appropriation account for Vote 20 An Garda Síochána for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 20 An Garda Síochána for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of An Garda Síochána and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

24 September 2019

Vote 20 Garda Síochána

Appropriation Account 2018

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Working with communities to protect and serve				
	Original	1,650,209			
	Deferred surrender	8,907			
	Supplementary	76,211			
			1,735,327	1,729,262	1,668,540
	Gross expenditure		**1,735,327**	**1,729,262**	**1,668,540**
	Deduct				
B	**Appropriations-in-aid**				
	Original	107,687			
	Supplementary	17,211			
			124,898	**125,787**	**123,251**
	Net expenditure				
	Original	1,542,522			
	Deferred surrender	8,907			
	Supplementary	59,000			
			1,610,429	**1,603,475**	**1,545,289**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €3,581,000 of unspent allocations in respect of the capital elements of Subhead 12 was carried forward to 2019.

	2018	2017
	€	€
Surplus	6,954,187	14,201,079
Deferred surrender	(3,581,000)	(8,907,000)
Surplus to be surrendered	**3,373,187**	**5,294,079**

JA Harris
Accounting Officer
An Garda Síochána

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		475,138	449,046
Pay		1,091,799	1,075,793
Non pay		162,325	143,701
Gross expenditure		**1,729,262**	**1,668,540**
Deduct			
Appropriations-in-aid		**125,787**	**123,251**
Net expenditure		**1,603,475**	**1,545,289**
Changes in capital assets			
Purchases cash	(23,649)		
Depreciation	19,255		
Disposals cash	29		
Loss on disposals	118	(4,247)	2,961
Changes in net current assets			
Decrease in closing accruals	(4,271)		
Increase in stock	(229)		
		(4,500)	5,794
Direct expenditure		**1,594,728**	**1,554,044**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,548	21,687
Net programme cost		**1,616,276**	**1,575,731**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 20 borne elsewhere.

	2018 €000	2017 €000
Vote 9 Office of the Revenue Commissioners	23	—
Vote 11 Department of Public Expenditure Reform	—	23
Vote 13 Office of Public Works	17,949	17,569
Vote 18 National Shared Services Office	2,509	3,030
Vote 24 Justice and Equality - Financial Shared Services Centre	2,268	2,108
Less		
Cost of shared services provided by An Garda Síochána to other Votes	(1,201)	(1,043)
	21,548	21,687

Other services

An Garda Síochána cooperates with other services in a variety of ways. The costs involved are not reflected in the table above. Key services are:

- Garda transport was made available as escorts to Prison Service personnel conveying prisoners to court.
- Assistance was rendered to An Garda Síochána by the Defence Forces in the disposal of explosive materials, without payment.
- Garda personnel availed of Air Corps aircraft during 2018 without payment. Air Corps support was also provided without charge in relation to the operation of the Garda fixed-wing aircraft and pilot costs of Garda helicopters.

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	75,050	69,841
Current assets			
Bank and cash	2.3	27,767	30,730
Stocks	2.4	8,197	7,968
Prepayments	2.5	10,271	8,283
Accrued income		1,434	1,796
Other debit balances	2.6	17,501	24,415
Total current assets		65,170	73,192
Less current liabilities			
Accrued expenses	2.7	10,208	11,891
Other credit balances	2.8	41,599	46,019
Net Exchequer funding due	2.9	3,669	9,126
Total current liabilities		55,476	67,036
Net current assets		9,694	6,156
Net assets		**84,744**	**75,997**
Represented by:			
State funding account	2.1	**84,744**	**75,997**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			75,997	84,752
Estimate provision	Account	1,610,429		
Deferred surrender	Account	(3,581)		
Surplus to be surrendered	Account	(3,373)		
Net vote			1,603,475	1,545,289
Expenditure (cash) borne elsewhere	1.1		21,548	21,687
Net programme cost	1		(1,616,276)	(1,575,731)
Balance at 31 December			**84,744**	**75,997**

2.2 Capital assets

	Aircraft and boats	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2018	19,697	71,965	184,516	6,605	18,014	300,797
Additions	—	6,615	6,501	407	11,087	24,610
Disposals	—	(6,774)	(174)	—	—	(6,948)
Cost or valuation at 31 December 2018	19,697	71,806	190,843	7,012	29,101	318,459
Accumulated depreciation						
Opening balance at 1 January 2018	14,384	50,479	161,262	4,830	—	230,955
Depreciation for the year	721	10,285	7,841	408	—	19,255
Depreciation on disposals	—	(6,629)	(172)	—	—	(6,801)
Cumulative depreciation at 31 December 2018	15,105	54,135	168,931	5,238	—	243,409
Net assets at 31 December 2018	**4,592**	**17,671**	**21,912**	**1,774**	**29,101**	**75,050**
Net assets at 31 December 2017	5,313	21,486	23,254	1,775	18,014	69,842

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	22,482	23,508
Other Vote bank accounts	5,285	7,222
	27,767	**30,730**

Note An Garda Síochána maintains 116 divisional/unit imprest bank accounts.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	417	458
Telecommunications stock	1,137	1,501
Clothing	3,016	2,504
Technical Bureau	124	154
United Nations stock	135	143
Armoury	2,957	2,709
Miscellaneous	411	499
	8,197	**7,968**

2.5 Prepayments

at 31 December	2018	2017
	€000	€000
National digital radio payments	5,918	1,981
ICT payments	4,178	6,019
Other	175	283
Total	10,271	8,283

2.6 Other debit balances

at 31 December	2018	2017
	€000	€000
Advances to OPW	(3,273)	4,631
Imprest	842	953
Payroll suspense account (Paypath)	16,170	15,841
Cycle to Work scheme	385	380
Other debit suspense items	3,377	2,610
	17,501	**24,415**

2.7 Accrued expenses

at 31 December	2018	2017
	€000	€000
ICT	1,022	487
Purchase of vehicles	486	—
Specialist equipment	92	153
Travel and subsistence	1,606	1,861
Fuel and maintenance	1,225	1,585
Station services	1,228	1,285
Go Safe contract	1,184	1,202
Storage and towing	642	1,232
Communication and other equipment	714	672
ICT equipment	289	501
Clothing	48	901
Other	1,672	2,012
	10,208	11,891

2.8 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	20,593	21,567
Pay Related Social Insurance	8,984	8,856
Professional Services Withholding Tax	524	1,310
Value Added Tax	379	543
Relevant Contracts Tax	1	—
Road Traffic Act fines	1,144	748
Tax on pension contribution refunds	5	9
Civil Service Pension Scheme	323	183
Garda division accounts balances	5,285	6,022
	37,238	39,238
Payroll deductions held in suspense	3,710	4,942
Garda Reward Fund (note 5.4)	475	420
Other credit suspense items	176	1,419
	41,599	**46,019**

2.9 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	3,373	5,294
Deferred surrender	3,581	8,907
Exchequer grant undrawn	(3,285)	(5,075)
Net Exchequer funding due	**3,669**	**9,126**
Represented by:		
Debtors		
Bank and cash	27,767	30,730
Debit balances: suspense	17,501	24,415
	45,268	55,145
Creditors		
Due to State	(37,238)	(39,238)
Credit balances: suspense	(4,361)	(6,781)
	(41,599)	(46,019)
	3,669	**9,126**

2.10 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	73,536	69,556
Capital projects	20,794	41,509
Total of legally enforceable commitments	**94,330**	**111,065**

Note The commitments in relation to the procurement of goods and services at the end of 2018 amounted to €73.536 million. The Go Safe commitment was €63.248 million, which consists of a contract in place until April 2023. Other commitments include the purchase of vehicles €3.514 million, telecommunications €2.533 million, ICT €2.019 million, clothing €834,000, specialist equipment €464,000, vehicle maintenance €409,000 and the balance of €515,000 across other subheads.

Major capital projects

Project	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	€000	€000	€000	€000
Regional/Divisional headquarters:					
• Galway	20,346	9,598	2,219	32,163	31,496
• Kevin Street	31,807	1,600	560	33,967	34,457
• Wexford	25,038	1,308	615	26,961	26,538
Software system development:					
• MIMS[a] phases 3a, 3b & 5	11,931	3,682	9,187	24,800	24,800
• Schengen	6,082	7,405	8,213	21,700	21,700
	95,204	**23,593**	**20,794**	**139,591**	**138,991**

Note [a] Major Investigations Management System

Significant variations

Regional/Divisional headquarters

Galway: A payment for the expiration of the building defects liability period has been provided for. The contractor has submitted claims and is currently in negotiations with the OPW to resolve.

Kevin Street: A payment for the expiration of the building defects liability period has been provided for. The contractor has submitted claims and is currently in negotiations with the OPW to resolve.

Wexford: The final account which includes retentions has been agreed between the OPW and the contractor of €615,000.

Note 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	1,056,678			
	Supplementary	42,449			
			1,099,127	1,091,799	1,075,793
ii	Travel and subsistence				
	Original	15,100			
	Supplementary	6,860			
			21,960	21,243	20,025
iii	Training and development and incidental expenses				
	Original	11,636			
	Supplementary	11,443			
			23,079	23,554	22,945
iv	Postal and telecommunications services				
	Original	39,447			
	Supplementary	1,208			
			40,655	45,556	35,770
v	Office equipment and external IT services				
	Original	41,408			
	Supplementary	3,068			
			44,476	43,440	39,637
vi	Maintenance of Garda premises				
	Original	642			
	Supplementary	3,558			
			4,200	4,550	4,301
vii	Consultancy services and value for money and policy reviews				
	Original	261			
	Supplementary	1,039			
			1,300	1,466	366
viii	Station services				
	Original	17,801			
	Supplementary	5,599			
			23,400	22,351	20,452

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
ix	Garda Reserve				
	Original	1,395			
	Supplementary	(1,145)	250	165	205
			1,258,447	**1,254,124**	**1,219,494**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages & allowances*

Estimate provision: €1.057 billion, outturn: €1.092 billion

The excess of €35.121 million in expenditure on salaries, wages and allowances was primarily due to increase in staff numbers from 16,752 to 17,404. This increased pay and allowances by €16.663 million. Overtime increased by €18.484 million. The increased requirement in overtime is in part due to the increased recruitment and the subsequent Garda briefing time which is paid from the overtime budget. However, the most significant increase is directly related to the measures taken to combat organised crime of €11.8 million including initiatives such as Operation Thor €3.65 million, Port Security €3.296 million, Royal visits €1.207 million and the costs associated with the Papal visit €4.182 million.

ii *Travel and subsistence*

Estimate provision: €15.1 million, outturn: €21.243 million

The excess of €6.143 million in expenditure on total travel and subsistence (Home and Foreign) was due to special operations in relation to organised crime and international security operations.

The main excess on Home Travel & Subsistence in the principal Regions/Branches is as follows; the Dublin Metropolitan Region €994,949, Western Region €960,820, Eastern Region €952,441, Southern Region €584,168, South Eastern Region €497,378, Security and Intelligence €355,938, Northern Region €176,326 and smaller excess spread across the other Regions/Branches. The travel and subsistence element of the Papal visit cost €318,445. The remaining excess relates to foreign travel.

iii *Training and development and incidental expenses*

Estimate provision: €11.636 million, outturn: €23.554 million

The excess of €11.918 million in expenditure on training and development and incidental expenses was due to costs associated with road traffic activities. In particular excesses for vehicle towing and storage were €5.975 million, expenses of persons detained €1.747 million and miscellaneous €4.272 million and the balance of excess and savings across other subheads. Expenditure for the costs associated with the Papal and Royal visits were €368,000.

iv Postal and telecommunications services

Estimate provision: €39.447 million, outturn: €45.556 million

The excess of €6.109 million was in the main due to an increase made in respect of the national digital radio system due to funds being available to do so.

vi *Maintenance of Garda premises*

Estimate provision: €642,000, outturn: €4.55 million

The excess of €3.908 million in expenditure on maintenance of Garda premises was due to ongoing maintenance of the Garda estate. There were elective works carried out by the OPW of €3.096 million, essential maintenance of stations €675,000, garden maintenance €365,000, firearm range maintenance €245,000, and fire safety €95,000.

vii *Consultancy*

Estimate provision: €261,000, outturn: €1.466 million

The excess of €1.205 million in expenditure on consultancy was due to costs for expert reports related to an Economic Crime Bureau investigation €454,000, HRPD Operating Model €426,000, Cultural Audit of An Garda Síochána €250,000, Public Attitude Survey €156,000, and taxation advice for the Garda College and benefit-in-kind €45,000.

Viii *Station services*

Estimate provision: €17.801 million, outturn: €22.351 million

The excess of €4.55 million in expenditure on Station services was due to demands on furniture requirements as a result of the refurbishment and opening of stations and the establishment of new specialist units €1.852 million, cleaning of stations €1.117 million, provision of Garda medical services €890,000 and utilities and waste charges €630,000.

ix *Garda Reserve*

Estimate provision: €1.395 million, outturn: €165,000

The saving of €1.23 million in expenditure on the Garda Reserve was due to a decrease in number of reserves by 61 between 2017 and 2018 and the recruitment target not being achieved. Garda reservist members are entitled to an annual allowance of €1,000 per annum if they perform a minimum of 208 hours over a period of 12 months.

Programme A Working with communities to protect and serve

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	Original	1,056,678			
	Supplementary	42,449			
			1,099,127	1,091,799	1,075,793
A.2	Administration - non pay				
	Original	127,690			
	Supplementary	31,630			
			159,320	162,325	143,701
A.3	Clothing and accessories				
	Original	6,263			
	Supplementary	1,737			
			8,000	7,839	3,116
A.4	St. Paul's Garda Medical Aid Society		124	124	124
A.5	Transport				
	Original	23,754			
	Supplementary	1,000			
			24,754	26,371	24,826
A.6	Communications and other equipment				
	Original	26,860			
	Supplementary	1,636			
			28,496	30,090	30,414
A.7	Aircraft				
	Original	1,050			
	Supplementary	650			
			1,700	2,037	1,437
A.8	Superannuation, etc.				
	Original	341,013			
	Supplementary	(2,488)			
			338,525	336,828	326,749
A.9	Witnesses' expenses				
	Original	1,805			
	Supplementary	700			
			2,505	2,434	1,963
A.10	Compensation				
	Original	16,620			
	Supplementary	(1,767)			
			14,853	14,194	16,215
A.11	Witness security programme				
	Original	1,198			
	Supplementary	(1,000)			
			198	653	800
A.12	Capital building programme				
	Original	16,685			
	Deferred surrender	8,907			
	Supplementary	(3,068)			
			22,524	18,957	43,402

				2018	2017
			Estimate Provision	Outturn	Outturn
			€000	€000	€000
A.13	Garda College				
		Original	30,469		
		Supplementary	4,732	35,201	35,611	—
				1,735,327	**1,729,262**	**1,668,540**

Significant variations

Overall, the expenditure in relation to Programme A was €70.146 million higher than originally provided. €69.756 million of this related to administration expenditure and has already been explained and the balance of €390,000 was mainly due to the following:

A3 *Clothing and accessories*

Estimate provision: €6.263 million, outturn: €7.839 million

The excess of €1.576 million in expenditure relative to the estimate provision is due to the increase in Garda recruitment, 568 additional garda members in 2018 and the kitting out of the specialist units.

A5 *Transport*

Estimate provision: €23.754 million, outturn: €26.371 million

The excess of €2.617 million in expenditure relative to the estimate provision was due to an increase in fuel costs of €534,000 in 2018. Maintenance costs were higher in 2018 by €2.42 million of which €243,000 was rebranding of Roads Policing .The total investment in the Transport Fleet in 2018 was €4.667 million.

A6 *Communications and other equipment*

Estimate provision: €26.86 million, outturn: €30.09 million

The excess of €3.23 million in expenditure relative to the estimate provision was due to increased expenditure in respect of specialist areas such as Firearms Stores €1.012 million, Specialist Units €1.912 million, and the balance across other subheads.

A7 *Aircraft*

Estimate provision: €1.05 million, outturn: €2.037 million

The excess of €987,000 in expenditure relative to the estimate provision was due to the maintenance and repair of the Garda Helicopter of €760,000 and additional investment of €230,000 in the upgrade of transponder and other systems with regard to the helicopters.

A8 *Superannuation, etc*

Estimate provision: €341.013 million, outturn: €336.828 million

The saving of €4.185 million or 1.2% in expenditure relative to the estimate provision was primarily due to this being a difficult area to accurately forecast.

A9 *Witnesses' Expenses*

Estimate provision: €1.805 million, outturn: €2.434 million

The excess of €629,000 in expenditure relative to the estimate provision was due to an increase in operational demand. The demand led nature of the subhead means that expenditure is difficult to predict with accuracy.

A10 Compensation

Estimate provision: €16.62 million, outturn: €14.194 million

The saving of €2.426 million in expenditure relative to the estimate provision was due to less expenditure than expected in relation to cases under the Garda Compensation Act.

A11 Witness security programme

Estimate provision: €1.198 million, outturn: €653,000

The saving of €545,000 in expenditure relative to the estimate provision was due to the expenditure being less than expected in 2018.

A12 Capital Building Programme

Estimate provision: €25.592 million, outturn: €18.957 million

The saving of €6.635 million relative to the estimate provision is due to delays on capital project works in relation to two of the three projects to which the spend relates. The delays occurred on the Kevin Street and Galway projects. The delays are due to additional structural works which arose during the course of the build. An amount of €3.581 million will be carried forward, under the capital carry over provisions, to meet costs arising under this subhead in 2019.

A13 Garda College

Estimate provision: €30.469 million, outturn: €35.611 million

The excess of €5.142 million in the Garda College relative to the estimate provision was due to pay €2.67 million, overtime €1.15 million, non-pay items €1.33 million. The increased costs were in part due to the increase in recruitment. The additional recruitment increased the cost of hiring of facilities, increase in restaurant costs due to the number of courses and across other training sub-heads.

Note 4 Receipts

4.1 Appropriations-in-aid

				2018	2017
			Estimated	Realised	Realised
		€000	€000	€000	€000
1	Contributions to the Garda Síochána spouses' and children's pension schemes				
	Original	11,278			
	Supplementary	522			
			11,800	11,926	11,797
2	Contributions to the Garda Síochána pensions scheme				
	Original	21,528			
	Supplementary	1,172			
			22,700	22,733	22,296
3	Miscellaneous receipts (note 4.2)				
	Original	11,000			
	Supplementary	3,498			
			14,498	15,303	15,010
4	Garda College receipts				
	Original	300			
	Supplementary	400			
5	Firearm fees		700	628	—
	Original	3,100			
	Supplementary	200			
			3,300	2,832	3,923
6	Safety cameras - certain receipts from fixed charges		14,200	14,707	14,203
7	Receipts from pension-related deduction on public service remuneration				
	Original	46,281			
	Supplementary	11,419			
			57,700	57,658	56,022
			124,898	**125,787**	**123,251**

Significant variations

Overall, appropriations-in-aid were €18.1 million more than the forecast

Explanations for variances are set out below:

1 *Contributions to the Garda Síochána spouses and children's pension*

Estimate provision: €11.278 million, outturn: €11.926 million

The excess of €648,000 was due to an increase in number of serving gardaí.

2 *Contributions to the Garda Síochána pension schemes*

Estimate provision: €21.528 million, outturn: €22.733 million

The excess of €1.205 million was due to the increase in the number of serving gardaí.

3 *Miscellaneous receipts*

Estimate provision: €11 million, outturn: €15.303 million

Miscellaneous receipts are difficult to forecast accurately. The excess receipts of €4.303 million were mainly due to additional non-public duty receipts from an increase in major concerts, 37 in 2018 compared to 23 in 2017.

4 *Garda College receipts*

Estimate provision: €300,000, outturn: €628,000

The excess receipts of €328,000 are due to greater than anticipated receipts in the Garda restaurant and shop.

5 *Firearm fees*

Estimate provision: €3.1 million, outturn: €2.832 million

The reduction of €268,000 was due to the timing of receipts.

7 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €46.281 million, outturn: €57.658 million

The excess of €11.377 million was due to an increase in number of serving gardaí and the increase in overtime to target specific criminal activities resulting in additional pension related deductions.

4.2 Analysis of miscellaneous receipts

	2018	2017
	€000	€000
Payment for non-public duty services rendered by Gardaí	6,556	4,998
Repayment of car advances	1	—
Recovery in respect of damage to official vehicles and other Garda property	62	174
Proceeds of sales of used vehicles, old stores, forfeited and unclaimed property	961	2,871
Fees for accident and malicious damage reports	748	710
Contribution for living quarters	50	52
Recoupment of witnesses' expenses	5	7
Recoupment of salaries	81	—
Percentage charge to insurance companies for collection of insurance premiums	112	83
EU receipts	998	—
Taxi licence fees	218	244
Road Traffic Act - fees charged for motoring offences	2,056	2,375
Fingerprint fees for employment and visa purposes	79	58
Garda masts	1,046	1,530
Carrier liability	707	666
Vetting fees	25	—
Age cards	227	249
Unclassified items	1,371	993
	15,303	**15,010**

4.3 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	748	778
Receipts from Road Traffic Act fines	2,400	3,073
Transferred to Exchequer	(2,004)	(3,103)
Balance at 31 December	**1,144**	**748**

4.4 Fixed charge notice receipts

Total receipts from fixed charge notices in 2018 were €17.107 million (2017: €17.273 million). Of this, €14.707 million (2017: €14.203 million) was retained to fund the Go-Safe contract. The balance of receipts of €2.4 million (2017: €3.07 million) was paid over to the Exchequer.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end		
Garda members	14,032	13,551
Student gardaí	415	420
Civilians	2,429	2,192
	16,876	**16,163**

5.2 Pay[a]

	2018	2017
	€000	€000
Pay	743,669	698,565
Higher, special or additional duties allowance	363	315
Other allowances	173,841	167,122
Overtime	118,148	132,131
Employer's PRSI	83,606	77,660
Total pay	**1,119,627**	**1,075,793**

Note [a] Includes pay for staff employed in the Garda College, charged to subhead A.13

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	185	6	30,296	11,953
Overtime and extra attendance	14,302	3,975	64,017	79,475
Shift and roster allowances	13,984	8,348	48,510	36,469
Miscellaneous	14,725	237	73,861	70,463
Extra remuneration in more than one category	15,478	12,118	94,411	106,745

5.4 An Garda Síochána Reward Fund

The purpose of the Fund is to pay awards for Garda bravery and an annual contribution for Garda chaplaincy services from moneys received in relation to Garda disciplinary fines.

The following statement shows the total receipts proper to the Fund in the year, the amount of payments in the period and the balance of the Fund at year end.

	2018 €000	2017 €000
Balance brought forward on 1 January	468	441
Receipts	55	60
Payments	(48)	(33)
Balance on 31 December	**475**	**468**

5.5 Payroll overpayments

Garda and civilian payroll overpayments at the year-end were €1,874,273 (1,019 cases) (2017 €1,421,466: 804 cases). Of this, €819,795 (537 cases) have recovery plans in place.

Garda pension overpayments at the year-end were €833,947 (339 cases) (2017 €691,540: 301 cases). Of this, €277,680 (88 cases) have recovery plans in place.

In 2018, two Garda overpayments were written-off with a value of €320 and nine Garda staff overpayments were written off with a value of €2,993.

5.6 Other remuneration arrangements

In 2018, 32 retired civil servants in receipt of civil service pensions were re-engaged on various duties at a total cost of €263,455. Appropriate procedures are in place with regard to payments to retired personnel in accordance with Section 52 of the Public Service Pension (Single Scheme and Other Provisions) Act 2012.

Note 6 Miscellaneous

6.1 Support for representative associations

Included in subhead A.1 is a total of €322,075 in respect of the remuneration of members of An Garda Síochána on special leave with pay to staff representative bodies or assigned to welfare organisations.

Grants of €58,000 each were made to both the Association of Garda Superintendents and the Association of Chief Superintendents.

Sums of €59,353 and €140,889 were charged in respect of postal and telecommunications services and accommodation availed of by staff representative bodies and welfare organisations.

6.2 Commissions and special inquiries

	Year of appointment	Cumulative expenditure to 31 December 2018	2018 Outturn	2017 Outturn
		€000	€000	€000
Ronan McLochlainn Commission of Investigation[a]	2014	292	4	—
O'Higgins Commission of Investigation[b]	2015	288	—	50
Farrelly Commission of Investigation[c]	2017	32	5	27
Disclosures Tribunal[d]	2017	2,098	1,308	790
Hickson Commission of Investigation[e]	2018	4	4	—

Notes

[a] The Ronan McLochlainn Commission of Investigation is now complete. The purpose of the commission was to investigate a fatal shooting by members of An Garda Síochána.

[b] The O'Higgins Commission of Investigation is now complete. The purpose of the commission was to investigate the report on certain matters relating to the Cavan/Monaghan division of An Garda Síochána.

[c] The Farrelly Commission of Investigation is established to investigate the treatment of intellectually disabled person in foster care.

[d] The Disclosures Tribunal is established to investigate protected disclosures made under Protected Disclosure Act 2014 and certain other matters. Costs are those incurred for legal representation for serving and retired Garda members. The Tribunal's own costs are incurred by the vote for Justice and Equality.

[e] Hickson Commission of Investigation is established to investigate the response to allegations of child sexual abuse against a named individual.

6.3 Statement of losses (Garda vehicles, etc.)

A total of 625 accidents involving Garda vehicles were reported in 2018 (2017: 667). Damage to official vehicles and other costs amounted to €956,920. Compensation totalling €14,562 was recovered.

6.4 Fraud and suspected fraud

	2018	2017
	€000	€000
Alleged misappropriation of moneys	25	22

There were 12 detected/alleged fraud instances in 2018 which are currently under Garda investigation (2017: 38).

6.5 Compensation and legal costs

The account includes expenditure in relation to legal costs and compensation awards taken by members and employees of An Garda Síochána and by members of the public.

	Number of cases	Compensation awarded	Legal costs awarded	Other costs awarded[a]	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by members and employees of An Garda Síochána[b]						
Under Garda Síochána Compensation Acts 1941-1945	219	4,651	2,275	—	6,926	7,961
Through the State Claims Agency for injuries received while on duty [c]	53	236	195	28	459	917
Other legal actions	3	85	13	—	98	278
Civil claims by members of the public						
Claims arising from actions of Gardaí in the performance of their duties	209	1,433	2,265	26	3,724	4,563
Claims (including by Garda members) resulting from accidents involving Garda vehicles	226	2,021	782	71	2,874	2,354
		8,426	**5,530**	**125**	**14,081**	**16,073**

At 31 December 2018

- 1,397 claims outstanding under the Garda Síochána Compensation Acts (2017: 1,523)
- 237 civil claims outstanding relating to accidents involving Garda vehicles (2017: 198)
- 1,540 civil claims other than those involving Garda vehicles outstanding (2017: 788)

Notes [a] Other costs awarded relate to agency fees, investigator fees, medical fees etc.

[b] Compensation payments amounting to €115,064 (2017: €141,509) were paid on foot of the Occupational Injuries Benefit Scheme which is administered through the Department of Employment Affairs and Social Protection. These payments are not included in the table above.

[c] These may include part payments over a number of years for individual cases.

6.6 EU Projects

There were five EU funded projects in 2018. The funds received in the year are as follows:

	2018	2017
	€000	€000
Siena for Counter-Terrorism (CT)	—	1,037
Internal Security Fund	526	578
BroadWay	29	—
Pericles	—	47
PROTAX	98	—
Slándáil	9	—
CEPOL	130	66
Total	**792**	**1,728**

The objective of the Siena for Counter Terrorism programme is to establish a secure connection between member states counter terrorism agencies. The connection will allow for the exchange of classified data. An Garda Síochána is the coordinator of the project in the Republic of Ireland.

The Internal Security Fund is to promote the implementation of an internal security strategy, law enforcement cooperation and the management of the EU's external borders. From 2014 to 2020 the fund is focused on two specific objectives:

- **Fight against crime**: combating cross-border, serious and organised crime including terrorism, and reinforcing coordination and cooperation between law enforcement authorities and other national authorities of EU states, including with EUROPOL and other relevant EU bodies, and with relevant non-EU and international organisations.
- **Managing risk and crisis**: enhancing the capacity of EU states and the Union for the effective management of security-related risk and crisis, and preparing for protection people and critical infrastructure against terrorist attacks and other security related threats.

Following the requirements of the BroadMap Project, the BroadWay project was undertaken to form a pilot system from a number of deployed prototype systems that will allow the demonstration of interoperable operation cross borders in the following settings – land border roaming, long distance roaming, communications groups and all connected countries incidents.

Pericles is a European project within the Horizon 2020 programme. Pericles objective is to counter and prevent violent radicalisation and extremism, with a special focus on the support for law enforcement agencies. The consortium is formed by fourteen European partners, including five national police agencies. An Garda Síochána is one of the five European law enforcement agencies which are participating in the project.

PROTAX is an EU project within the Horizon 2020 programme for the action entitled 'New Methods to Prevent, Investigate and Mitigate Corruption and Tax Crime in the EU'. The objective of the project is to contribute to a European Security Model providing solutions for prevention and prosecution of tax crimes. Based on analysis of current approaches of law enforcement, legal frameworks at member state level and in-depth empirical investigation of human factors, shaping institutional and professional practices of stakeholders PROTAX will develop in close co-operation with practitioners tool kits for security policy makers, law enforcement agencies and tax authorities.

Slándáil is to improve the use of social media in disaster management by developing a cost effective and ethical social media information for use in a variety of emergency situations.

Funding is also received each year from CEPOL. CEPOL is an agency of the European Union dedicated to develop, implement and coordinate training for law enforcement officials. In 2018, two training programmes entitled Language Development Instruments and Systems of European Police Cooperation was delivered to law enforcement officials in Ireland. CEPOL provided funding of €129,608 to An Garda Síochána to provide these courses.

6.7 Contingent liability

An Garda Síochána is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain.

An Garda Síochána is currently engaged with the Revenue Commissioners to ascertain the correct taxation treatment in respect of services provided by the Garda College. A liability may arise on conclusion of this matter.

Appropriation Account 2018

Vote 21

Prisons

Introduction

As Accounting Officer for Vote 21, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Irish Prison Service, and other expenses in connection with prisons, including places of detention and for payment of certain grants.

The expenditure outturn is compared with the sums:

a) granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year

b) provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €1.115 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Land and buildings

The Minister for Justice and Equality owns 13[a] prisons and places of detention, as well as property at the Irish Prison Service College in Portlaoise and property adjacent to the Headquarters building in Longford, and three sites in Dublin: one adjacent to Cloverhill Prison and others in Kilmainham and Thornton.

[a] There are 12 prisons and places of detention operational at present. The Training Unit in the Mountjoy complex does not hold prisoners currently.

Land was valued at existing use value or market value (if not in use) by the Valuation Office during 2014. Land at Thornton continues to be valued at historic cost, including investment in infrastructure and services, on the basis that it is a strategic State asset with potential future use value. Its availability has been identified to the Department of Housing, Planning and Local Government and the Land Development Agency. This position will be kept under review on an annual basis.

The basis for valuing prison buildings – average replacement cost per cell – remains unchanged.

Prisons land and buildings will be revalued every 5 years – the next planned revaluation is 2019. Buildings are not depreciated in the years between revaluations, on the basis that ongoing annual maintenance expenditure is sufficient to maintain their condition. With the exception of land and buildings, all other capital assets are depreciated on a straight line basis over their estimated useful life starting in the month placed in service.

Consumables

Supplies for prisoner meals, cleaning, maintenance and workshops are treated as expensed items and are not counted in stocks.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Irish Prison Service.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

The National Shared Services Office provides payroll processing services to the Irish Prison Service.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to the Irish Prison Service.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an audit committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Irish Prison Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non–compliance with procurement rules

The Irish Prison Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. 54 contracts with a value of €11,775,894 (excluding VAT) have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process, as follows

(a) Fourteen contracts with a value of €1,670,966 are considered non-competitive and non-compliant. These contracts were extended beyond the original contract date without a new competitive process having been completed by the year end date.
(b) Payments to three suppliers to a total value of €135,210 are considered non-competitive and non-compliant, as whilst local arrangements/tenders were entered in to which complied with tendering rules at local level, the cumulative effect rendered the total amount paid to the suppliers to be contrary to national procurement guidelines.
(c) Sixteen contracts with a value of €6,667,607 are considered non-competitive and non-compliant, as these situations have arisen while the finalisation of centralised tender arrangements with the Office of Government Procurement and Office of the Government Chief Information Officer are awaited.
(d) Four contracts with a total value of €516,735 are considered non-competitive but compliant as they were procured as a result of urgent need.
(e) Seventeen contracts with a total value of €2,785,376 are considered non-competitive but compliant as they are proprietary purchases.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Irish Prison Service and the Department is exposed. The annual internal audit plans are approved by the Audit Committee and take account of this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Irish Prison Service has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the greatest extent possible, to mitigate those risks.

A risk register is in place for each Prison, Directorate and for the Irish Prison Service at a corporate level which identify the key risks at prison, directorate and organisation level and these have been identified, evaluated and graded according to their significance. The Corporate Risk Register is reviewed and updated by the Irish Prison Service Risk Management Committee (Executive Management Team) on a quarterly basis and quarterly reviews also take place at prison/directorate level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Risk Management Committee, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

The Irish Prison Service's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Irish Prison Service responsible for the development and maintenance of the internal financial control framework. A Chief Risk Officer post has been identified and is expected to be filled during 2019.

A review of certain administrative processes is ongoing in the Irish Prison Service.

Internal financial control issues

Arising from recent audit reports, the Irish Prison Service has implemented a review of financial, administrative and operating procedures to ensure that they are in line with good practice. The review was carried out by a business review team appointed by the Irish Prison Service in conjunction with the Department of Justice and Equality. The review is a quality improvement programme, with the objective of strengthening the administrative, operational and accounting practices within the Irish Prison Service. The initial stages of the review prioritised administration processes in prisons including sentence calculation, cash management, imprest and Prisoner Assist Programme fund accounts with over forty new standard operating practices (SOPs) implemented, covering approximately 80 administrative activities. The administration staff training syllabus was redeveloped to support implementation of the SOPs.

The next stage of the review will focus primarily on testing the compliance levels for the standard operating practices which have been implemented. Further review and process work will be carried out in areas including the recording, monitoring and control of fixed assets, operation of prison 'tuck shops' and to provide advice to support the operation of the independent Voluntary Mess Committees in the operation of canteen facilities for prison staff provided through prisoner training kitchens.

Aidan O'Driscoll
Accounting Officer
Prisons

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 21 Prisons

Opinion on the appropriation account

I have audited the appropriation account for Vote 21 Prisons for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 21 Prisons for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Irish Prison Service and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non - compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

24 September 2019

Vote 21 Prisons

Appropriation Account 2018

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison			
	Original 341,171			
	Deferred surrender 2,233			
	Supplementary 11,521			
		354,925	353,923	326,892
	Gross expenditure	**354,925**	**353,923**	**326,892**
	Deduct			
B	**Appropriations-in-aid**			
	Original 12,976			
	Supplementary 1,521			
		14,497	**14,610**	**13,056**
	Net expenditure			
	Original 328,195			
	Deferred surrender 2,233			
	Supplementary 10,000			
		340,428	**339,313**	**313,836**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year.

	2018	2017
	€	€
Surplus	1,114,810	3,786,856
Deferred surrender	—	(2,233,000)
Surplus to be surrendered	**1,114,810**	**1,553,856**

Aidan O'Driscoll
Accounting Officer
Prisons

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		88,953	79,656
Pay		250,065	232,551
Non pay		14,905	14,685
Gross expenditure		**353,923**	**326,892**
Deduct			
Appropriations-in-aid		**14,610**	**13,056**
Net expenditure		**339,313**	**313,836**
Changes in capital assets			
Purchases cash	(26,625)		
Depreciation	2,629		
Disposals cash	36		
Gain on disposals	(36)	(23,996)	(22,260)
Changes in net current assets			
Decrease in closing accruals	(31)		
Decrease in stock	177	146	2,526
Direct expenditure		**315,463**	**294,102**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		66,604	54,031
Net programme cost		**382,067**	**348,133**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 21 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	270	270
Vote 12 Superannuation and Retired Allowances	65,262	52,580
Vote 13 Office of Public Works	145	153
Vote 18 National Shared Services Office	304	472
Vote 24 Justice and Equality - Financial Shared Services Centre	623	556
	66,604	**54,031**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	972,730	948,734
Current assets			
Bank and cash	2.3	8,325	10,607
Stocks	2.4	1,608	1,785
Prepayments		837	1,027
Accrued income		70	170
Other debit balances	2.5	450	544
Total current assets		11,290	14,133
Less current liabilities			
Accrued expenses		6,237	6,558
Other credit balances	2.6	8,735	8,835
Net Exchequer funding due	2.7	40	2,316
Total current liabilities		15,012	17,709
Net current liabilities		**(3,722)**	**(3,576)**
Net assets		**969,008**	**945,158**
Represented by:			
State funding account	2.1	**969,008**	**945,158**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			945,158	925,107
Disbursements from the Vote				
Estimate provision	Account	340,428		
Surplus to be surrendered	Account	(1,115)		
Net vote			339,313	313,836
Expenditure (cash) borne elsewhere	1		66,604	54,031
Non cash expenditure – revaluation			—	317
Net programme cost	1		(382,067)	(348,133)
Balance at 31 December			**969,008**	**945,158**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2018	927,506	71,072	843	11,533	12,598	1,023,552
Additions	115	1,771	13	1,437	23,289	26,625
Brought into use	31,466	—	—	—	(31,466)	—
Disposals	—	(1,129)	(108)	(379)	—	(1,616)
Cost or valuation at 31 December 2018	959,087	71,714	748	12,591	4,421	1,048,561
Accumulated depreciation						
Opening balance at 1 January 2018	—	66,071	749	7,998	—	74,818
Depreciation for the year	—	1,684	21	924	—	2,629
Depreciation on disposals	—	(1,129)	(108)	(379)	—	(1,616)
Cumulative depreciation at 31 December 2018	—	66,626	662	8,543	—	75,831
Net assets at 31 December 2018	**959,087**	**5,088**	**86**	**4,048**	**4,421**	**972,730**
Net assets at 31 December 2017	**927,506**	**5,001**	**94**	**3,535**	**12,598**	**948,734**

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	7,853	10,469
Vote related bank account balances	472	138
	8,325	**10,607**

Non Vote bank accounts

The Irish Prison Service holds 23 commercial bank accounts. Moneys in these accounts are managed by the Irish Prison Service separately to the voted funds and relate to prison shops, a Prisoner Assist Fund and an account for prisoner cash. With the exception of gratuity payments to individual prisoners, which originate from the vote, no moneys due to or paid from the vote are transmitted through these bank accounts. The amount held at the end of 2018 is €2,341,091 and is not included in the account (2017: €2,076,847). Note 6.5 also refers.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Uniforms and clothing	1,588	1,729
Miscellaneous	20	56
	1,608	**1,785**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Prison imprest accounts	266	373[a]
Other debit suspense items	184	171
	450	**544**

Note [a] In the 2017 account this amount reflected the balances held in vote related bank accounts which are now included in Note 2.6. This figure has been restated for comparative purposes.

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	4,599	4,185
Pay Related Social Insurance	2,167	1,957
Retention Tax	179	72
Value Added Tax	679	1,826
	7,624	8,040
Vote related bank account balances	472	138
Payroll deductions held in suspense	632	642
Other credit suspense items	7	15
	8,735	**8,835**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,115	1,554
Deferred surrender	—	2,233
Exchequer grant undrawn	(1,075)	(1,471)
Net Exchequer funding due	**40**	**2,316**
Represented by:		
Debtors		
Bank and cash	8,325	10,607
Debit balances: suspense	450	544
	8,775	11,151
Creditors		
Due to State	(7,624)	(8,040)
Vote related bank account balances	(472)	(138)
Credit balances: suspense	(639)	(657)
	(8,735)	(8,835)
	40	**2,316**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Capital projects	1,079	11,930
Total of legally enforceable commitments	**1,079**	**11,930**

2.9 Matured liabilities

Matured liabilities at year end amounted to €2,778 (2017: Nil).

2.10 Contingent liabilities

The Irish Prison Service is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain.

Vote 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
I	Salaries, wages and allowances				
	Original	249,283			
	Supplementary	1,997			
			251,280	250,065	232,551
ii	Travel and subsistence				
	Original	1,816			
	Supplementary	548			
			2,364	2,328	2,156
iii	Training and development and incidental expenses				
	Original	3,860			
	Supplementary	1,110			
			4,970	3,562	3,582
iv	Postal and telecommunications services				
	Original	1,800			
	Supplementary	112			
			1,912	1,653	1,933
v	Office equipment and external IT services				
	Original	5,580			
	Supplementary	937			
			6,517	7,362	7,013
vi	Consultancy services and value for money and policy reviews				
	Original	100			
	Supplementary	(96)	4	—	1
			267,047	**264,970**	**247,236**

Significant variations

The following notes outline the reason for significant variations (+/- 25% and €100,000) in the administration expenditure of the Vote.

ii. *Travel and subsistence*

Estimate provision: €1.816 million, outturn: €2.328 million

The excess of €512,000 compared with original allocation of €1.816 million is reflected in the supplementary estimate of €548,000 in the subhead. The reason for the increased outturn is mainly due to two factors - the recruitment of additional prison staff which has given rise to an increased demand for travel and subsistence to attend training and an increase in prisoner numbers, particularly remand prisoners, giving rise to additional prisoner escorts.

iii. *Training and development and incidental expenses*

Estimate provision: €3.86 million, outturn: €3.562 million

A saving of €298,000 arose on the original estimate of €3.86 million. In addition the supplementary estimate of €1.11 million remained unspent. This was due mainly to anticipated expenditure not materialising as uniform stock purchases were significantly less than expected. Also, there was underspend on training costs, mainly due to the phasing of recruitment being later than expected.

v *Office equipment and external IT services*

Estimate provision: €5.58 million, outturn: €7.362 million

The excess of €1.782 million compared with the original allocation of €5.580 million is reflected in the supplementary estimate of €937,000. The reason for the additional expenditure is mainly related to expenditure of approximately €1 million on additional storage requirements for CCTV purposes in the year. This expenditure was needed to manage the increased demand for the retention of CCTV footage and to future-proof capacity. There were also additional costs in respect of software licences and support contracts.

Programme A Administration and provision of safe, secure, humane and rehabilitative custody for people who are sent to prison

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	Original	249,283			
	Supplementary	1,997			
			251,280	250,065	232,551
A.2	Administration – non pay				
	Original	13,156			
	Supplementary	2,611			
			15,767	14,905	14,685
A.3	Buildings and equipment				
	Original	41,088			
	Deferred surrender	2,233			
	Supplementary	2,628			
			45,949	46,204	39,828
A.4	Prisoner services				
	Original	27,906			
	Supplementary	1,126			
			29,032	29,973	27,913
A.5	Operational services				
	Original	5,400			
	Supplementary	1,232			
			6,632	6,789	6,482
A.6	Educational services				
	Original	1,265			
	Supplementary	(512)			
			753	1,227	1,083
A.7	Compensation				
	Original	2,873			
	Supplementary	2,439			
			5,312	4,560	4,150
A.8	Social disadvantage measures (Dormant accounts funded)		200	200	200
			354,925	**353,923**	**326,892**

Significant variations

Overall, the expenditure in relation to Programme A was €1 million lower than the final estimate. The original estimate of €343.4 million was increased by €11.5 million through the supplementary estimate. There was an underspend of €2.1 million in relation to administration expenditure (see above) and the variation in the remaining subheads is mainly due to the following.

A.3 Buildings and equipment

Estimate provision: €43.321 million, outturn: €46.204 million

There was excess expenditure of €2.883 million compared with the original allocation of €41.088 million plus deferred surrender of €2.233 million. The introduction of a programme of planned preventative maintenance for plant and equipment increased the number and frequency of service checks at an estimated cost of approximately €1 million. In addition, there were several one-off events which have resulted in increased maintenance expenditure, such as severe weather conditions (approximately €200,000), remedial works required to prevent attempted prisoner escapes (approximately €100,000), significant damage to the Mountjoy circular roof (approximately €500,000) and works required to be undertaken on control room systems (approximately €500,000).

A.4 Prisoner services

Estimate provision: €27.906 million, outturn: €29.973 million

There was excess expenditure of €2.067 million compared with the original allocation of €27.906 million. This mainly related to the increase in prisoner numbers over the year - up over 200 based on the annual average number of prisoners (3,680 in 2017 and 3,893 in 2018). This impacts on expenditure in areas such as food, gratuity payments and medical services.

A.5 Operational services

Estimate provision: €5.4 million, outturn: €6.789 million

There was excess expenditure of €1.389 million compared with the original allocation of €5.4 million. The additional expenditure in this subhead is mainly due to a replacement programme undertaken in 2018 for security equipment such as batons and handcuffs throughout the prison estate on foot of a recommendation by the State Claims Agency. In addition, more new vehicles were purchased than originally anticipated during the second year of a three year replacement programme for the transport fleet.

A.7 Compensation

Estimate provision: €2.873 million, outturn: €4.56 million

There was excess expenditure of €1.687 million compared with the original allocation of €2.873 million. This was largely due to the payment of legal costs related to a specific case before the courts.

Note 4 Receipts

4.1 Appropriations-in-aid

		Estimate provision		2018 Realised	2017 Realised
		€000	€000	€000	€000
1	Miscellaneous				
	Original	305			
	Supplementary	298			
			603	436	439
2	Dormant account receipts		200	200	200
3	Receipts from pension–related deductions on public service remuneration				
	Original	12,471			
	Supplementary	1,223			
			13,694	13,974	12,417
	Total		**14,497**	**14,610**	**13,056**

Significant variations

Overall, the appropriations-in-aid were €113,000 higher than the final estimate. The original estimate of €12.976 million was increased by €1.521 million through the supplementary estimate and the surplus in receipts is mainly due to the following:

1 Miscellaneous

Estimate provision: €305,000, outturn: €436,000

The receipts exceeded the original estimate of €305,000 as it is difficult to predict the level of receipts under this heading. The receipts level did not reach the final estimated figure of €603,000 provided for as a result of the supplementary estimate of €298,000 as the anticipated increase in receipts from work and training activities did not materialise.

3 Receipts from pension–related deductions on public service remuneration

Estimate provision: €12.471 million, outturn: €13.974 million

The additional receipts of €1.503 million were reflected in a supplementary estimate of €1.223 million and the surplus arose mainly due to additional payroll costs with 183 new recruit Prison Officers commencing in 2018 and the level of additional hours payments during 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	**3,270**	**3,186**

5.2 Pay

	2018 €000	2017 €000
Pay	158,888	136,736
Higher, special or additional duties allowance	395	354
Other allowances	32,607	45,101
Extra attendance and overtime	39,694	33,874
Employer's PRSI	18,481	16,486
Total pay	**250,065**	**232,551**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	79	6	16,360	33,944
Extra attendance and overtime	3,070	2,003	52,668	38,773
Shift and roster allowances	2,885	1,377	18,594	23,716
Miscellaneous	3,039	2	11,113	15,235
Extra remuneration in more than one category	3,034	2,712	67,812	65,602

5.4 Other remuneration arrangements

A total of €99,708 was paid to 21 retired civil servants in receipt of civil service pensions who were employed on various duties. Payments ranged from €300 to €33,000. A total of €31,993 was paid to ten retired members of An Garda Síochána, who were employed by the Irish Prison Service on specific duties during 2018.

Appropriate procedures were in place with regard to payments to retired staff in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.5 Payroll overpayments

Salary overpayments outstanding at the year ended totalled €480,390 (184 cases) (2017: €425,504, 161 cases). Of this, €375,530 (121 cases) had recovery plans in place at 31 December 2018 including 59 preserved pension cases.

Note 6 Miscellaneous

6.1 Prison population

The estimated daily average number of prisoners in 2018 was 3,893 (2017: 3,680).

6.2 Compensation and legal costs

The account includes expenditure in relation to compensation and legal costs made to prisoners, staff and members of the public. The table below shows a breakdown of these costs.

	Number of cases	Legal costs paid by the Prison Service	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by prison staff						
Civil claims received for injuries while on duty and other issues involving prison staff	102	—	1,770	348	2,118	1,510
Claims through the Criminal Injuries Compensation Tribunal arising out of injuries received by prison staff	22	—	403	—	403	742
Claims by prisoners						
Claims arising out of injuries and other actions involving prisoners	218	698	492	497	1,687	1,492
Claims by members of the public	33	—	247	99	346	395
		698	**2,912**	**944**	**4,554**	**4,139**

Note At 31 December 2018, the State Claims Agency recorded 2,130 claims as outstanding (2017: 2,250 cases). Legal costs incurred by the Irish Prison Service in relation to 17 non-compensation cases amounted to €397,458 (2017: €234,702).

6.3 Prisoner funeral expenses

Ex gratia payments totalling €5,800 were made towards the funeral expenses of four prisoners who died in prison.

6.4 Cash losses

Two cash losses totalling €300 were identified in two prisons. Sanction will be sought to write off the losses in question (2017: €1,000)

6.5 Other financial operations within the Irish Prison Service

Separate to the expenditure reflected in the appropriation account, a number of other financial operations arise within the Irish Prison Service in order to carry out its functions. The operations in question relate to a bank account for prisoner cash, prison shops and a Prisoner Assist Programme fund. The details are as follows:

- **Prisoner cash account** — a bank account is maintained specifically for prisoner's personal cash and is managed by the Prisons Finance Directorate. As prisoners leave prison, they receive the balance of their personal cash from this account. The balance in the account at 31 December 2018 was €1,033,099 (2017: €950,435). This represents the accumulated prisoner balances at year end but also includes amounts due to prison shops for purchases in December (typically €600,000 approx.).

- **Prison shops** — Each prison has an internal shop ('tuck shop') where prisoners can purchase small items such as sweets and soft drinks, etc. The items are paid for from individual prisoners' personal funds. All procurement for the shop is done through the cash generated and is funded from sales to prisoners. Net profit generated is transferred to the Prisoner Assist Programme Fund to assist prisoner hardship cases. The total of the bank account balances for the 11 prison shops at 31 December 2018 was €576,668 (2017: €671,218). The value of stock on hand was €343,867 (2017: €322,078).

- **Prisoner Assist Programme Fund (PAPF)** — Each prison operates a PAPF account to fund prisoner hardship projects. The funding for the account is not from voted funds but rather from the surpluses generated from the prison shop. The total of the bank account balances at 31 December 2018 was €731,324 (2017: €455,194).

In addition, Voluntary Mess Committees (VMCs) are currently operating in eight prisons to coordinate the administration of the operation of canteen facilities for prison staff provided through prisoner training kitchens. VMCs operate as separate and independent entities from the Irish Prison Service. Notwithstanding this, the Irish Prison Service has engaged with each VMC to remind them of their governance obligations and to reinforce to the Committees their responsibilities for adherence with policies, procedures, controls and Revenue regulations. Further advice to support the operation of the independent VMCs in the operation of canteen facilities for prison staff, provided through prisoner training kitchens, will be provided in the next phase of the business process review project in the Irish Prison Service.

Appropriation Account 2018

Vote 22

Courts Service

Introduction

As Accounting Officer for Vote 22, I am required each year to prepare the appropriation account for the Vote, and to submit the Account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Courts Service and of the Supreme Court, the Court of Appeal, the High Court, the Special Criminal Court, the Circuit Court and the District Court and of certain other minor services as are not charged to the Central Fund.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.612 million is liable for surrender to the Exchequer.

The Service is governed by a Board consisting of a chairperson and 17 other members. In accordance with the Courts Service Act, 1998 the term of office of the Board is three years. The current Board was established on 9 November 2017. The Board is responsible for determining policies for the Service and for overseeing their implementation. It performs these functions directly and through the committees of the Board.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of Appropriation Accounts have been applied in the preparation of the Account except for the following:

Valuation of land and buildings

In 2016, the policy was adopted of valuing public buildings on the basis of depreciated replacement cost and a programme of valuing buildings on this basis commenced. Depreciated replacement cost is the current cost of replacing the asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. Buildings in use which have not yet been revalued are stated at historic cost. Land and buildings not in use but required for future development are valued at market value/fair value.

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life, starting in the month placed in service.

Buildings are depreciated at a rate of 2% per annum on a straight line basis.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Courts Service. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive Officer. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness is kept under ongoing review.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial control environment

I confirm that a control environment including the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Courts Service
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non-compliance with procurement rules

The Courts Service ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In total nineteen supply arrangements were reported under Circular 40/02 in 2018 with a total value of €3,371,070 (excluding VAT). These are broken down as follows

- Eight contracts with a value of €343,519 are considered non-competitive and non-compliant as the contracts were extended beyond their original contract terms.
    - Three instances with a total value of €95,904 where procurement is currently underway and is expected to be completed in 2019.
    - Two instances totaling €81,844 arose due to transitional delays in migrating to new utility providers. For one of these, a new contract is now in place.
    - For the remaining three items valued at €165,771, two will be addressed in 2019 with the remaining item relating to a once off service in 2018.
- Three instances with a value of €1,215,533 are considered non-competitive and non-compliant. The delays in entering into a procurement process arose due to matters arising as a result of centralised contracts put in place by the Office of Government Procurement and the Office of Government Chief Information Officer.
- Eight purchases with a total value of €1,812,018 are considered non-competitive but compliant as they are proprietary purchases.

Audit and risk committee

I confirm that the Courts Service has an Audit and Risk Committee. The Committee is a sub-committee of the Courts Service Board. The role of the Committee is to oversee, advise and support the Board and the Chief Executive Officer/Accounting Officer by reviewing the comprehensiveness of assurances on a range of matters including the integrity of internal financial controls, risk management and financial statements. The Committee operates under a written charter and reports annually to the Courts Service Board. It also reviews and approves the Internal Audit annual work programme.

Internal audit

I confirm that the Courts Service has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which has been approved by the Court Service Board. Its work is informed by analysis of the financial and operational risks to which the Service is exposed, and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis. The internal audit function is reviewed periodically by me and by the Audit and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Two internal audit reports highlighted deficiencies in the recording procedures used to support extra attendance claims for certain additional remuneration. These deficiencies are currently being addressed.

Governance

Good governance is fundamental to the effective operation of the Service. In line with the Civil Service Corporate Governance Standard, the existing Corporate Governance Framework was updated. This sets out the statutory basis within which we operate, including the governance arrangements in place, functions and organisational structure, accountability, audit and assurance arrangements. This framework was published in 2016. The Courts Service also has an Oversight Agreement in place with the Department of Justice and Equality.

The Code of Practice for the Governance of State Bodies 2016 came into effect in September 2016. The Courts Service has a robust governance framework and is compliant with the main features of the new code which are kept under review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Courts Service and the Financial Shared Services Centre Killarney for the provision of financial shared services, and the National Shared Service Office for the provision of human resource services and payroll services.

I rely on a letter of assurance from the relevant Accounting Officers of those services that the appropriate controls are exercised in the provision of shared services to the Courts Service.

Risk and control framework

The Service has implemented a risk management framework which identifies and reports key risks and the management action being taken to address and, to the extent possible, to mitigate those risks.

A corporate risk register is in place which identifies the key risks facing the Service. These are evaluated and graded according to their significance. The corporate risk register is reviewed quarterly by the Senior Management Team (SMT) and Audit & Risk Committee. Risk Management is a standing item for the Courts Service Board and the Chief Risk Officer reports to the Board on the operations of risk management. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The register details existing controls, planned actions needed to mitigate identified risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the SMT, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Service has procedures to monitor the effectiveness of its risk management and control procedures. The service's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Service responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

The Service continually reviews and implements recommendations arising from the Comptroller and Auditor General and Internal Audit to strengthen the control environment, particularly in the areas of ICT Infrastructure, Business System Support applications and Procurement.

Brendan Ryan
Accounting Officer
Courts Service

18 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 22 Courts Service

Opinion on the appropriation account

I have audited the appropriation account for Vote 22 Courts Service for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 22 Courts Service for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Courts Service and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 22 Courts Service

Appropriation Account 2018

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the courts and support the judiciary			
	Original	131,575		
	Deferred surrender	6,000		
	Supplementary	601		
		138,176	135,003	133,115
	Gross expenditure	**138,176**	**135,003**	**133,115**
	Deduct			
B	**Appropriations-in-aid**			
	Original	47,969		
	Supplementary	600		
		48,569	**49,508**	**49,093**
	Net expenditure			
	Original	83,606		
	Deferred surrender	6,000		
	Supplementary	1		
		89,607	**85,495**	**84,022**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €2.5 million of unspent allocations in respect of the capital elements of Subhead A.4 was carried forward to 2019.

	2018	2017
	€	€
Surplus	4,111,785	8,230,508
Deferred surrender	(2,500,000)	(6,000,000)
Surplus to be surrendered	**1,611,785**	**2,230,508**

Brendan Ryan
Accounting Officer
Courts Service

28 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		40,840	44,519
Pay		52,524	50,052
Non pay		41,639	38,544
Gross expenditure		**135,003**	**133,115**
Deduct			
Appropriations-in-aid		**49,508**	**49,093**
Net expenditure		**85,495**	**84,022**
Changes in capital assets			
Purchases cash	(4,250)		
Depreciation	7,230		
		2,980	690
Changes in net current assets			
Increase in closing accruals	466		
Decrease in stock	16		
		482	(73)
Direct expenditure		**88,957**	**84,639**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		49,308	43,684
Notional rents [a]		3,481	3,315
Net programme cost		**141,746**	**131,638**

Note [a] Notional rents for OPW owned buildings occupied by the Courts Service

1.1 Net allied services

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 22 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	180	180
Vote 12 Superannuation and Retired Allowances	12,802	11,070
Vote 13 Office of Public Works	1,714	113
Vote 18 National Shared Services Office	101	121
Vote 20 An Garda Síochána	196	180
Vote 24 Justice and Equality - Financial Shared Services Centre	292	276
Central Fund – Judicial salaries and pensions	34,023	31,744
	49,308	**43,684**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	213,046	218,021
Current assets			
Bank and cash	2.3	4,530	26,511
Stocks	2.4	226	242
Prepayments		2,712	2,610
Accrued income		1,846	1,517
Other debit balances	2.5	1,406	1,359
Total current assets		10,720	32,239
Less current liabilities			
Accrued expenses		3,329	1,791
Other credit balances	2.6	2,788	20,705
Net Exchequer funding due	2.7	3,148	7,166
Total current liabilities		9,265	29,662
Net current assets		1,455	2,577
Net assets		**214,501**	**220,598**
Represented by:			
State funding account	2.1	**214,501**	**220,598**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			220,598	195,704
Disbursements from the Vote				
Estimate provision		89,607		
Surplus to be surrendered		(1,612)		
Deferred surrender		(2,500)		
Net vote			85,495	84,022
Expenditure (cash) borne elsewhere	1.1		49,308	43,684
Non cash				
– notional rent	1		3,481	3,315
– revaluations	2.2		(165)	25,901
– transfer of assets	2.2		(2,470)	(390)
Net programme cost	1		(141,746)	(131,638)
Balance at 31 December			**214,501**	**220,598**

2.2 Capital assets

	Land and buildings[a]	IT and office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	272,646	45,867	32,624	1,837	**352,974**
Additions	7	1,927	34	2,922	**4,890**
Brought into use	232	1,597	—	(1,829)	**—**
Transfer of assets to other agencies [c]	(3,200)	—	—	—	**(3,200)**
Revaluations adjustments	(165)	—	—	—	**(165)**
Disposals	—	(6)	(2)	—	**(8)**
Cost or valuation at 31 December 2018	269,520[b]	49,385	32,656	2,930	**354,491**
Accumulated depreciation					
Opening balance at 1 January 2018	62,150	41,198	31,605	—	**134,953**
Depreciation for the year	5,261	1,749	220	—	**7,230**
Depreciation on transfer of assets to other agencies [a]	(730)	—	—	—	**(730)**
Depreciation on disposals	—	(6)	(2)	—	**(8)**
Cumulative depreciation at 31 December 2018	66,681	42,941	31,823	—	**141,445**
Net assets at 31 December 2018	**202,839**	**6,444**	**833**	**2,930**	**213,046**
Net assets at 31 December 2017	210,496	4,669	1,019	1,837	218,021

Notes

[a] Section 26 of the Courts Service Act 1998 provides for the Courts Service to hold legal title in respect of certain land and buildings.

[b] The Courts Service currently owns 48 buildings and four sites. Of these, 40 buildings and four sites have been revalued. There were no valuations carried out in 2018. Valuations of the seven PPP regional courthouses will be considered during 2019.

[c] In 2018, Kilmainham Courthouse with a net book value of €2.33 million was transferred to the OPW, and Ballyhaunis Courthouse with a net book value of €140,000 was transferred to Mayo County Council.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	3,641	25,641
Other commercial bank accounts [a]	889	870
	4,530	**26,511**

Note [a] Represents the Exchequer-related balances of the bank accounts held by the Courts Service at 31 December each year. Not included is the account balance of €7.68 million (€6.4 million in 2017) which principally consists of non-Exchequer receipts relating to maintenance lodgements under family law, bail money lodgements and court poor box receipts.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	170	161
Consumables	19	14
Miscellaneous	37	67
	226	**242**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Advances to OPW	1,148	1,030
Recoupment of salaries	20	137
Other debit suspense items	214	173
Imprests	24	19
	1,406	**1,359**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	760	749
Professional Services Withholding Tax	39	17
Value Added Tax	82	16,503
Pay Related Social Insurance	378	381
Court Fees collected on behalf of other votes	—	1,487
Fines	323	353
Funds for surrender to the Exchequer [a]	889	870
	2,471	20,360
Payroll deductions held in suspense	316	344
Other credit suspense items	1	1
	2,788	**20,705**

Note [a] This balance represents the Exchequer-related balances of the bank accounts held by the Courts Service at 31 December each year.

2.7 Net Exchequer funding due

At 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,612	2,230
Deferred surrender	2,500	6,000
Exchequer grant undrawn	(964)	(1,064)
Net Exchequer funding due	**3,148**	**7,166**
Represented by:		
Debtors		
Bank and cash	4,530	26,511
Debit balances: suspense	1,406	1,359
	5,936	27,870
Creditors		
Due to State	(2,471)	(20,359)
Credit balances: suspense	(317)	(345)
	(2,788)	(20,704)
	3,148	**7,166**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services		
ICT	2,091	2,453
Leases	13,599	17,154
Refurbishment loan [a]	10,809	12,666
PPP	748,780	287,299
Total of legally enforceable commitments	**775,279**	**319,572**

Note [a] The loan was taken out to fund refurbishment of the Courthouse at Washington Street, Cork. The principal (capital) element of this loan outstanding at year end, amounting to €9.195 million (2017: €10.575 million) is disclosed under multi-annual capital commitments. The balance of the commitment relates to interest.

Multi-annual capital commitments

Project	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	€000	€000	€000	€000
Refurbishment loan for Washington Street Courthouse	14,425	1,380	9,195	25,000	25,000

Capital cost of Public Private Partnership project

Name of PPP Project	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Legally enforceable commitments to be met in subsequent years	Project total 2018	Project total 2017
	€000	€000	€000	€000	€000
Criminal Courts Complex	189,398	21,056	386,283	596,736	599,196
PPP bundle [a]	18,480	14,744	371,397	395,721	396,875
Total	**207,878**	**35,800**	**757,680**[b]	**992,457**	**996,071**

Notes [a] In July 2012, the Government announced an investment package which included seven courthouse projects. The Courts Service entered into a contract with the preferred bidder in December 2015. Three of the PPP projects (Wexford, Letterkenny and Drogheda) were completed in 2017 and the remaining four PPP projects (Cork, Limerick, Waterford and Mullingar) were completed in full in 2018. The contract for the PPP bundle of projects provided for claims, in particular in relation to latent defects in historical buildings. In May 2019, agreement was reached with the contract provider to pay €8.9 million (ex VAT), on a phased basis over the three year period 2019-2021.

[b] The legally enforceable commitments to be met in subsequent years of €757.680 million include all future unitary charges.

2.9 Matured liabilities

There were no matured liabilities undischarged at year end (2017 - €12,100).

Note 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	53,975			
	Supplementary	(962)			
			53,013	52,524	50,052
ii	Travel and subsistence				
	Original	3,013			
	Supplementary	53			
			3,066	3,355	3,072
iii	Training and development and incidental expenses				
	Original	6,291			
	Supplementary	1,686			
			7,977	7,498	6,376
iv	Postal and telecommunications services				
	Original	2,003			
	Supplementary	847			
			2,850	2,876	2,852
v	Office equipment and external IT services				
	Original	8,774			
	Deferred surrender	881			
	Supplementary	1,465			
			11,120	12,313	10,900
vi	Office premises expenses				
	Original	16,576			
	Supplementary	(1,414)			
			15,162	15,509	15,251
vii	Consultancy services and value for money and policy reviews				
	Original	100			
	Supplementary	26			
			126	88	93
			93,314	**94,163**	**88,596**

Significant variations

The following outlines the reasons for significant variations (+/- 25% and €100,000) in the administration expenditure of the Vote.

i Salaries, wages and allowances

Original estimate: €53.975 million, outturn: €52.524 million

The saving of €1.451 million on expenditure on salaries, wages and allowances was due to the delay in the filling of posts in a complex and dynamic recruitment environment, combined with the lower cost of replacements. The original estimate of €53.975 million was reduced by a supplementary of €962,000 to €53.013 million, to meet the cost of anticipated additional demands in non-pay current.

ii *Travel and subsistence*

Original estimate: €3.013 million, outturn: €3.355 million

The overspend of €342,000 on travel and subsistence was due to the difficulty in forecasting the timing of claims being submitted. The original estimate was increased by €53,000 by way of supplementary to €3.066 million. The final outturn of €3.355 million was 11% higher than the original estimate

iii *Training and development and incidental expenses*

Original estimate: €6.291million, outturn: €7.498 million

The overspend of €1.207 million on training and development and incidental expenses was due to the following:

• Increase in interpreting services and associated mileage costs which are now in line with current market rates.

• Difficulty in forecasting Digital Audio Recording expenditure as this is a demand led service.

• Compensation claims along with associated legal costs which by their nature are difficult to project.

• The full year cost of bank charges.

• Temporary contract support

The original estimate of €6.291 million was increased by €1.686 million by way of supplementary to €7.977 million. The final outturn of €7.498 million is 19% higher than the original estimate.

iv Postal and telecommunications services

Original estimate: €2.003 million, outturn: €2.876 million

The overspend of €873,000 on postal and telecommunications was due to the following:

• An increase on standard postal rates and meter costs.

• The ongoing delay in the transfer of the Courts Service telephone network from wide area network (WAN) to the government cloud network which was anticipated to generate savings.

The original estimate of €2.003 million was increased by €0.847 million by way of supplementary to €2.850 million.

The final outturn of €2.876 million was 44% higher than original estimate.

v Office equipment and external IT services

Original estimate: €9.655 million, outturn €12.313 million

The overspend in expenditure of €2.658 million was as a result of the following:

• ICT costs of €1.107 million associated with the Video Conference refresh.

• Additional expenditure of €1.551 million in relation to upgrading the current ICT infrastructure.

The original estimate of €9.655 million was increased by €1.465 million by a supplementary to give a revised estimate provision of €11.120 million. The final outturn of €12.313 million was 28% higher than the original estimate and 11% higher than the revised estimate provision.

vi Office premises expenses

Original estimate: €16.576 million, outturn €15.509 million

The underspend of €1.067 million on office premises expenses was due to the delay in the completion of a number of courthouse maintenance projects planned in 2018. The original estimate of €16.576 million was decreased by €1.414 million by way of supplementary to €15.162 million. The final outturn of €15.509 million was 6% lower than the original estimate.

Programme A Manage the Courts and Support the Judiciary

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration - pay				
	Original	53,975			
	Supplementary	(962)			
			53,013	52,524	50,052
A.2	Administration - non pay				
	Original	36,757			
	Deferred surrender	881			
	Supplementary	2,663			
			40,301	41,639	38,544
A.3	Courthouse (capital works)				
	Original	4,880			
	Deferred surrender	1,383			
			6,263	5,041	3,992
A.4	PPP costs				
	Original	35,963			
	Deferred surrender	3,736			
	Supplementary	(1,100)			
			38,599	35,799	40,527
			138,176	**135,003**	**133,115**

Significant variations

Overall, the expenditure in relation to Programme A was €2.572 million less than provided. This includes an overspend on A.2 of €4.001 million which has already been explained. The remaining balance represents an underspend of €6.573 million which is explained below:

A.3 Courthouse (capital works)

Original estimate: €6.263 million, outturn €5.041 million

The original estimate includes an element totalling €1.383 million of the capital carryover from 2017. The underspend of €1.222 million is due to the delayed purchase of a site combined with the delay in the Naas Courthouse roof repairs. The final outturn of €5.041 million was 20% less than the original estimate.

A.4 PPP costs

Original estimate: €39.699 million, outturn: €35.799 million

The original estimate includes €3.736 million of the capital carryover from 2017 which was allocated to PPP VAT.

The underspend of €3.9 million was largely due to the following:

- An underspend of €1.1m had been re-allocated from the PPP CCJ Unitary Payment heading to meet the ICT costs of the Video Conference refresh in the CCJ.
- An underspend of €2.5 million had been projected due to the delay in the completion of the 7 PPP sites, resulting in the full allocation not being incurred. Sanction was approved to carryover this into 2019.

The final outturn of €35.799 million was 10% less than the original estimate.

Note 4 Receipts

4.1 Appropriations-in-aid

				2018	2017
			Estimated	Realised	Realised
		€000	€000	€000	€000
1	Fees				
	Original	44,693			
	Supplementary	780			
			45,473	46,222	45,838
2	Miscellaneous				
	Original	1,442			
	Supplementary	(230)			
			1,212	1,382	1,478
3	Receipts from pension-related deduction on public service remuneration				
	Original	1,834			
	Supplementary	50			
			1,884	1,904	1,777
	Total		**48,569**	**49,508**	**49,093**

Significant variations

Overall, appropriations-in-aid were €1.539 million more than the estimate.

Explanations for variances are set out below:

1 Fees

Original estimate: €44.693 million, outturn: €46.222 million

Fee income for 2018 was higher than original estimate by €1.529 million as a result of additional receipts taken in by the Examiner's Office.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	Realised	Realised
	€000	€000
Balance at 1 January	—	—
Road Traffic Act fines	5,353	4,882
Refunds	(346)	(51)
Other fines	1,843	4,573
Other receipts [a]	135	68
Total transferred to Exchequer	(6,985)	(9,472)
Balance at 31 December	—	—

Note [a] The Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are due to be paid over to the Department of Finance. The 2018 receipts relate to funds lodged in 2011. The balance of these funds as at the 31 December 2018 is €2.735 million

4.3 Fines and fees collected on behalf of other Departments

Direct payments were made to the following government departments / agencies in respect of fines and fees collected by the Court Service on their behalf in 2018.

	2018 €000	2017 €000
Balance at 1 January	—	—
Revenue Commissioners		
— Revenue fines [a]	848	956
— Excise Duty [b]	4,884	4,933
Department of Communications, Climate Action and Environment	13	10
Department of Agriculture, Food and the Marine	30	87
Total transferred	(5,775)	(5,986)
Balance at 31 December	—	—

Notes [a] Moneys collected relate to court fines imposed where the prosecutor is the Revenue Commissioners.

[b] Moneys collected relate to fees for certain licensing applications such as extension of opening hours and special exemption orders which are received by the Court Service on behalf of the Revenue Commissioners.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	1,049	1,026

5.2 Pay

	2018	2017
	€000	€000
Pay	47,822	45,718
Higher, special or additional duties allowance	155	101
Other allowances	951	953
Overtime	295	282
Employer's PRSI	3,301	2,998
Total pay	**52,524**	**50,052**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	51	3	22,878	13,975
Other allowances	245	12	19,585	19,585
Overtime	181	6	20,950	22,550
Extra remuneration in more than one category	67	6	22,154	24,405

5.4 Other remuneration arrangements

A total of €79,018 was paid in 2018 to two retired civil servants in receipt of civil service pensions who were engaged for short periods during 2018. This amount is made up of €23,211 payroll and €55,807 travel and subsistence. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.5 Recouped costs

Salary costs of €204,078 were recouped from tribunals and government departments in respect of staff on secondment.

5.6 Salary overpayments

Overpayments at the year-end were €135,865 in respect of 154 individuals (2017: €149,281, 121 number of individuals). Of this, €14,822 (69 cases) have recovery plans in place.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Compensation awarded	Legal costs awarded and paid	Legal costs paid by the Courts Service	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by members of the public	30	48	755	277	1,080	647

Note Total payments in respect of third-party legal costs and compensation costs amounted to €802,530. These include payments in respect of proceedings dealt with by the State Claims Agency amounting to €696,629 and proceedings in which the Courts Service was a party including proceedings by way of judicial review.

6.2 Write-offs and provisions

During 2018, Vote 22 wrote off €4,721 in relation to administrative errors (2017: €3,390)

Appendix A State-owned lands and buildings controlled or managed by the Courts Service which do not have valuations

1 Cork District Court, Anglesea Street, Cork City (PPP)
2 Limerick Courthouse, Mulgrave Street, Co. Limerick (PPP)
3 Drogheda Courthouse, St. Patrick's Lane, Co. Louth (PPP)
4 Mullingar Courthouse, Mount Street, Mullingar, Co. Westmeath (PPP)
5 Letterkenny Courthouse, High Street, Letterkenny, Co. Donegal (PPP)
6 Waterford Courthouse, Catherine Street, Waterford City (PPP)
7 Wexford Courthouse, Belvedere Road, Wexford Town (PPP)
8 Dundalk Courthouse, Dundalk, Co. Louth

Appropriation Account 2018

Vote 23

Property Registration Authority

Introduction

As Accounting Officer for Vote 23, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Property Registration Authority.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.171 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Authority.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive of the Authority. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Compensation claims

The Property Registration Authority operates a title system that confers a State guarantee on the title holder.

The State is bound to indemnify any person who suffers loss through reliance on the register. In the normal course of its business, the Authority receives compensation claims under Section 120 of the Registration of Deeds and Title Act 1964. Claims may arise due to error, forgery or fraud in relation to registration of title.

A summary of payments made under Section 120 of the Registration of Deeds and Title Act 1964 is set out in Note 6.1 to the accounts. No payments were made and no new claims were received in 2018 that specially related to alleged fraud or forgery.

In ensuring the risk of further compensation claims is mitigated, a counter fraud framework has been fully implemented and guides the implementation of our strategy in maintaining the integrity of the registers, safeguarding registered property rights and protecting public resources.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Authority
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Authority ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Authority complied with the guidelines. Seven contracts to the value of €619,808 (excluding VAT as required by the circular) were listed in my annual 40/02 return to the Department of Public Expenditure and Reform and the Office of the Comptroller and Auditor General. Details of these are as follow
    a) three contracts with a spend in the year of €319,384 complied with procurement rules owing to services only being available from one source and,
    b) four contracts with a spend in the year of €300,424 did not comply with procurement rules because of extensions to existing contracts.

Shared services

Payroll and Human Resources are provided on a shared service basis by the National Shared Service Office (Vote 18). The Accounting Officer of National Shared Services is responsible for the operation of controls within the Shared Services Centre.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audit on the design, existence and operation of controls are expected to be reported to me as outlined in that letter.

I also rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this Office. I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Office and the Department of Justice and Equality for the provision of financial shared services.

Internal audit and audit committee

I confirm that the Authority has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Authority is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The PRA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the PRA has procedures to monitor the effectiveness of its risk management and control procedures. The PRA's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the management within the PRA responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Elizabeth Pope
Accounting Officer
Property Registration Authority

19 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 23 Property Registration Authority for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 23 Property Registration Authority for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Property Registration Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 23 Property Registration Authority

Appropriation Account 2018

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Manage the Land Registry and the Registry of Deeds	29,303	28,266	27,112
	Gross expenditure	**29,303**	**28,266**	**27,112**
	Deduct			
B	**Appropriations-in-aid**	**569**	**759**	**688**
	Net expenditure	**28,734**	**27,507**	**26,424**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €56,000 of unspent capital allocations was carried forward to 2019.

	2018	2017
	€	€
Surplus	1,227,029	1,361,298
Deferred surrender	(56,000)	—
Surplus to be surrendered	**1,171,029**	**1,361,298**

Elizabeth Pope

Accounting Officer
Property Registration Authority
21 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		24,204	22,959
Non pay		4,062	4,153
Gross expenditure		**28,266**	**27,112**
Deduct			
Appropriations-in-aid		**759**	**688**
Net expenditure		**27,507**	**26,424**
Changes in capital assets			
Purchases cash	(902)		
Depreciation	456		
Loss on disposals	16		
		(430)	(211)
Changes in net current assets			
Increase in closing accruals	17		
Decrease in stock	45		
		62	39
Direct expenditure		**27,139**	**26,252**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		7,261	6,823
Notional rents		2,451	2,861
Net programme cost		**36,851**	**35,936**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 23 borne elsewhere.

	2018	2017
	€000	€000
Vote 12 Superannuation and Retired Allowances	6,256	5,946
Vote 13 Office of Public Works	865	708
Vote 18 National Shared Services Office	51	62
Vote 24 Justice and Equality - Financial Shared Services Centre	89	107
	7,261	**6,823**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	1,789	1,357
Current assets			
Bank and cash	2.3	2,521	2,751
Stocks	2.4	132	177
Prepayments		519	504
Accrued Income		6	6
Other debit balances	2.5	154	134
Total current assets		3,332	3,572
Less current liabilities			
Accrued expenses		208	174
Other credit balances	2.6	2,587	2,844
Net Exchequer funding due	2.7	88	41
Total current liabilities		2,883	3,059
Net current assets		449	513
Net assets		**2,238**	**1,870**
Represented by:			
State funding account	2.1	**2,238**	**1,870**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			1,870	1,698
Disbursements from the Vote				
Estimate provision	Account	28,734		
Deferred Surrender	Account	(56)		
Surplus to be surrendered	Account	(1,171)		
Net vote			27,507	26,424
Expenditure (cash) borne elsewhere	1.1		7,261	6,823
Non cash expenditure – notional rent	1		2,451	2,861
Net programme cost	1		(36,851)	(35,936)
Balance at 31 December			**2,238**	**1,870**

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost at 1 January 2018	35,042	3,729	—	38,771
Additions	349	7	548	904
Disposals	(1,537)	(27)	—	(1,564)
Cost at 31 December 2018	33,854	3,709	548	38,111
Accumulated depreciation				
Opening depreciation as at 1 January 2018	33,854	3,560	—	37,414
Depreciation for the year	421	35	—	456
Depreciation on disposals	(1,522)	(26)	—	(1,548)
Cumulative depreciation at 31 December 2018	32,753	3,569	—	36,322
Net assets at 31 December 2018	**1,101**	**140**	**548**	**1,789**
Net assets at 31 December 2017	**1,188**	**169**	**—**	**1,357**

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	665	638
Other commercial bank accounts	1,856	2,113
	2,521	**2,751**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	82	125
Miscellaneous supplies	10	10
IT consumables	40	42
	132	**177**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Building charges recoupable	35	42
Payroll deductions held in suspense	119	92
	154	134

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	316	324
Pay Related Social Insurance	174	163
Value Added Tax	29	—
Extra receipts payable to the Exchequer	1,856	2,113
	2,375	2,600
Payroll deductions held in suspense	187	219
Owed to OPW	25	25
	2,587	**2,844**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,171	1,361
Deferred surrender	56	—
Exchequer grant undrawn	(1,139)	(1,320)
Net Exchequer funding due	**88**	**41**
Represented by:		
Debtors		
Bank and cash	2,521	2,751
Debit balances: suspense	154	134
	2,675	2,885
Creditors		
Due to State	(2,375)	(2,600)
Credit balances: suspense	(212)	(244)
	(2,587)	(2,844)
	88	**41**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	283	49

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	5	4
	5	4

2.10 Contingent liabilities

The Authority is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. The actual amount or timing of potential liabilities is uncertain. This includes the Section 120 compensation cases as described in note 6.1 below and referred to in the statement on internal financial control.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	24,589	24,204	22,959
ii	Travel and subsistence	110	74	93
iii	Training and development and incidental expenses	1,500	1,119	1,012
iv	Postal and telecommunications services	800	635	673
v	Office equipment and external IT services	1,817	1,867	1,941
vi	Office premises expenses	462	341	432
vii	Consultancy services and value for money and policy reviews	25	26	2
		29,303	**28,266**	**27,112**

Significant variations

The Vote has one programme concerning the management of the Land Registry and the Register of Deeds. All expenditure under this programme is administrative in nature. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iii *Training and developmental and incidental expenses*

Estimate provision: €1.5 million, outturn: €1.119 million

The under-spend relates to the small number of Section 120 compensation claims paid in 2018. The timing and outcome of the payment of such claims are difficult to determine.

vi *Office premises expenses*

Estimate provision: €462,000, outturn: €341,000

There were no significant office maintenance projects undertaken in 2018 leading to a reduced office premises spend.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deductions on public service remuneration	569	759	688
	Total	**569**	**759**	**688**

Significant variations

Overall, appropriations-in-aid were €190,000 more than the estimate. Explanations for variances are set out below.

1 Receipts from pension-related deductions on public service remuneration

Estimate provision: €569,000, realised: €759,000

The anticipated receipts were underestimated in error for 2018.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Opening balance at 1 January	2,113	1,599
Land Registry fees	65,374	60,828
Registry of Deeds fees	1,464	1,371
Ground rent fees received	78	71
Paid over to Exchequer	(67,173)	(61,756)
Closing balance at 31 December	**1,856**	**2,113**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	509	500

5.2 Pay

	2018 €000	2017 €000
Pay	22,483	21,218
Higher, special or additional duties allowance	30	18
Other allowances	67	72
Overtime	101	256
Employer's PRSI	1,523	1,395
Total pay	**24,204**	**22,959**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	10	—	7,194	3,020
Other allowances	25	—	7,838	7,700
Overtime	60	—	8,415	12,232
Extra remuneration in more than one category	13	4	12,725	12,993

5.4 Payroll overpayments

Overpayments at the year-end were €241,157 in respect of 98 cases (2017: €236,057,134 cases). Of this, €110,377 have recovery plans in place in respect of 40 cases (2017: €107,784, 59 cases).

Three overpayment recovery plans in respect of three cases to the value of €9,764 were transferred to other departments in the year.

Note 6 Miscellaneous

6.1 Compensation and legal costs

All titles registered on the Land Register are guaranteed by the State. Section 120 of the Registration of Title Act 1964 provides for the payment of compensation (and relevant costs) to a person who suffers a loss through reliance on the Register where the loss is not caused or substantially contributed to by the act, neglect or default of himself or his agent. Eleven Section 120 compensation payments (2017:14) were paid in 2018, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows –

					2018	2017
	Number of cases	Legal costs paid by the Authority	Compensation awarded	Legal costs awarded	Total	Total
		€000	€000	€000	€000	€000
Claims under S.120 of the Registration of Title Act 1964	11	—	—	11	11	79

6.2 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. As a result, a new organisation, to be called Tailte Éireann, will be created. Tailte Éireann will have responsibility for several important functions, including the State property registration system, the State mapping and surveying infrastructure, the State property valuation service and the development and maintenance of State geospatial information.

The establishment of the new entity requires primary legislation. Drafting of the Tailte Éireann Bill to provide for the merger is ongoing.

Responsibility for the establishment of Tailte Éireann was transferred to the Department of Housing Planning and Local Government from 1 January 2018. Responsibility for the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority was transferred to that Department from the Department of Justice and Equality in 2018.

Appropriation Account 2018

Vote 24

Justice and Equality

Introduction

As Accounting Officer for Vote 24, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Justice and Equality, Probation Service staff and of certain other services, including payments under cash-limited schemes administered by that Office, and payment of certain grants.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year and
- provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €6.874 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Transfer of functions

Responsibility for Ordnance Survey Ireland transferred to the Department of Housing, Planning and Local Government with effect from 1 January 2018 under the Transfer of Departmental Administration and Ministerial Functions Order 2017 (S.1. No. 573 of 2017).

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following;

Group accounting for fixed assets

Notes 1 and 2 to the appropriation account reflect fixed asset values and related depreciation charges for assets owned by the Department and a number of the bodies under the aegis of the Department.

Depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset is placed in service. Buildings are depreciated at a rate of 2% per annum on a straight line basis over the estimated useful life. Vehicles and equipment are depreciated at a rate of 20% per annum on a straight line basis over the estimated useful life.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Payroll and human resource services are provided to the Department on a shared service basis by the National Shared Services Office.

I rely on a letter of assurance from the Accounting Officer of the Vote for the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

I have provided a letter of assurance to Accounting Officers in receipt of financial shared services from the Department's Financial Shared Services (FSS) centre in Killarney regarding the controls in place.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non–compliance with procurement rules

The Department ensures that it is compliant with procurement law and Government policy and procedures. It utilises a central database to manually cross check expenditure reports drawn from the Financial Management system to ensure that expenditure is on foot of appropriate procurement procedures. The vast majority of tender competitions are now being run by, or in conjunction with, the Office of Government Procurement (OGP). An annual return is made to the Comptroller and Auditor General and the Office of Government Procurement in compliance with Department of Finance Circular 40/2002.

Thirty five contracts with a value of €6,673,592 (excluding VAT) have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process, as follows

- Eighteen contracts with a value of €3,768,553 are considered non–competitive and non–compliant. These contracts were extended beyond the original contract date without a new competitive process, primarily while revised arrangements are being put in place by OGP.
- Sixteen contracts with a value of €2,869,515 are considered non–competitive but compliant as the services were provided by sole suppliers or as a result of urgent need.
- One contract with a value of €35,524 is considered non–competitive but compliant as it was awarded on the basis of security concerns.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by an analysis of the financial and management risks to which the Department is exposed. The annual internal audit plans are approved by the Audit Committee and take account of this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to the appropriate level of management, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

Arising from the recommendations in recent audit reports, the Department is continually reviewing and strengthening financial and other controls in processes in areas such as ICT project management and the administration of grants.

Aidan O'Driscoll
Accounting Officer
Department of Justice and Equality

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 24 Justice and Equality

Opinion on the appropriation account

I have audited the appropriation account for Vote 24 Justice and Equality for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 24 Justice and Equality for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Justice and Equality and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 24 Justice and Equality

Appropriation Account 2018

				2018	2017
			Estimate provision	Outturn	Outturn
			€000	€000	€000
Programme expenditure					
A	Leadership in and oversight of justice and equality policy and delivery				
		Original	49,065		
		Supplementary	(3,479)		
			45,586	44,733	55,048
B	A safe, secure Ireland				
		Original	165,716		
		Deferred surrender	741		
		Supplementary	12,846		
			179,303	175,935	162,099
C	Access to justice for all				
		Original	53,871		
		Supplementary	305		
			54,176	52,468	44,281
D	An equal and inclusive society				
		Original	25,704		
		Supplementary	(2,655)		
			23,049	21,501	19,435
E	An efficient responsive and fair immigration asylum and citizenship system				
		Original	149,887		
		Supplementary	7,997		
			157,884	161,094	141,925
	Gross expenditure		**459,998**	**455,731**	**422,788**
	Deduct				
F	**Appropriations-in-aid**				
		Original	74,464		
		Supplementary	7,014		
			81,478	**85,027**	**66,118**
	Net expenditure				
		Original	369,779		
		Deferred surrender	741		
		Supplementary	8,000		
			378,520	**370,704**	**356,670**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €942,000 of unspent allocations in respect of the capital elements of Subhead B.18 was carried forward to 2019.

	2018	2017
	€	€
Surplus to be surrendered	7,816,484	22,293,659
Deferred surrender	(942,000)	(741,000)
Surplus to be surrendered	**6,874,484**	**21,552,659**

Aidan O'Driscoll
Accounting Officer
Department of Justice and Equality

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		408,673	378,553
Pay		26,611	24,388
Non-pay		20,447	19,847
Gross expenditure		**455,731**	**422,788**
Deduct			
Appropriations-in-aid		**85,027**	**66,118**
Net expenditure		**370,704**	**356,670**
Changes in capital assets			
Purchases cash	(6,805)		
Depreciation	4,549		
Loss on disposals	6		
Disposals cash	4		
		(2,246)	(2,541)
Changes in net current assets			
Increase in closing accruals	285		
Increase in stock	(123)		
		162	3,976
Direct expenditure		**368,620**	**358,105**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		43,391	41,224
Notional rents		4,693	4,606
Net programme cost		**416,704**	**403,935**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 24 borne elsewhere and apportioned cost of the Departments' shared service centre.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	279	194
Vote 12 Superannuation and Retired Allowances	34,755	31,849
Vote 13 Office of Public Works	11,903	12,222
Vote 18 National Shared Services Office	279	326
Vote 20 Garda Síochána	195	185
Central Fund – ministerial pensions	186	186
	47,597	44,962
Costs of shared services provided to other Votes	(4,206)	(3,738)
	43,391	**41,224**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	**22,448**	**20,202**
Current assets			
Bank and cash	2.3	27,219	37,462
Stocks	2.4	763	640
Prepayments		5,101	4,693
Accrued income		4,330	4,100
Other debit balances	2.5	1,184	1,168
Total current assets		38,597	48,063
Less current liabilities			
Accrued expenses		7,377	6,503
Deferred income		148	99
Other credit balances	2.6	27,190	37,242
Net Exchequer funding due	2.7	1,213	1,388
Total current liabilities		35,928	45,232
Net current assets		**2,669**	**2,831**
Net assets		**25,117**	**23,033**
Represented by:			
State funding account	2.1	**25,117**	**23,033**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			23,033	25,405
Disbursements from the Vote				
Estimate provision	Account	378,520		
Deferred surrender	Account	(942)		
Surplus to be surrendered	Account	(6,874)		
Net vote			370,704	356,670
Net expenditure (cash) borne elsewhere	1.1		43,391	41,224
Non cash expenditure – notional rent	1		4,693	4,606
Net programme cost	1		(416,704)	(403,935)
Capital asset transfer out adjustment	2.2		—	(937)
Balance at 31 December			**25,117**	**23,033**

2.2 Capital assets [a]

	Land and buildings	Vehicles and equipment	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2018	6,901	1,990	101,488	2,720	3,609	116,708
Additions	—	28	2,247	134	4,396	6,805
Transfer out [b]	—	(158)	(1)	—	—	(159)
Brought into use	—	—	748	—	(748)	—
Disposals [c]	—	(144)	(6,943)	(80)	—	(7,167)
Cost or valuation at 31 December 2018	6,901	1,716	97,539	2,774	7,257	116,187
Accumulated depreciation						
Opening balance at 1 January 2018	1,308	1,144	91,710	2,344	—	96,506
Depreciation for the year	138	225	4,090	96	—	4,549
Depreciation transfer out [b]	—	(158)	(1)	—	—	(159)
Depreciation on disposals [c]	—	(144)	(6,933)	(80)	—	(7,157)
Cumulative depreciation at 31 December 2018	1,446	1,067	88,866	2,360	—	93,739
Net assets at 31 December 2018	**5,455**	**649**	**8,673**	**414**	**7,257**	**22,448**
Net assets at 31 December 2017	5,593	846	9,778	376	3,609	20,202

Notes

[a] The statement of capital assets reflects assets for the entire Department including a number of agencies in Vote 24 who also prepare separate financial statements.

[b] The transfers out in the vehicles category relates to vehicles with an original cost of €158,000 transferred from the Criminal Assets Bureau and Garda Inspectorate to the Garda Síochána Vote. Another transfer out refers to a printer transferred to the Department of Foreign Affairs and Trade Vote.

[c] Obsolete IT hardware and software assets were retired from the asset register in 2018. The removal of these fully depreciated assets from the asset register comprises a significant part of the disposals figure in 2018.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	21,337	24,315
Other commercial bank accounts	5,882	13,147
	27,219	**37,462**

Other accounts

The Property Services Regulatory Authority (two accounts) and the National Disability Authority (one account) hold a total of €3,447,952 (2017; €3,144,256) in commercial bank accounts. Moneys in these accounts are managed and administered by the agencies in question in relation to a compensation fund in the case of the Property Services Regulatory Authority and non-voted income in the case of the National Disability Authority. No moneys due to or paid from the vote are transmitted through these bank accounts.

In addition, the Legal Aid Board has 35 bank accounts totalling €6,082,954 (2017; €6,288,319). Those bank accounts are included in the accounts of the Legal Aid Board, as each legal aid centre operates its own bank account.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	153	149
Forensic consumables	517	383
IT consumables	48	39
Immigration registration cards	—	11
Miscellaneous	18	33
Equipment/clothing	27	25
	763	**640**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Advance to the Office of Public Works	124	868
Imprests	56	53
Recoupment of travel pass scheme	733	160
Criminal Assets Bureau receivership	35	35
Other	236	52
	1,184	**1,168**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	1,772	1,935
Pay Related Social Insurance	1,007	1,129
Value Added Tax	271	314
Professional Service Withholding Tax	2,134	2,225
Balances in departmental accounts	5,882	13,147
	11,066	18,750
Payroll deductions held in suspense	662	752
ESF advance of social inclusion project funding 2014 – 2020	2,979	2,979
Asylum, Migration and Integration Fund advance payments 2014 – 2020	12,014	14,184
Emergency resettlement and reach projects	53	53
Extra receipts payable to the Exchequer	18	7
Other	398	517
	27,190	**37,242**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	6,874	21,553
Deferred surrender	942	741
Exchequer grant undrawn	(6,603)	(20,906)
Net Exchequer funding due	**1,213**	**1,388**
Represented by:		
Debtors		
Bank and cash	27,219	37,462
Debit balances: suspense	1,184	1,168
	28,403	38,630
Creditors		
Due to State	(11,066)	(18,750)
Credit balances: suspense	(16,124)	(18,492)
	(27,190)	(37,242)
	1,213	**1,388**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	10,677	8,108
Capital projects	3,562	1,861
Total of legally enforceable commitments	**14,239**	**9,969**

2.9 Matured liabilities

There were no matured liabilities un-discharged at year end 2018 or in the previous year.

2.10 Contingent liabilities

Please refer to Note 6.1 in relation to commissions and special inquiries.

Note 3 Vote Expenditure

Analysis of administration expenditure

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
I	Salaries, wages and allowances				
	Original	20,816			
	Supplementary	2,000			
			22,816	22,640	20,491
Ii	Travel and subsistence		338	397	386
Iii	Training and development and incidental expenses				
	Original	3,867			
	Supplementary	1,700			
			5,567	6,119	6,099
Iv	Postal and telecommunications services				
	Original	635			
	Supplementary	800			
			1,435	1,484	1,495
V	Office equipment and external IT services				
	Original	6,735			
	Supplementary	2,000			
			8,735	9,019	8,771
Vi	Office premises expenses		1,633	1,272	1,492
vii	Consultancy services and value for money and policy reviews		73	129	30
viii	Research		282	52	80
ix	Financial shared services [a]				
	Original	6,693			
	Supplementary	(750)			
			5,943	5,946	5,391
			46,822	**47,058**	**44,235**

Note [a] A pay figure for 2018 includes salaries for the Financial Shared Services Centre amounting to €3,970,764 (2017: €3,897,016). This cost is charged to programme A – Leadership in and oversight of justice and equality policy and delivery, sub-head A.1 Administration – pay.

Significant variations

The following in the administration expenditure of the Vote outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

iii *Training and development and incidental expenses*

Estimate provision: €3.867 million, outturn: €6.119 million

The excess of €2.252 million compared with the original allocation of €3.867 million is reflected in part in the supplementary estimate of €1.7 million for the subhead. The excess expenditure relates mainly to legal costs of €350,000 and other administrative expenses of €1.9 million including external contracted services.

iv *Postal and telecommunications services*

Estimate provision: €635,000, outturn: €1.484 million

The excess of €849,000 compared with the original allocation of €635,000 is reflected in the supplementary estimate of €800,000 for the subhead. The overrun arose mainly as a result of costs in relation to the Wide Area Network (WAN) links (approximately €600,000) which cover the 75 sites nationally on the shared services and connection to the Government Cloud Network. In addition, there was expenditure on telecommunications infrastructure for the implementation of the External-facing Application Hosting Environment project (€110,000) and a review of the Local Area Network (LAN) (€140,000)

v *Office equipment and external IT services*

Estimate provision: €6.735 million, outturn: €9.019 million

The excess expenditure of €2.284 million compared with the original allocation of €6.735 million, is reflected in the supplementary estimate of €2 million for the subhead. The overrun relates mainly to Build to Share and Digital First service enhancements. These include the implementation of the External-facing Application Hosting Environment project. This project facilitates the operation of systems allowing secure access from sources external to the ICT shared service. Costs were also incurred bringing new applications for enhanced data sharing into production and the deployment of Microsoft applications as business tools.

viii *Research*

Estimate provision: €282,000, outturn: €52,000

The saving of €230,000 arose as a number of research projects were in planning during 2018 and will be carried out in 2019 under the Department's Research Plan.

Programme A Leadership in and oversight of justice and equality policy and delivery

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	Original	9,032			
	Supplementary	274			
			9,306	9,153	8,587
A.2	Administration – non – pay				
	Original	5,409			
	Supplementary	585			
			5,994	6,202	5,694
A.3	Prisons Inspectorate				
	Original	391			
	Supplementary	172			
			563	538	303
A.4	Garda Ombudsman Commission				
	Original	10,051			
	Supplementary	(400)			
			9,651	9,847	8,769
A.5	Office of the Garda Inspectorate		1,286	1,001	797
A.6	Office of Data Protection Commissioner				
	Original	11,669			
	Supplementary	(2,755)			
			8,914	8,058	6,174
A.7	Irish Film Classification Office				
	Original	692			
	Supplementary	(112)			
			580	547	433
A.8	Central Authority		135	62	80
A.9	Legal Services Regulatory Authority		1,001	1,000	1,023
A.10	Property Services Regulatory Authority		2,015	2,054	1,971
A.11	Insolvency Service of Ireland				
	Original	7,382			
	Supplementary	(1,243)			
			6,139	6,271	5,624
A.12	Judicial Appointments Commission		1	—	—
A.13	Judicial Council		1	—	—
	Ordnance Survey Ireland		—	—	15,593
			45,586	**44,733**	**55,048**

Significant variations

Overall, the expenditure in relation to Programme A was €4.332 million lower than (originally) provided. The original *estimate of €49.065 million was decreased by €3.479 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

A.3 Prisons Inspectorate

Estimate provision: €391,000, outturn: €538,000

There was an overspend of €147,000 compared to the original allocation of €391,000, which was met through a supplementary estimate of €172,000. The reason for the overspend is due primarily to additional payroll costs in 2018 of €105,000 following the appointment of the new Inspector of Prisons during 2018. There were additional non payroll costs of €42,000 in respect of replacements to ICT equipment and enhanced external support on professional services being required.

A.5 Office of the Garda Inspectorate

Estimate provision: €1.286 million, outturn: €1.001 million

The saving of €285,000 arose due to savings on both pay and non-pay expenditure. A saving on payroll of €78,000 arose as a result of a delay in filling vacancies due to staff departures during the year. The saving in non-pay expenditure of €207,000 was mainly due to planned works on the upkeep and maintenance of the building and purchase of certain office equipment not taking place as originally scheduled in 2018.

A.6 Office of Data Protection Commissioner

Estimate provision: €11.669 million, outturn: €8.058 million

There is a saving of €3.611 million compared with the original estimate provision, which is reflected in part in a reduction in the subhead of €2.755 million in the supplementary estimate for the vote in 2018. The overall saving comprises €2.538 million in payroll and €1.073 million in non-payroll expenditure. The saving on payroll arose due to the assignment of staff on a phased basis during the year which means that only a part year cost was incurred. In addition, the total number of staff at year end was 108 which was less than the expected level of 142. The non-payroll saving is mainly due to legal costs which did not fall due for payment as certain cases were on-going.

A.7 Irish Film Classification Office

Estimate provision: €692,000, outturn: €547,000

A saving of €145,000 arises compared with the original estimate provision of €692,000 which is reflected in part in a reduction in the subhead of €112,000 in the supplementary estimate for the vote in 2018. An underspend of €54,000 on payroll arises as vacancies remained unfilled during the year. The remainder of the underspend of €91,000 is accounted for by reduced costs for Assistant Classifiers as a result of a decrease in DVD submissions of 16% on the previous year.

Programme B A safe and secure Ireland

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
B.1	Administration – pay				
	Original	7,518			
	Supplementary	660			
			8,178	8,115	7,345
B.2	Administration – non - pay				
	Original	4,861			
	Supplementary	1,613			
			6,474	6,622	6,579
B.3	Criminal Assets Bureau				
	Original	7,948			
	Supplementary	1,000			
			8,948	8,832	8,259
B.4	Probation Service – salaries, wages and allowances				
	Original	23,643			
	Supplementary	(2,500)			
			21,143	20,775	20,370
B.5	Probation Service – operating expenses				
	Original	3,375			
	Supplementary	550			
			3,925	3,975	2,699
B.6	Probation Service – services to offenders		16,732	16,466	16,637
B.7	Community Service Order Scheme				
	Original	2,971			
	Supplementary	(600)			
			2,371	2,138	2,008
B.8	Irish Youth Justice Service				
	Original	12,663			
	Supplementary	200			
			12,863	12,603	12,479
B.9	Funding for services to victims of crime		1,712	1,712	1,704
B.10	Mental Health (Criminal Law) Review Board		400	418	366
B.11	Compensation for personal injuries criminally inflicted				
	Original	4,279			
	Supplementary	2,400			
			6,679	6,667	4,223
B.12	Legal aid (criminal)				
	Original	49,302			
	Supplementary	15,698			
			65,000	64,809	58,140
B.13	Legal aid – custody issues		3,000	2,672	3,203
B.14	Parole Board				
	Original	373			
	Supplementary	68			
			441	437	317

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
B.15	Crime prevention measures				
	Original	1,197			
	Supplementary	(400)			
			797	598	253
B.16	Private Security Authority		2,923	2,700	2,769
B.17	COSC – domestic, sexual and gender based violence				
	Original	2,684			
	Supplementary	(250)			
			2,434	2,349	2,487
B.18	Forensic Science Ireland				
	Original	19,166			
	Deferred surrender	741			
	Supplementary	(5,758)			
			14,149	12,849	11,372
B.19	State Pathology				
	Original	969			
	Supplementary	165			
			1,134	1,198	889
			179,303	**175,935**	**162,099**

Significant variations

Overall, the expenditure in relation to Programme B was €9.478 million higher than (originally) provided. The original estimate of €166.457 million was increased by €12.846 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

B.3 *Criminal Assets Bureau*

Estimate provision: €7.948 million, outturn: €8.832 million

The excess of €884,000 compared with the original allocation of €7.948 million is reflected in the supplementary estimate of €1 million for the subhead. The excess expenditure relates mainly to payroll costs due to the ongoing assignment of additional staffing resources to the Criminal Assets Bureau in response to increased activity levels.

B.4 *Probation Service – salaries, wages and allowances*

Estimate provision: €23.643 million, outturn: €20.775 million

A saving of €2.868 million arises compared with the original estimate provision of €23.643 million which is reflected in part in a reduction in the subhead of €2.5 million in the supplementary estimate for the vote in 2018. The underspend arises due to vacancies across the Service in respect of which recruitment is ongoing. In response to difficulties in recruiting staff to meet service delivery needs in certain locations, locum probation officer competitions are also being undertaken.

B.5 *Probation Service – operating expenses*

Estimate provision: €3.375 million, outturn: €3.975 million

The excess of €600,000 relative to the original estimate provision arises as a result of increased costs associated with delivery of services, primarily ICT and estate facilities and management. The overrun was largely met through a supplementary estimate of €550,000.

B.7 *Community Service Order Scheme*

Estimate provision: €2.971 million, outturn: €2.138 million

A saving of €833,000 arises compared with the original estimate provision of €2.971 million which is reflected in a reduction in the subhead of €600,000 in the supplementary estimate for the vote in 2018. The saving arose due to delays in filling a number of Community Service Supervisor vacancies within the Probation Service.

B.11 *Compensation for personal injuries criminally inflicted*

Estimate provision: €4.279 million, outturn: €6.667 million

The excess of €2.388 million compared with the original allocation of €4.279 million is reflected in the supplementary estimate of €2.4 million for the subhead. The additional requirement was due to a number of large awards of compensation during the year.

B.12 *Legal aid (criminal)*

Estimate provision: €49.302 million, outturn: €64.809 million

The excess of €15.507 million compared with the original allocation of €49.302 million is reflected in the supplementary estimate of €15.698 million for the subhead. The additional requirement arose due to the number and category of criminal matters coming before the Courts in which legal aid certificates were issued. Under the Criminal Justice (Legal Aid) Act 1962 the Judiciary are responsible for the granting of legal aid. This is a demand led scheme and the fees and expenses due to the legal practitioners are paid in accordance with the terms and conditions of the scheme. The allocation for this subhead has been increased to €61.3 million in 2019.

B.13 *Legal aid – custody issues*

Estimate provision: €3 million, outturn: €2.672 million

The saving of €328,000 is due to a smaller number of cases than expected falling due for payment in respect of legal representation under the Custody Issues Scheme which is demand led. The fees and expenses due to the legal practitioners are paid in accordance with the terms and conditions of the scheme.

B.15 *Crime prevention measures*

Estimate provision: €1.197 million, outturn: €598,000

A saving of €599,000 arises compared with the original estimate provision of €1.197 million which is reflected in part in a reduction in the subhead of €400,000 in the supplementary estimate for the vote in 2018. The underspend is due to a number of crime prevention initiatives not being fully progressed in 2018 including Garda CCTV projects and a Garda Community Bus for Dublin's North East Inner City (NEIC). The Department is committed to providing financial support to crime prevention projects which arose on foot of the Mulvey Report 'Creating a Brighter Future'. It is envisaged these projects will be rolled out in 2019.

B.16 *Private Security Authority*

Estimate provision: €2.923 million, outturn: €2.7 million

The saving of €223,000 is primarily due to a delay in the publication of the 2018-2021 Strategic Plan which resulted in expenditure on projects within the Plan being deferred until 2019. In addition, the licensing of individuals in the event security sector which had been scheduled for 2018 has not taken place due to the delay in bringing in new vetting regulations and hence led to the deferral of some expenditure in 2018.

B.17 *COSC – domestic, sexual and gender based violence*

Estimate provision: €2.684 million, outturn: €2.349 million

A saving of €335,000 arises compared with the original estimate provision of €2.684 million which is reflected in part in a reduction in the subhead of €250,000 in the supplementary estimate for the vote in 2018. Payroll savings of €189,000 are as a result of a number of vacancies which remained unfilled throughout the year. The saving on non-payroll costs of €146,000 is as a result of a delay in the rollout of a number of new Domestic Violence Intervention Programmes nationwide. These programmes commenced later than was originally proposed in a number of locations.

B.18 *Forensic Science Ireland*

Estimate provision: €19.907 million, outturn: €12.849 million

A saving of €7.058 million arises compared with the original estimate provision of €19.166 million (plus deferred surrender of €741,000) which is reflected in part in a reduction in the subhead of €5.758 million in the supplementary estimate for the vote in 2018. There is a total underspend in the capital allocation of €8.4 million mainly because of the necessity to delay issuing the tender documentation for the main construction contract. This arose due to the complexity of the project and recent changes in international Forensic Laboratory standards. An amount of €942,000 in unspent capital is carried forward to 2019 under the capital carryover provisions. The underspend in capital was offset in part by an overspend in current expenditure of €1.347 million for the procurement of essential supplies for the Laboratory based on increased workload.

B.19 *State Pathology*

Estimate provision: €969,000, outturn: €1.198 million

The excess of €229,000 relative to the original estimate provision of €969,000 was partially met through a supplementary estimate of €165,000. The additional costs arise due to the recruitment of an Acting Deputy State Pathologist in September 2018 and the necessity to engage certain locum staff to provide additional cover.

Programme C Access to justice for all

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	Original	182			
	Supplementary	16			
			198	197	178
C.2	Administration – non pay				
	Original	118			
	Supplementary	39			
			157	160	159
C.3	Magdalen Fund				
	Original	2,558			
	Supplementary	450			
			3,008	2,044	950
C.4	Commissions and Special Inquiries		7,838	6,874	2,181
C.5	Legal Aid Board		40,275	40,275	39,708
C.6	Free Legal Advice Centres		98	98	98
C.7	Coroner Service				
	Original	2,802			
	Supplementary	(200)			
			2,602	2,820	1,007
			54,176	**52,468**	**44,281**

Significant variations

Overall, the expenditure in relation to Programme C was €1.403 million lower than (originally) provided. The original estimate of €53.871 million was increased by €305,000 through the supplementary estimate and the variation in expenditure is mainly due to the following.

C.3 *Magdalen Fund*

Estimate provision: €2.558 million, outturn: €2.044 million

There is a saving of €514,000 compared with the original allocation of €2.558 million even though it was envisaged that there would be additional expenditure in this subhead and hence a supplementary estimate of €450,000 was obtained. However, this anticipated expenditure did not materialise principally because fewer claims than anticipated were paid under an addendum to the scheme introduced in May 2018 and expected legal costs arising from litigation were not finalised. In addition, grant of probate to allow for redress payments to the estates of deceased applicants were not completed and acceptance of offers of redress to a number of applicants were still under consideration at end of year.

C.4 *Commissions and Special Inquiries*

Estimate provision: €7.838 million, outturn: €6.874 million

The saving of €964,000 arose mainly due to certain costs, including third party legal costs, not falling due for payment in 2018.

Programme D An equal and inclusive society

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
D.1	Administration – pay				
	Original	581			
	Supplementary	50			
			631	626	567
D.2	Administration – non pay				
	Original	375			
	Supplementary	125			
			500	512	508
D.3	National Disability Authority		4,487	4,029	3,958
D.4	Office for the Promotion of Migrant Integration				
	Original	5,196			
	Supplementary	(2,230)			
			2,966	2,940	3,740
D.5	Social disadvantage measures (dormant accounts funded)		5,000	4,321	4,180
D.6	Grants to national women's organisations		500	515	480
D.7	Traveller initiatives		3,380	3,353	2,752
D.8	Positive Action for Gender Equality		3,185	3,094	3,067
D.9	Disability awareness initiatives		—	—	183
D.10	Decision support service				
	Original	3,000			
	Supplementary	(600)			
			2,400	2,111	—
			23,049	**21,501**	**19,435**

Significant variations

Overall, the expenditure in relation to Programme D was €4.203 million lower than (originally) provided. The original estimate of €25.704 million was reduced by €2.655 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

D.3 *National Disability Authority*

Estimate provision: €4.487 million, outturn: €4.029 million

The saving of €458,000 is accounted for by a saving on pay of €208,000 mainly as a result of delays in filling open positions and staff on secondment to another Department. Savings of €250,000 on non-pay arose as some projects planned for 2018 commenced later than envisaged. In addition, expenditure on Disability Awareness Funding Programmes was lower due to a delay in receipt of project proposals.

D.4 *Office for the Promotion of Migrant Integration*

Estimate provision: €5.196 million, outturn: €2.94 million

A saving of €2.256 million arises compared with the original estimate provision of €5.196 million which is reflected in a reduction in the subhead of €2.23 million in the supplementary estimate for the vote in 2018. Staff numbers were not increased during 2019 as there was no significant increase in the number of refugees arriving under the Irish Refugee Protection Programme. This factor primarily accounted for the underspend which is distributed equally between pay and non-pay costs.

D.5 Social disadvantage measures (dormant accounts funded)

Estimate provision: €5 million, outturn: €4.321 million

The saving of €679,000 is largely due to expenditure on projects in relation to a Roma Employment Scheme, Anti-Human Trafficking Initiatives and Traveller Mediation Services being deferred until 2019. This mainly arose due to the necessary process for selection of projects not being concluded in 2018.

D.10 Decision support service

Estimate provision: €3 million, outturn: €2.111 million

The Assisted Decision Making (Capacity) Act 2015 provides for the establishment of the Decision Support Service within the Mental Health Commission to support decision-making by and for adults with capacity difficulties and to regulate those who provide support to these adults. A saving of €889,000 arises compared with the original estimate provision of €3 million which is reflected in part in a reduction in the subhead of €600,000 in the supplementary estimate for the vote in 2018. The underspend arises due to the fact that the Decision Support Service (DSS) cannot be fully established until the regulatory framework is in place and the appropriate ICT systems and infrastructure have been procured and implemented. Certain items of expenditure were deferred pending a detailed planning exercise which was completed in 2018 and will inform the implementation plan for the service.

Programme E An efficient, responsive and fair immigration, asylum and citizenship system

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
E.1	Administration – pay				
	Original	7,892			
	Supplementary	694	8,586	8,520	7,711
E.2	Administration – non - pay				
	Original	5,104			
	Supplementary	1,694	6,798	6,951	6,907
E.3	Asylum Migration and Integration Fund		1,500	1,108	1,353
E.4	Irish Naturalisation and Immigration Service				
	Original	68,771			
	Supplementary	(4,271)			
			64,500	66,506	58,595
E.5	Asylum seekers accommodation				
	Original	66,620			
	Supplementary	9,880			
			76,500	78,009	67,359
			157,884	**161,094**	**141,925**

Significant variations

Overall, the expenditure in relation to Programme E was €11.207 million higher than (originally) provided. The original estimate of €149.887 million was increased by €7.997 million through the supplementary estimate and the variation in expenditure is mainly due to the following.

E.3 *Asylum Migration and Integration Fund*

Estimate provision: €1.5 million, outturn: €1.108 million

The saving of €392,000 arose as 10% of the grant funding awarded was withheld pending successful completion of the projects. Also, two projects were terminated and a number of second payments to other projects were deferred until 2019.

E.5 *Asylum seekers accommodation*

Estimate provision: €66.62 million, outturn: €78.009 million

The excess of €11.389 million compared with the original allocation of €66.62 million is reflected in part in the supplementary estimate of €9.88 million for the subhead. The reason for the additional requirement is primarily due to the increase of 19.8% in the number of international protection applicants accommodated by the Reception and Integration Agency (RIA) from 5,100 at end 2017 to 6,110 at end 2018. In order to meet this increase in demand, RIA has been expanding capacity within existing centres and identifying new premises for use as accommodation centres.

Note 4 Receipts

4.1 Appropriations-in-aid

		Estimated		2018 Realised	2017 Realised
		€000	€000	€000	€000
1	Film censorship fees				
	Original	1,503			
	Supplementary	(103)			
			1,400	1,261	1,537
2	Data protection fees				
	Original	150			
	Supplementary	72			
			222	234	746
3	EU receipts				
	Original	16,500			
	Supplementary	(1,400)			
			15,100	15,434	206
4	Miscellaneous receipts		583	812	1,047
5	Immigration registration fees				
	Original	25,000			
	Supplementary	6,000			
			31,000	33,429	29,827
6	Visa fees				
	Original	5,000			
	Supplementary	4,000			
			9,000	9,552	8,300
7	Dormant accounts receipts		5,000	4,404	4,269
8	Private Security Authority fees				
	Original	2,564			
	Supplementary	(239)			
			2,325	2,416	3,156
9	Nationality and citizenship certificates fees				
	Original	10,500			
	Supplementary	(1,400)			
			9,100	9,407	8,441
10	Legal Services Regulatory Authority – levy on professional bodies		1	—	—
11	Property Services Regulatory Authority fees		2,300	2,250	2,250
12	Insolvency Service of Ireland fees		680	688	672
13	Receipts from pension–related deduction on public service remuneration				
	Original	4,683			
	Supplementary	84			
			4,767	5,140	5,285
	Pension Contribution from OSI Staff		—	—	382
			81,478	**85,027**	**66,118**

Significant variations

Overall, the appropriations-in-aid were €10.563 million higher than (originally) provided. The original estimate of €74.464 million was increased by €7.014 million through the supplementary estimate and the surplus in receipts is mainly due to the following:

1 *Film censorship fees*

Estimate provision: €1.503 million, outturn: €1.261 million

The shortfall in receipts of €242,000 relative to the original estimate provision is primarily due to the continued decrease in DVD submissions for classification. DVD submissions fell from 3,089 in 2017 to 2,621 in 2018.

3 *EU Receipts*

Estimate provision: €16.5 million, outturn: €15.434 million

The original receipts target of €16.5 million was reduced by €1.4 million in the supplementary estimate as it was apparent that the full estimated allocation would not be realised in 2018. As it transpired, there was a small surplus of €334,000 against the final allocation. It is difficult to predict exactly the final amount of receipts in this subhead in any particular financial year as it depends on the timing of the receipts based on claims submitted.

4 *Miscellaneous receipts*

Estimate provision: €583,000, outturn: €812,000

The surplus in receipts of €229,000 is due to the difficulty in predicting the precise amount of receipts under this category which can vary from year to year.

5 *Immigration registration fees*

Estimate provision: €25 million, outturn: €33.429 million

A surplus of €8.429 million arises compared with the original estimate provision of €25 million which is reflected in part in an increased allocation of €6 million in the supplementary estimate for the vote in 2018. The increased fee intake represents an increase in non-nationals registered over the course of the year. This is a figure that is unpredictable as it can be impacted by a number of variables including the economic environment and therefore may easily vary significantly, both up and down, from initial estimates.

6 *Visa fees*

Estimate provision: €5 million, outturn: €9.552 million

A surplus of €4.552 million arises compared with the original estimate provision of €5 million which is reflected in an increased allocation of €4 million in the supplementary estimate for the vote in 2018. The surplus in receipts is due to increased demand with both entry and re-entry visa applications increasing significantly during 2018. During 2018, applications for entry visas world-wide increased by 11.7% to 140,537 and re-entry applications increased by 4% to 53,707.

7 *Dormant accounts receipts*

Estimate provision: €5 million, outturn: €4.404 million

The shortfall in receipts of €596,000 is mainly due to expenditure on projects in relation to a Roma Employment Scheme, Anti-Human Trafficking Initiatives and Traveller Mediation Services being deferred until 2019. This mainly arose due to the necessary process for selection of projects not being concluded in 2018.

8 Private Security Authority fees

Estimate provision: €2.564 million, outturn: €2.416 million

The shortfall in receipts of €148,000 relative to the original estimate provision of €2.564 million is as a result of the replacement of the 2 year licence with a 3 year licence for individuals in 2016 thus no licence renewals falling due in 2018 from this source. The shortfall was not covered entirely by increased income from other sectors within the industry.

9 Nationality and citizenship certificates fees

Estimate provision: €10.5 million, outturn: €9.407 million

A shortfall in receipts of €1.093 million arises compared with the original estimate provision of €10.5 million which is reflected in part in a reduced allocation of €1.4 million in the supplementary estimate for the vote in 2018. The fee income was lower than anticipated due to a continuing decline from the historically high figures of recent years in the number of citizenship applications and resulting certificates of naturalisation issued annually.

13 Receipts from pension–related deduction on public service remuneration

Estimate provision: €4.683 million, outturn: €5.14 million

The surplus receipts of €457,000 are directly related to payroll costs and were greater than expected.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	7	1
Receipts from voluntary surrender of salary	18	7
Transferred to Exchequer	(7)	(1)
Balance at 31 December	**18**	**7**

Note 5 Staffing and Remuneration

The following employee numbers and pay information relates to the Department and its associated State bodies, in Vote 24.

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	2,781	2,633

5.2 Pay

	2018	2017
	€000	€000
Pay	135,110	122,774
Higher, special or additional duties allowance	233	284
Other allowances	3,938	3,272
Overtime and extra attendance	2,537	2,465
Employer's PRSI	9,189	7,928
Total pay	**151,007**	**136,723**

Note Pay costs are disbursed amongst a number of subheads.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	44	9	52,906	52,906
Overtime and extra attendance	528	32	35,440	29,736
Shift and roster allowances	190	9	12,174	12,009
Miscellaneous	249	39	53,138	24,644
Extra remuneration in more than one category	187	66	37,294	31,655

5.4 Other remuneration arrangements

A total amount of €111,717 was paid to thirteen retired civil servants who were in receipt of civil service pensions in 2018. In addition, an amount of €358,766 was paid to seventeen former public servants and €506,288 to seven former judiciary members who were engaged in various roles in 2018. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme and other provisions) Act 2012.

A total amount of €2,955,975 was paid through payroll to 184 individuals in respect of duties performed in relation to various boards, committees and commissions, etc.

5.5 Payroll overpayments

Based on reports provided by the National Shared Services Office, overpayments at the end of 2018 were €687,028[a] (173 employees) (2017: €613,887, 153 employees). Of this, €348,889 (72) employees have recovery plans in place.

14 overpayment recovery plans in respect of 11 individuals to the value of €6,932 were transferred to nine government departments / offices in 2018.

[a] This figure excludes overpayment amounts for 30 employees where the amount due is pending calculation.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of appointment	2017	2018	Cumulative expenditure to 31 December 2018
		€000	€000	€000
Permanent Commissions				
Criminal Injuries Compensation Tribunal [a]	1974	112	31	—
Fixed Purpose Commissions				
Morris Tribunal [b]	2002	78	—	68,773
Smithwick Tribunal [c]	2005	—	404	19,889
Location of Victims Remains [d]	2007	259	388	7,385
Ronan MacLochlainn Commission of Investigation [e]	2014	16	6	1,175
Independent Review Mechanism and five inquiries established during 2017 under Section 42 of the Garda Síochána Act 2005 [f]	2014	131	538	1,063
Murray Review - (review of the law in respect of providing for access to the retained telecommunications records of journalists) [g]	2016	49	—	97
Independent Stardust Assessment [h]	2017	105	—	105
Disclosures Tribunal [i]	2017	1,039	1,927	2,966
Commission on the Future of Policing [j]	2017	392	1,429	1,821
Independent Reporting Commission [k]	2017	—	52	52
Referendum Commissions [l]	2018	—	2,095	2,095
Hickson Commission of Investigation [m]	2018	—	4	4
		2,181	**6,874**	**105,425**

Notes

[a] The costs in relation to the Criminal Injuries Compensation Tribunal will continue as the work of the Tribunal is ongoing.

[b] The Morris Tribunal was established in 2002 and it published its final report in 2008. The cost of the Tribunal to date is €68.8 million. There was no expenditure in 2018 and it is not envisaged that there will be any further expenditure.

[c] The Smithwick Tribunal concluded at the end of 2013. There are remaining costs to be discharged with regard to one third party that have yet to be settled. It is anticipated that these costs should be discharged before the end of 2019. Further payments are anticipated.

[d] The work of the Independent Commission for the Location of Victims Remains is ongoing, with three victims remains still to be recovered. The main costs arise with regard to excavations for remains where sites can be identified. The Commission's activity and associated costs are largely dependent on the information made available to it with regard to the victims whose remains it is seeking to locate. The expenditure in 2018 of €388,000 was associated with searches in Orristown, Co. Meath and Bragan, Co. Meath and brings the total spend to-date to almost €7.4 million. Further payments are anticipated.

[e] The MacLochlainn Commission of Investigation was established in August 2014. Its terms of reference were to inquire into the circumstances of the fatal shooting of Ronan MacLochlainn on 1 May 1998 by members of An Garda Síochána. The final report of the Commission was published in December 2018. Any remaining costs related to the Commission are not expected to be significant.

[f] Following the work of the Independent Review Mechanism, the Minister for Justice and Equality set up five inquiries under section 42 of the Garda Síochána Act 2005 in 2017 to inquire into five separate Garda investigations. The five inquiries are sharing accommodation and administrative support. Two of these inquiries were concluded in April 2018 and the remaining three are expected to be completed in 2019. Expenditure of €538,000 was incurred in 2018. All remaining costs are expected to be discharged in 2019. Further payments are anticipated.

[g] The former Chief Justice, Mr John Murray, was appointed to carry out a review of the law in respect of providing for access to retained communications data. His report was submitted in April 2017. The total expenditure on the Murray Review to date is €97,000. It is not envisaged that there will be further expenditure associated with the review.

[h] The Independent Stardust Assessment was carried out in 2017 by Judge Pat McCartan. Judge McCartan was appointed by the Government to evaluate the claim of new and updated evidence presented by the Stardust Victims' Committee relating to the Stardust tragedy. The assessment report was accepted by Government in November 2017 and furnished to the Committee immediately afterwards, prior to publication. There are no further costs anticipated.

[i] The Disclosures Tribunal was established in February 2017 with Mr. Justice Peter Charleton, a judge of the Supreme Court, as the sole member. The Tribunal was established following a review by Mr Justice Iarfhliath O'Neill of two protected disclosures made to the then Tánaiste alleging a campaign at the highest level in the Garda Síochána to discredit the whistleblower, Sgt Maurice McCabe, who made allegations of wrongdoing in the Gardaí. Judge Charleton laid his report before the Dáil in October 2018. Expenditure of €1.9 million was incurred in 2018. It is not possible to accurately estimate the final cost of the first module of the Tribunal as it will depend on a number of factors including the quantum of any third party legal costs which are expected to be discharged in 2019. Further payments are anticipated.
Mr. Justice Séan Ryan took up his appointment in December 2018 to conduct the inquiry into the remaining term of reference as provided for in the instrument establishing the Tribunal. It is anticipated that this second module will take approximately eighteen months to two years to complete.

[j] The Government established the Commission on the Future of Policing in Ireland in May 2017, under the Chairmanship of Ms. Kathleen O'Toole, to carry out a comprehensive examination of policing and develop a blueprint for the future of policing in Ireland. The Commission submitted its report to Government in September 2018. Expenditure in 2018 amounted to €1.4 million bringing the total expenditure of the Commission to over €1.8 million. As the work of the Commission is now complete no material expenditure remains to be incurred in 2019.

[k] The Independent Reporting Commission (IRC) was established in 2017 and will run for a period of five years. It is a four member cross border body established under the 2015 Fresh Start Agreement engaging in wide ranging consultations in order to report annually on the progress in Northern Ireland on implementing the agreed initiatives to counter all forms of paramilitarism. The first report from the IRC was presented to the Irish and UK Governments in October 2018. It is anticipated that the annual cost for the remaining four years will be in the region of €50,000. Further payments are anticipated.

[l] The Referendum Commission incurred costs of €2.095 million in 2018 in relation to the Blasphemy Referendum. No further expenditure is expected to be incurred in 2019 in relation to this referendum.

[m] The Hickson Commission of Investigation was established in November 2018 in response to complaints or allegations of child sexual abuse made against Bill Kenneally and related matters. This Commission will inquire into what, if any, level of knowledge of the offences committed by Bill Kenneally was held by a number of organisations including An Garda Síochána, the RC Diocese of Waterford, the South Eastern Health Board, Basketball Ireland and certain political figures in the relevant time period. It is expected that the Commission will run for one year with an approximate cost of €1.3 million. Further payments are anticipated.

6.2 Ex-gratia payments

Ex-gratia payments amounting to €121,824 (2017: €100,817) were made in respect of the non-statutory Legal Aid Scheme for Criminal Assets Bureau type actions. This scheme is applicable to persons who are respondents and/or defendants in any court proceedings brought by, or in the name of, the Criminal Assets Bureau, including court proceedings under the Proceeds of Crime Act 1996, the Revenue Acts and the Social Welfare Acts and applications made by the Director of Public Prosecutions under Section 39 of the Criminal Justice Act 1994.

Ex-gratia payments amounting to €1,796,764 (2017: €1,864,426) were made in respect of the non-statutory Garda Station Legal Aid Advice Scheme. This scheme provides that where a person is detained in a Garda station for the purpose of the investigation of an offence and s/he has a legal entitlement to consult with a solicitor and the person's means are insufficient to enable him/her to pay for such consultation, that consultations with solicitors will be paid for by the State.

Ex-gratia payments totalling €10,487 (2017: €15,759) were made in a number of cases in relation to the Coroners' service. The payments in question relate to the cost of legal representation at inquests into the deaths of persons in State custody.

Ex-gratia payments amounting to €33,158 (2017: €19,522) were made in respect of 20 other cases related to the provision of legal aid in criminal proceedings.

6.3 Drugs Initiative Fund

An amount of €338,066 (2017: €350,183) was received from the Drugs Initiative Fund and is accounted for through a suspense account. The funding is provided under the National Drugs Strategy 2009 – 2016 and relates to a number of Local Drug Task Force owned projects which are Probation Service supported initiatives.

6.4 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by members of the public	535	936	7,873	556	9,365	8,759
Claims by employees	5	3	—	—	3	237
Total		**939**	**7,873**	**556**	**9,368**	**8,996**

Note Of the total of €9,368,000, €6,291,000 (67%) relates to the Irish Naturalisation and Immigration Service (INIS). The remaining legal costs were incurred across a number of areas of the Department including the Department's Courts Division, Civil Law Reform, the Office of the Data Protection Commissioner, the Garda Síochána Ombudsman Commission and the Property Services Regulatory Authority.

6.5 Prompt payment of account interest

The amount of prompt payment interest incurred by the Department in 2018 was €3,675 (2017: €2,087).

6.6 EU Funding

The outturns shown in Subheads B.6, B.8, D.4, E.3. and E.4 include payments in respect of activities which are co-financed by the EU. Estimates of receipts and actual outturns (recorded in note 4.1, subhead 3) were as follows.

		2018		2017
Subhead description		**Estimate**	**Outturn**	**Outturn**
		€000	**€000**	**€000**
ESF - Programme for Employability , Inclusion and Learning (PEIL) 2014 – 2020 (ESF)		6,000	6,589	—
Asylum, Migration and Integration Fund (AMIF) 2014 - 2020				
Original	10,500			
Supplementary	(1,400)			
		9,100	8,845	—
F.3 Other EU receipts		—	—	206
		15,100	15,434	206

Note The Department also received advance funding from the EU in 2018 which is administered through suspense accounts.

Appendix A Accounts of bodies and funds under the aegis of the Department of Justice and Equality

The following table lists the bodies under the aegis of the Department. It indicates, as at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Criminal Assets Bureau	2017	20 Dec 2018	20 Dec 2018	4 Jan 2019
Garda Síochána Ombudsman Commission	2017	26 Nov 2018	25 Mar 2019	Pending
Insolvency Service of Ireland	2017	6 Jun 2018	8 Jun 2018	9 Jul 2018
Legal Aid Board	2017	6 Dec 2018	18 Jan 2019	Pending
National Disability Authority	2017	1 Jun 2018	12 Jun 2018	26 Jul 2018
Office of Data Protection Commissioner	2017	20 Dec 2018	16 Jan 2019	16 Jan 2019
Private Security Authority	2017	5 Oct 2018	17 Oct 2018	27 Feb 2019
Property Services Regulatory Authority	2017	21 Dec 2018	10 Jan 2019	Pending
Legal Services Regulatory Authority	2017	20 Dec 2018	24 Jan 2019	15 Feb 2019

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Irish Human Rights and Equality Commission

Introduction

As Director of the Irish Human Rights and Equality Commission, I am the Accounting Officer for Vote 25. I am required to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Irish Human Rights and Equality Commission and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €2.016 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following.

Depreciation

Leasehold premises improvements are depreciated at a rate of 5% per annum on a straight line basis.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Irish Human Rights and Equality Commission.

This responsibility is exercised in the context of the resources available to me and my other obligations as Director of the Commission. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Payroll and human resources services are provided to the IHREC on a shared services basis by the National Shared Services Office. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Services Office for the provision of payroll and human resources shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit and Risk Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against budgets
- a risk management system operates within the IHREC
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Public procurement

The IHREC ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In 2018 IHREC complied with the guidelines with the exception of five supply arrangements to the value of €188,711 (ex VAT) which were included in annual return in respect of Circular 40/2002.These are broken down as follows

- one urgent requirement with a value of €58,935
- one existing supply contract was extended/rolled over with a value of €45,440
- three purchases with a total value of €84,336 related to sole supplier arrangements.

Internal audit and audit and risk committee

I confirm that the IHREC has an internal audit function (currently outsourced) with appropriately trained personnel, which operates in accordance with a written charted which I have approved. Its work is informed by analysis of the financial risks to which the IHREC is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit and Risk Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

An internal audit review of IT operations made a number of recommendations on the operating effectiveness of IT systems and all of the recommendations made have been implemented. The organisation is in the process of migrating to the Department of Justice and Equality IT shared services system. Significant work has already been undertaken to prepare for this move and it is anticipated that the migration will be completed by the end of October 2019.

The Commission has adopted the *Code of Practice for the Governance of State Bodies* 2016 which requires audit committees to meet on at least four occasions each year. Due to vacancies in the Commission, the audit committee met twice in 2018.

Risk and control framework

The IHREC has implemented a risk management system which identifies and reports on key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the IHREC and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by senior management periodically. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Commission, where relevant, in a timely manner. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the IHREC has procedures to monitor the effectiveness of its risk management and control procedures. The IHREC's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the IHREC responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

13 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Irish Human Rights and Equality Commission

Opinion on the appropriation account

I have audited the appropriation account for Vote 25 Irish Human Rights and Equality Commission for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 25 Irish Human Rights and Equality Commission for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Irish Human Rights and Equality Commission and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 25 Irish Human Rights and Equality Commission

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Irish Human Rights and Equality Commission function	6,703	4,664	5,319
	Gross expenditure	**6,703**	**4,664**	**5,319**
	Deduct			
B	**Appropriations-in-aid**	**115**	**92**	**83**
	Net expenditure	**6,588**	**4,572**	**5,236**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	2,015,982	1,285,849

Laurence Bond
Accounting Officer
Irish Human Rights and Equality Commission

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Pay		2,302	2,254
Non pay		2,362	3,065
Gross expenditure		**4,664**	**5,319**
Deduct			
Appropriations-in-aid		**92**	**83**
Net expenditure		**4,572**	**5,236**
Changes in capital assets			
Purchases cash	(10)		
Depreciation	178		
		168	(371)
Changes in net current assets			
Decrease in closing accrual		(18)	(112)
Direct expenditure		**4,722**	**4,753**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		5	6
Net programme cost		**4,727**	**4,759**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 25 borne elsewhere.

	2018	2017
	€000	€000
Vote 18 National Shared Services Office	5	6
	5	**6**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	1,852	2,020
Current assets			
Prepayments		294	264
Other debit balances	2.4	20	15
Net Exchequer funding due	2.6	110	(286)
Total current assets		424	(7)
Less current liabilities			
Bank overdraft	2.3	21	(356)
Accrued expenses		136	124
Other credit balances	2.5	109	85
Total current liabilities		266	(147)
Net current assets		158	140
Net assets		**2,010**	**2,160**
Represented by:			
State funding account	2.1	**2,010**	**2,160**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Net assets at 1 January			2,160	1,677
Disbursements from the Vote				
Estimate provision	Account	6,588		
Surplus to be surrendered	Account	(2,016)		
Net vote			4,572	5,236
Expenditure (cash) borne elsewhere	1.1		5	6
Net programme cost			(4,727)	(4,759)
Balance at 31 December			**2,010**	**2,160**

2.2 Capital assets

	Leasehold improvements	Furniture and fittings	IT and office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	1,736	337	289	2,362
Additions	—	2	8	10
Cost or valuation at 31 December 2018	1,736	339	297	2,372
Accumulated Depreciation				
Opening balance at 1 January 2018	160	66	116	342
Depreciation for the year	87	34	57	178
Cumulative depreciation at 31 December 2018	247	100	173	520
Net assets at 31 December 2018	**1,489**	**239**	**124**	**1,852**
Net assets at 31 December 2017	1,576	271	173	2,020

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	(218)	108
Other bank account balances	197	248
	(21)	**356**

2.4 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable travel pass scheme expenditure	16	15
Payroll paid in advance	4	—
	20	**15**

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	35	33
Pay Related Social Insurance	24	23
Professional Services Withholding Tax	41	21
Universal Social Charge	8	7
Value Added Tax	1	1
	109	85

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Exchequer grant undrawn	(2,126)	(1,000)
Surplus to be surrendered	2,016	1,286
Net Exchequer funding due	**(110)**	**286**
Represented by:		
Debtors		
Debit balances	20	15
	20	15
Creditors		
Bank overdraft	(21)	356
Due to State	(109)	(85)
Credit balances	—	—
	(130)	271
	(110)	**286**

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services [a]	1,571	1,833
Non-capital grant programmes	283	222
Legal and other projects	83	159
Total of legally enforceable commitments	**1,937**	**2,214**

Note [a] Lease of premises commitment is €261,818 per year up to 2024.

Note 3 Vote Expenditure

Analysis of Expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	3,610	2,302	2,254
ii	Travel and subsistence	80	38	50
iii	Training and development and incidental expenses	1,927	1,275	1,370
iv	Postal and telecommunications services	122	49	41
v	Office equipment and external IT services	165	158	330
vi	Office premises expenses	500	478	1,071
vii	Consultancy services and value for money and policy review	299	364	203
		6,703	**4,664**	**5,319**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €3.61 million, outturn: €2.302 million

The savings of €1.308 million on expenditure on salaries, wages and allowances was due to IHREC not reaching its full employment control framework of 64 within 2018. At start of the year IHREC had 45 staff members (FTE). As at 31 December 2018 the IHREC had 49 staff members (FTE). Of these, 6 were recruited in the final quarter of the year so the full cost impact will only be seen in 2019.

iii *Training and development and incidental expenses*

Estimate provision: €1.927 million, outturn: €1.275 million

The savings of €652,000 on expenditure on training and development and incidental expenses was due to programmatic activity levels being less than had been anticipated as IHREC was operating below its staff complement in 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension-related deduction on public service remuneration	115	90	75
2.	European travel refunds	—	—	6
3.	Miscellaneous	—	2	2
		115	**92**	**83**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	49	45

5.2 Pay

	2018	2017
	€000	€000
Pay	2,059	2,023
Allowances	30	22
Employer's PRSI	213	209
Total pay	**2,302**	**2,254**

5.3 Allowance payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Allowances	3	2	10,955	10,914

Note 6 Miscellaneous

6.1 Compensation and legal costs

IHREC is empowered under Section 40 of the Irish Human Rights and Equality Commission Act 2014 to provide assistance to persons where they are pursuing proceedings under equality and/or human rights law.

During 2018, the Commission decided to grant an indemnity to one Section 40 client in respect of High Court proceedings.

In 2017, the Commission granted one indemnity (jointly and severally) to three Section 40 clients (although only two clients proceeded with the case) in respect of proceedings before the Court of Justice of the European Union in Luxembourg. This case was resolved in 2019 and no costs were sought or awarded against the Commission.

On 15 March 2019, the Minister for Public Expenditure and Reform sanctioned all Section 40 indemnities as granted by the Commission during 2017 and 2018.

Appropriation Account 2018

Vote 26

Education and Skills

Introduction

As Accounting Officer for Vote 26, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Education and Skills, for certain services administered by the Office, and for the payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €114.464 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform (DPER) in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Service Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements.

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal audit, European Social Fund audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that recommendations included in internal audit reports are implemented in a timely way.

The ESF Audit Authority is a section within the Internal and EU Audit Unit and is functionally independent and operates in accordance with its own written charter which I have approved. It reports to the Audit Committee and to the European Commission on the conduct of its audit programme in respect of compliance with the regulatory requirements of the European Union in relation to the management, control and audit of ESF funds in Ireland. The ESF Audit Authority ensures that all recommended adjustments have been carried out.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The risks are signed off at head of business unit level and noted by the Management Board member responsible for that business area. The register details the controls and actions needed to mitigate risks and the register is used, along with other relevant processes, to ensure that risks are managed or mitigated.

In 2018, to enhance consistency in the Department's approach to risk management, the Department's Risk Committee developed a high level strategic risk assessment document which identifies a number of key corporate risks which have the potential to significantly impact the Department's capacity to implement its work programme as outlined in its Strategy Statement and Action Plan. The assessment document provides a focus on key risks (internal and external) which may impact across a number of sections of the Department and the document will be used in conjunction with the risk register which focuses on the day to day operational risks.

The Department's Governance Framework was reviewed and updated during 2018 in order to reflect corporate governance developments since it was first published in May 2016. It is kept under ongoing review.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in the Department in relation to 2018 that resulted in losses that require disclosure in the appropriation account.

Shared services

Payroll and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Services Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. This assurance is a combination of

- internal audit work performed by the National Shared Services Office's Internal Audit Unit, and
- audits conducted by firms of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402), designed to report to user departments and their auditors on controls within shared services. These audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Public procurement

The Department is compliant with all relevant guidelines regarding procurement with the exception of procurement totalling €264,000 in value where contracts were extended or purchases made without recourse to an appropriate procurement process.

All cases are being kept under active review and action is being taken where feasible. The Department is proactively engaged with the procurement reform programme and is taking the opportunity to use centralised contracts and frameworks where appropriate.

In addition, the Department incurred expenditure in respect of 11 contracts totalling €2.617 million without a competitive process. Details of the contracts are set out below.

One contract with a value of €1.468 million was awarded without a competitive process on the basis of urgency/expediency reasons. The contract related to project management and related services to ensure compliance with fire safety regulations in 55 schools.

Expenditure of €997,000 related to eight contracts for the Department's core ICT systems where the current suppliers are considered sole suppliers.

Expenditure of €152,000 related to two contracts which were awarded/extended for urgency/business continuity reasons.

Details of cases of more than €25,000 value were provided to the Comptroller and Auditor General and the Department of Public Expenditure and Reform in the Circular 40/2002 return.

Education sector corporate governance

During 2018, the Department continued to progress work on strengthening its approach to oversight of governance and accountability arrangements across the education sector, led by a Management Board Committee on Sectoral Governance and Accountability, chaired by myself, as Secretary General. During 2018 the Department

- rolled out a review process to audit the effectiveness of the internal audit function in four of the Department's non-commercial State bodies. This review included consideration of the resourcing of internal audit, how internal audit activity adds value to the bodies and the level of conformance with best practice in Internal Audit and the requirements of DPER's 2016 Code of Practice for the Governance of State Bodies concerning risk management, governance and internal control. The findings of the review process are in the process of being actioned during 2019 and are subject to monitoring by the Department to ensure, where appropriate, remediation steps are carried out. Lessons of central application from the review process of the four bodies will be shared with the Departments eighteen aegis bodies
- initiated the process to undertake a first periodic critical review (PCR) on an aegis body (the first review will commence in the second half of 2019)
- undertook an assessment to evaluate key aspects of governance across the education sector which will be used to inform the work programme on governance during 2019-20
- procured and implemented a bespoke governance training programme to develop capability in corporate governance in 2018. This programme was delivered to staff across all divisions of the Department who have a governance role for bodies funded by the Department.

The Department continues to work with its aegis bodies to ensure that the oversight conditions laid out in the revised Code of Practice for Governance of State Bodies are satisfied. Time-limited or full derogations from aspects of the Code have been agreed and documented in order to satisfy the codes 'comply or explain' requirements. Within the wider education sector, codes of practice, aligned to the specific regulatory frameworks of universities, institutes of technology and education and training boards (ETB) have been developed and rolled out by the respective sectors. The ETB Code was issued to ETBs in early quarter 1 of 2019 with the Code being in force with immediate effect. The Institute of Technology Code of Governance was published on 1 January 2018 and was effective from that date. The Sectoral Code of Governance for Irish Universities, having been endorsed by the Council of the Irish Universities Association in January 2019, will have been approved by the Governing Body of each respective University between January and April 2019, with the Code expected to become effective incrementally across the sector by early April 2019. Work is ongoing across the university sector to identify any areas where specific universities are required to satisfy the "comply or explain" requirements with the expectation that work will be completed by Q4 2019.

The Education Support Centre sector is currently undertaking a Governance Modernisation Programme in response to the recommendations in the Mazar's Review of the Department of Education and Skills Governance, Funding and Accountability arrangements for Education Support Centres.

Public sector reform

In 2018, the Department continued the roll out of its Shared Services Plan for 2017-2020, investigating the opportunities for shared service initiatives across the entire education and training sector and actively participating in the roll out of traditional shared services across the Civil Service. The key projects which have been progressed during 2018 are

- Payroll shared services for the ETB sector. In 2018 the project progressed from procurement through design and implementation phases. Services for the initial wave of ETBs are expected to become operational in Q2 2019.
- Financial shared services for the ETB sector. The project progressed with the publication of the request for tender (RFT) for the system that will underpin this service, in December 2018. It is expected that the procurement process will conclude in 2019 and the project will move to detailed design and implementation of an integrated financial solution for the sector.
- HR/Payroll shared services for the higher education sector. In 2018, the stabilisation of the systems underpinning services to the institutes of technology was completed and a pilot university site was also stabilised in preparation for shared services. The dedicated project team has engaged with the sector, updated the base line and produced a detailed analysis of the full integrated human resource management (HRM) in order to re-evaluate the business case compiled in 2015. A revised Business Case recommending the optimal approach for the sector has been completed and the next step will be to implement a 'proof of concept' phase in order to advance the business case.
- A schools employee data records and payroll shared services project team completed the business case for the optimal solution for the sector and in 2018 it has incorporated the inputs from external stakeholders to strengthen the case. The team have also documented the complex and highly automated processes and developed the knowledge that will underpin the functional and technical requirements for any future solution. They are now commencing engagement with the market in order to secure the optimal automated solution for the sector so it can continue to deliver services to over 120,000 payees into the future. This will initially take the form of a request for information and will be preceded by a peer review process to begin in Q3 2019.
- The development of procurement initiatives to support the operation of the Office of Government Procurement model continued in 2018. In the 2017-2020 Shared Service Plan, the Department has committed to explore how these initiatives can be further developed to provide a single procurement service to the education sector. Various models have been explored during 2018 in order to identify the optimal model for the sector and this work is continuing in 2019.
- The ongoing reconfiguration of the ETBs continued throughout 2018 with significant developments in a number of key areas including review and upgrade of the Shared Services Centre of Excellence providing legal services to the ETB sector and progress on drafting a new Code of Practice for the Governance of ETBs (Published on 30 January 2019).

General Data Protection Regulation (GDPR) and data management

The Department undertook a readiness project to ensure that the Department took the necessary actions in order to be compliant with the General Data Protection Regulation which became effective from 25 May 2018. This encompassed revision of the Department's data protection policies and protocols and ensuring adequate processes are in place to support data protection rights, compiling an inventory of processing activities which involves personal data, updating application forms and privacy notices to ensure compliance and organising advanced training in data protection for relevant staff. The Department has a Data Protection Officer (DPO) in place, along with a support team, whose role is to inform and advise staff of the Department who carry out processing of personal data of their obligations pursuant to the GDPR and to other data protection provisions.

Seán Ó Foghlú
Accounting Officer
Department of Education and Skills

27 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 26 Education and Skills

Opinion on the appropriation account

I have audited the appropriation account for Vote 26 Education and Skills for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 26 Education and Skills for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Education and Skills and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Purchase of sites for school provision

In my report on the accounts of the public service for 2018, Chapter 7 examines the purchase of three significant sites in Dublin in the period 2016 to 2018.

Seamus McCarthy
Comptroller and Auditor General

24 September 2019

Vote 26 Education and Skills

Appropriation Account 2018

				2018	2017
		Estimate provision		Outturn	Outturn
Programme expenditure					
		€000	**€000**	**€000**	**€000**
A	First, second and early years education				
	Current year provision	6,998,169			
	Supplementary	130,000			
			7,128,169	7,133,309	6,661,168
B	Skills development		376,508	361,359	328,746
C	Higher education				
	Current year provision	1,606,154			
	Supplementary	17,000			
			1,623,154	1,613,023	1,590,038
D	Capital services		692,211	702,952	661,395
	Gross expenditure				
	Current year provision	9,673,042			
	Supplementary	147,000			
			9,820,042	**9,810,643**	**9,241,347**
	Deduct				
E	**Appropriations-in-aid**				
	Current year provision	516,495			
	Supplementary	(34,700)			
			481,795	**586,860**	**466,588**
	Net expenditure				
	Current year provision	9,156,547			
	Supplementary	181,700			
			9,338,247	**9,223,783**	**8,774,759**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**114,463,727**	**24,540,261**

Seán Ó Foghlú
Accounting Officer
Department of Education and Skills

27 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost			
Pay		6,056,794	4,944,798
Non pay		3,753,849	4,296,549
Gross expenditure		**9,810,643**	**9,241,347**
Deduct			
Appropriations-in-aid		**586,860**	**466,588**
Net expenditure		**9,223,783**	**8,774,759**
Changes in capital assets			
Purchases cash	(135,569)		
Depreciation	1,120	(134,449)	(149,937)
Changes in net current assets			
Decrease in closing accruals	(5,325)		
Increase in stock	(6)		
		(5,331)	15,508
Direct expenditure		**9,084,003**	**8,640,330**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		33,517	31,056
Notional rents		4,367	4,260
Net programme cost		**9,121,887**	**8,675,646**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 26 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners [a]	291	278
Vote 12 Superannuation and Retired Allowances	27,127	23,940
Vote 13 Office of Public Works	4,702	5,199
Vote 18 National Shared Services Office	1,149	1,363
Central Fund – Ministerial pensions	248	276
	33,517	**31,056**

Note [a] This figure includes €105,000 in respect of City of Dublin Education and Training Board, HEAnet, National Council for Special Education and the Teaching Council who are agencies funded under Vote 26.

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	229,172	157,242
Current assets			
Bank and cash	2.3	6,715	16,845
Stocks		100	94
Prepayments	2.4	18,592	19,025
Overpayments for recoupment	5.7	6,604	6,352
Secondment costs for recoupment		466	106
Amounts due from the EU		72	40
Other debit balances	2.5	2,590	2,018
Accrued income		850	—
Total current assets		35,989	44,480
Less current liabilities			
Accrued expenses		18,172	21,208
Salary recoupment to other departments and agencies		43	73
EU moneys for distribution		—	6,198
Other credit balances	2.6	4,051	435
Net Exchequer funding due	2.7	5,326	12,270
Total current liabilities		27,592	40,184
Net current assets		8,397	4,296
Net assets		**237,569**	**161,538**
Represented by:			
State funding account	2.1	**237,569**	**161,538**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			161,538	251,714
Disbursements from the Vote				
Estimate provision	Account	9,338,247		
Surplus to be surrendered	Account	(114,464)		
Net vote			9,223,783	8,774,759
Expenditure (cash) borne elsewhere	1		33,517	31,056
Non cash items – capital assets[a]			(63,749)	(224,605)
Non cash expenditure – notional rent	1		4,367	4,260
Net programme cost	1		(9,121,887)	(8,675,646)
Balance at 31 December			**237,569**	**161,538**

Note [a] The non-cash items include the accounting treatment for the disposal by the Department of construction assets valued at €64.972 million and the transfer of properties to the Department valued at €1.223 million under the redress indemnity agreement.

2.2 Capital assets

	Land and buildings	Furniture and fittings	Office equipment	Assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	71,215	7,550	20,883	82,267	181,915
Additions	78,310	98	1,569	58,047	138,024
Assets brought into use	53,018	—	340	(53,358)	—
Disposals[a]	(64,972)	(661)	(898)	—	(66,531)
Cost or valuation at 31 December 2018	137,571	6,987	21,894	86,956	253,408
Accumulated depreciation					
Opening balance at 1 January 2018	—	7,312	17,359	—	24,671
Depreciation for the year	—	35	1,085	—	1,120
Depreciation on disposals	—	(657)	(898)	—	(1,555)
Cumulative depreciation at 31 December 2018	—	6,690	17,546	—	24,236
Net assets at 31 December 2018	**137,571**	**297**	**4,348**	**86,956**	**229,172**
Net assets at 31 December 2017	71,215	239	3,522	82,266	157,242

Note [a] The furniture and fittings disposal figure of €661,000 includes assets with original costs totalling €591,000 that were removed from the register following a review which identified a number of items included in the register where the original cost was under the €1,000 asset threshold or where the item did not fall within the definition of an asset in accordance with the Department's fixed asset policy. Similarly, the office equipment disposal figure of €898,000 includes assets with original costs totalling €110,000 that were below the €1,000 asset threshold.

General information note

There are no State-owned lands or buildings controlled by the Department of Education and Skills without a valuation. Land and buildings owned by the Department are controlled and managed as follows.

1 Transfer of school properties 2018

The Department treats the transfer of the control of an asset to a school authority as a disposal for accounting purposes in this account. Ownership is not transferred. The school properties, or parts thereof, which transferred during 2018 are included in the table below.

Name of school	Valuation
	€000
Glasnevin Educate Together National School, Glasnevin, Co. Dublin	4,795
Kildare Town Educate Together National School, Gaelscoil Mhic Aodha, Kildare Town, Co. Kildare	11,035
Mallow Community National School, Mallow, Co. Cork	6,392
Gaelscoil Teach na Giuise, Firhouse Educate Together National School, Firhouse, Dublin 24	14,364
Bremore Educate Together Post Primary School, Balbriggan, Co. Dublin	16,222
Gaelscoil Liatrioma, Carrick-on-Shannon, Co. Leitrim	5,424
Drogheda ABACAS Special School, Drogheda, Co. Louth	40
Gaelscoil na Fuinseoige, Churchtown, Dublin 14	6,700
Total	64,972

2 Primary level

There were 3,240 national schools in operation on 31 December 2018. The majority of these schools are denominational and are owned by the relevant diocesan authority. The exceptions are as follows.

- Sites for 34 first-level schools are owned and controlled/managed by the Minister for Education and Skills.
- 145 schools are operating on sites and/or buildings owned/leased by the Minister for Education and Skills and are controlled/managed by Boards of Management. These include 79 gaelscoileanna, 51 multidenominational schools, five community national schools, nine model schools and one Catholic school.

3 Post-primary level

There are a total of 718 post primary schools. 362 schools are privately owned. The remainder are operating as follows.

- 14 comprehensive schools, 78 community schools and 16 secondary schools owned by the Minister for Education and Skills are controlled/managed by Boards of Management.
- 248 post primary schools are vested in Education and Training Boards under the Education and Training Board Act 2013.
- Sites for 20 second-level schools are owned and controlled/managed by the Minister for Education and Skills.

4 Other

Following the enactment of the Children's Act 2001, the only outstanding matter relating to one children detention centre is the notification to the Property Registration Authority by the CSSO of the change of ownership of the school property from the Minister for Education to Tusla (The Child and Family Agency). The CSSO have been instructed by the Department to notify the Property Registration Authority of the change of ownership. This property is not included as an asset in Note 2.2 above as the property is not in the control of the Minister, rather it is in the control of the institution's own authority.

The Minister is one of two guarantors of the Middletown Centre for Autism (Holdings) Limited, a company limited by guarantee, which owns and holds a property in Co. Armagh, which is used for the Middletown Centre for Autism.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	6,373	16,442
Commercial bank account balances	339	400
Petty cash	3	3
	6,715	**16,845**

2.4 Prepayments

at 31 December	2018	2017
	€000	€000
Advance to Waterford Institute of Technology [a]	9,031	9,031
Advance to Bus Éireann – school transport	4,211	7,493
Rental of temporary school accommodation	2,182	1,424
Other	3,168	1,077
	18,592	**19,025**

Note [a] Agreement was reached between the Department and Waterford Institute of Technology to defer the amount of the advance that was due for repayment in 2018.

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Agency payments OPW	515	5
Amounts due from the Redress Special Account	—	146
Cycle to work scheme	56	53
Energy Building Programme	101	—
Payroll suspense	—	3
Recoupable salaries	172	168
Travel pass scheme	206	50
Schools Broadband Programme	1,440	1,440
Shared offices' costs recoupment	93	119
Superannuation related payovers	—	3
Travel and subsistence advances	7	31
	2,590	**2,018**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	1,187	1
Pay Related Social Insurance	691	—
Universal Social Charge	253	—
Local Property Tax	9	—
Professional Services Withholding Tax	634	20
Relevant Contracts Tax	289	—
Value Add Tax	1	—
Pension contributions	56	16
	3,120	**37**
Agency payments to OPW	8	57
Amounts due to the Redress Special Account	60	—
Cycle to work scheme	1	2
Energy Building Programme	—	311
Exchequer extra receipts	848	—
Payroll suspense	—	4
Superannuation related payovers	8	23
Travel and subsistence advances	5	—
Travel pass scheme	1	1
	4,051	**435**

2.7 Net Exchequer funding due

	2018	2017
	€000	€000
Surplus to be surrendered	114,464	24,540
Exchequer grant undrawn	(109,138)	(12,270)
Net Exchequer funding due	**5,326**	**12,270**
Represented by:		
Debtors		
Bank and cash	6,715	16,845
Other debit balances	2,590	2,018
Amounts due from the EU	72	40
	9,377	18,903
Creditors		
Due to the State	(3,120)	(37)
EU moneys for distribution	—	(6,198)
Other credit balances	(931)	(398)
	(4,051)	(6,633)
	5,326	**12,270**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	11,398	4,336
Non-capital grant programmes[a]	3,878,593	3,742,515
Capital grant programmes[b]	111,100	77,200
Capital projects[c]	332,281	321,697
Public Private Partnerships projects	2,025,360	1,531,951
Total legally enforceable commitments	**6,358,732**	**5,677,699**

	2018	2017
	€000	€000
Non-capital grant programmes		
Opening balance[d]	3,742,515	3,608,043
Grants paid in year[e]	(3,746,943)	(3,599,398)
New grant commitments[f]	3,878,593	3,742,515
Net grant (under)/overspend[g]	4,428	(8,645)
Closing balance	**3,878,593**	**3,742,515**

	2018 €000	2017 €000
Capital grant programmes		
Opening balance[d]	77,200	74,200
Grants paid in year[e]	(76,433)	(65,264)
New grant commitments[f]	111,100	77,200
Net grant (under)/overspend[g]	(767)	(8,936)
Closing balance	**111,100**	**77,200**

Notes

[a] Non-capital grant programmes relate to grants that will be made to aegis bodies and other organisations including schools and colleges to fund current expenditure including pay. 2017 amount restated following a review of the categorisation of transactions under these headings.

[b] Capital grant programmes relate to grants that will be made to aegis bodies for all capital projects, including universities, institutes of technology and education and training boards. 2017 amount restated following a review of the categorisation of transactions under these headings.

[c] Capital projects are those managed and overseen by the Department itself.

[d] Opening balance for 2018 is the provision for grants that has been included in the 2018 Revised Estimates Volume. The opening balance for 2017 is the provision for grants that was included in the 2017 Revised Estimates Volume

[e] Grants paid in the year is the actual expenditure charged against the Revised Estimates Volume provision in 2018.

[f] New grant commitments is the provision for grants that has been included in the 2019 Revised Estimates Volume.

[g] Net grant underspend occurs where actual expenditure is lower than originally estimated. Net grant overspend occurs where actual expenditure is higher than originally estimated.

Major capital projects

Capital projects involving total expenditure of €10,000,000 or more

	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	€000	€000	€000	€000
Primary and post primary schools (subhead D3)	381,826	111,569	189,015	682,410	524,766
Universities, institutes of technology and other designated institutions of higher education (subhead D4)	76,254	15,712	101,819	193,785	125,741
Total	**458,080**	**127,281**	**290,834**	**876,195**	**650,507**

Significant variations

A schedule of all major capital commitments projects of €10 million or more is provided at Appendix B with an explanation where the projected total expenditure increased/decreased by more than €500,000 from 2017 to 2018.

Unitary payments of Public Private Partnership projects

The Department has to date entered into nine separate contracts to design, build, finance, maintain and operate educational accommodation under the Public Private Partnership (PPP) model. PPPs are structured arrangements between public sector bodies and private sector investors for the purpose of providing infrastructure projects that would otherwise be delivered through traditional procurement mechanisms with all related construction expenditure being made up front. The costs are paid by the Department in the form of monthly unitary charges spread over 25 years, with the first unitary charge payable once construction has been completed. A brief summary of the PPP projects is provided at Appendix C.

Name of PPP project	Cumulative Expenditure to 31 December 2017	Expenditure in 2018[a]	Legally enforceable commitments to be met in subsequent years	Project total 2018	Project total 2017
	€000	€000	€000	€000	€000
National Maritime College of Ireland PPP	119,760	7,188	60,900	187,848	187,861
Five Pilot Schools Bundle	172,100	10,798	104,420	287,318	288,703
Cork School of Music	93,655	8,278	118,337	220,270	220,818
1st Bundle PPP Schools	72,782	9,102	161,968	243,852	244,655
2nd Bundle PPP Schools	87,959	12,382	237,034	337,375	338,557
3rd Bundle PPP Schools	70,320	14,992	325,440	410,752	411,815
4th Bundle PPP Schools	21,539	7,580	180,517	209,636	213,176
5th Bundle PPP Schools	—	5,107	248,070	253,177	264,481
Grangegorman Quads	—	—	588,674	588,674	—
	638,115	**75,427**	**2,025,360**	**2,738,902**	**2,170,066**

Note [a] The expenditure reflected at the end of 2018 relates specifically to capital payments e.g. unitary charges. The expenditure in the table above is included in the overall outturn of subhead D5 of €83.31 million, the D5 subhead also includes certain grant payments to PPP classified schools.

Significant variations

An explanation is provided below where projected total expenditure increased/decreased by more than €500,000 from 2017 to 2018.

Indexation

The Department makes monthly unitary charge payments to the relevant PPP company on all operational PPP projects. The unitary charge payment is made up of two elements, a fixed cost element and a variable (indexed) element which changes in line with the Consumer Price All Item Index (CPI). An indexation review date is specified in each contract. Once the indexation factor is determined, the annual unitary charge is calculated by adding the fixed and adjusted variable values.

Refinancing

PPP project funding may be refinanced, with the consent of the State partner, during or after the construction phase. The refinancing gain is shared between the PPP Company and the State partner under terms outlined in the PPP Project Agreement. Refinancing was successfully achieved for Schools Bundle 4 in December 2018 and Schools Bundle 3 in January 2019.

Five Pilot Schools Bundles

The decrease in costs from 2017 to 2018 of €1.385 million arises primarily due to indexation. In the case of the Pilot Bundle, a higher percentage of the unitary charge is subject to indexation than is the case with other bundles. In that context, there is a greater degree of year-to-year fluctuation in projections for this bundle.

Cork School of Music

The decrease in costs from 2017 to 2018 of €548,000 arises primarily due to indexation.

Schools Bundle 1

The decrease in costs from 2017 to 2018 of €803.000 arises primarily due to indexation.

Schools Bundle 2

The decrease in costs from 2017 to 2018 of €1.182 million arises primarily due to indexation.

Schools Bundle 3

The decrease in costs from 2017 to 2018 of €1.063 million arises primarily due to indexation.

Schools Bundle 4

The decrease in costs from 2017 to 2018 of €3.54 million arises primarily due to indexation and refinancing.

Schools Bundle 5

There are four post primary schools, one primary school and one further education college in the 5th Bundle PPP Project. They are located in Carlow (1 school and 1 Further Education College); Kells, Co. Meath; Bray, Co. Wicklow (two schools) and Wexford.

The contract for the design, build, financing and maintenance of the schools was signed in July 2016 with Inspired Spaces Bundle 5 (Ireland) Ltd. Inspired Spaces appointed Carillion Construction Ltd as the main construction contractor, which further sub-contracted the work to Sammon Contracting Ireland Ltd. Carillion AMBS Ltd was appointed as the facilities management contractor.

The schools were expected to be completed and ready for handover between Quarter 4, 2017 and Quarter 1, 2018. However, the liquidation of both Carillion Construction Ltd and Carillion AMBS Ltd resulted in the termination of the works and facilities management contracts, and delayed service commencement. In June 2018, arrangements were put in place for the appointment of a replacement construction contractor

Under the PPP contract for Schools Bundle 5, the period of 25 years during which monthly Unitary Charge payments were to have been made began on the date each school was scheduled to reach service commencement under the contract. However, because of the delay in delivery of the schools, the actual payment of Unitary Charges did not commence until significantly later than envisaged, when the schools reached service commencement. As part of a contract restructuring agreed in October 2018, the contract period was extended by four months, i.e. from 318 months to 322 months, with the additional four months added on to the end of the original contract period in 2043. The delay in delivery of the schools resulted in the Unitary Charge payments during 2018 being significantly lower than expected. Construction VAT was also lower than the original estimate. The actual delay in delivery of the schools has ranged between 9 months and 18 months.

Grangegorman Quads

The Grangegorman PPP Project, which comprises the Central and East Quads, will deliver significant academic infrastructure for TU Dublin; at Grangegorman. The contract for the design, build, financing and maintenance of the buildings was signed in March 2018. Construction is scheduled to be completed in 2020.

Liquidations and Examinerships 2018

There have been four contractors/PPP operators whose liquidation and/or examinership have impacted on the delivery of projects overseen by the Department. The liquidation of Carillion and subsequent liquidation of Sammon Contracting Ireland Ltd (SCIL) impacted on PPP Schools Bundle 5, which comprised five school building projects and one further education building project. Liquidations/examinerships also impacted on eight traditional school projects as follows: (i) SCIL (four additional projects), (ii) McAleer & Teague (three projects) and (iii) Manleys (one project).

In seven cases, including Schools Bundle 5, new contractors have had to be appointed. In the other cases, the original contractor was able to finish the work. The Department is not yet in a position to provide the full cost implications of these events.

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	603	212

2.10 Contingent liability

Child abuse inquiry and redress schemes

There will be further payments associated with the Commission to Inquire into Child Abuse (CICA) and the Residential Institutions Redress Scheme. In respect of CICA, it is estimated that additional costs of €1 million could arise in meeting the Commission's remaining costs. A further €1 million may arise in respect of the redress scheme which includes a provision for any potential awards pending the dissolution of the Residential Institutions Redress Board (see Note 6.3 for costs to date).

Middletown Centre for Autism

A pension liability in the region of €336,000 as at end 2018 may arise in relation to an agreement between Department of Education for Northern Ireland Local Government Pension Scheme and Department of Education and Skills. In the agreement, dated 16 November 2007, the Departments guaranteed payment in full of any pension liabilities of Middletown Centre for Autism Ltd in the event that the Centre ceases to exist or is otherwise unable to discharge its pension liabilities. The Centre continues to operate and this liability is not expected to arise in the immediate future.

Schools remediation programme

A programme of initial structural assessments was carried out in October and November 2018 at 42 schools constructed by Western Building Systems. The initial assessments resulted in precautionary measures being put in place at 22 schools, the partial closure of one school building with the remaining 19 schools cleared to open in full initially without any precautionary measures as an interim response. Two schools investigated at that time have since moved to purpose built accommodation and are, consequently, no longer the subject of the schools remediation programme which was established by the Department to implement the permanent remediation works in 40 schools. The Department will seek to pursue the contractor in question for the costs of the precautionary measures and any permanent remediation works in those schools.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i.	Salaries, wages and allowances	63,480	62,971	59,517
ii.	Travel and subsistence	1,761	1,698	1,766
iii.	Training and development and incidental expenses	1,742	1,785	1,596
iv.	Postal and telecommunications services	2,200	2,816	2,376
v.	Office equipment and external IT services	6,239	6,968	5,677
vi.	Office premises expenses	1,951	1,820	1,931
vii.	Consultancy and other services	130	121	50
viii.	National Educational Psychological Service	19,795	19,497	17,853
		97,298	**97,676**	**90,766**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and +/- €100,000).

iv *Postal and telecommunications services*

Estimate provision: €2.2 million, outturn: €2.816 million

The increase in expenditure of €616,000 relative to the estimate provision was primarily due to the full year effect of an increase in postage costs and increased numbers on the payroll.

Programme A First, Second and Early Years Education

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.1	Administration – pay		65,445	60,941	57,414
A.2	Administration – non pay		12,525	13,512	12,318
A.3	Salaries, wages and allowances (including incidental payments) of primary school teachers		2,415,590	2,433,442	2,288,684
A.4	Salaries, wages and allowances (including incidental payments) of secondary, comprehensive and community school teachers		1,288,926	1,286,534	1,183,387
A.5	Grants to Education and Training Boards in respect of ETB teachers' salaries		686,919	692,008	640,978
A.6	Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools		525,569	520,290	476,069
A.7	Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)		112,457	105,573	102,597
A.8	Superannuation etc. in respect of teaching and non-teaching staff				
	Original	1,062,865			
	Supplementary	130,000			
			1,192,865	1,189,109	1,112,350
A.9	School transport services		190,000	200,275	188,535
A.10	Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions		437,742	444,567	434,321
A.11	Grants to education bodies working in the primary and post primary sectors		87,794	87,175	80,148
A.12	Teacher education		34,026	30,898	27,886
A.13	Payments in respect of residential institutions redress and costs associated with the Child Abuse Commission		1,714	1,688	2,022
A.14	Miscellaneous grants and services		76,597	67,297	54,459
			7,128,169	**7,133,309**	**6,661,168**

Significant variations

Overall, the expenditure in relation to Programme A was €135.14 million higher than (originally) provided. The variance was mainly due to the following:

A.7 *Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)*

Estimate provision: €112.457 million, outturn: €105.573 million

The decrease in expenditure of €6.884 million relative to the estimate provision was due to.

- €3.3 million savings primarily attributed to the later than expected filling of additional sanctioned posts until the later part of 2018. There were other factors, which are difficult to precisely forecast, such as increments, sick leave, maternity, retirements and resignations in the ETB sector.
- €2.5 million savings from an over estimation of pay costs required for non-teaching staff of community and comprehensive schools and lower than expected pay costs under the Public Service Stability Agreement (PSSA) 2018-2020.

- €1.1 million savings from reduced numbers of caretaker and clerical officer posts in primary schools and clerical officers in voluntary secondary, community and comprehensive schools being paid from the subhead. The scheme is subject to a phasing out policy and as posts fall vacant they are not filled.

A.8 Superannuation etc. in respect of teaching and non-teaching staff

Estimate provision: €1,062.865 million, outturn: €1,189.109 million

The increase in expenditure of €126.244 million relative to the estimate provision was primarily due to additional costs arising from a higher number of retirees in receipt of pensions and lump sums along with higher average gratuity costs than had been allocated in the original estimate. There were 2,074 retirements in 2018 compared with 1,739 retirements in 2017 and 1,301 higher than the 773 which were provided for in the original estimate.

A.9 School transport services

Estimate provision: €190 million, outturn: €200.275 million

The increase in expenditure relative to the estimate provision was due to overall increased costs for school transport of €16.951 million in 2018. The overall increase mainly comprises of.

- €10 million related to increased costs in the provision of Special Education Needs (SEN) transport scheme and growing numbers of eligible students in the region of 13,000 pupils availing of the scheme in 2018, compared to 12,500 in 2017.
- €4 million to the provision of additional School Bus Escorts in line with the increasing numbers on SEN transport
- €2 million of which relates to the provision of transport services to mainstream students.

The additional €16.951 million expenditure in 2018 was offset by a reduction in payments to Bus Éireann of €6.676 million, which had been held in reserve by Bus Éireann and available for future school transport operations. This decision was taken by the Department, in consultation with the Department of Public Expenditure and Reform, to clear the full amount of the uncommitted reserve held by Bus Éireann.

A.12 Teacher education

Estimate provision: €34.026 million, outturn: €30.898 million

The decrease in expenditure of €3.128 million relative to the estimate provision was due to.

- A revised timetable of curriculum reform and the introduction of new subjects on a pilot phase in a reduced number of schools resulting in savings of €1.2 million.
- Reduced availability of part time personnel to provide training compared to projections for the Junior Cycle for Teachers (JCT) and Assessment and Guidance training not progressing during 2018 resulting in savings of €600,000.
- Lower than anticipated take up on coaching for school principals resulted in savings of €500,000.
- Lower than anticipated net expenditure associated with the Teacher Professional Networks and Education Centre Network of €500,000.
- The remaining savings related to timing issues in a number of other projects including.
    - a delay in the progression of a research project with the Educational Research Centre (ERC) (€100,000) and;
    - the rollout of training for Boards of Management at primary and post-primary level for the new Child Protection procedures (€100,000) and;
    - savings in a marketing campaign aimed at promoting teaching as a career (€100,000).

A.14 Miscellaneous grants and services

Estimate provision: €76.597 million, outturn: €67.297 million

The decrease in expenditure of €9.3 million relative to the estimate provision was mainly due to.

- Extended contract negotiations in shared services projects in ETB and higher education and consequential delays in payments resulted in an overall savings of €4.856 million.
- Overall savings of €2.012 million under the Schools ICT Programme mainly comprising
  - €1.629 million due to new lower cost contracts for the Schools Broadband Programme, managed on behalf of the Department by HEAnet;
  - lower than anticipated expenditure under the Schools Excellence Fund Digital and Science, Technology, Engineering and Mathematics (STEM) Programme (€168,000);
  - delays in the implementation of the Digital Strategy for Schools and higher than anticipated number of schools ineligible under the criteria for ICT Infrastructure Grant Funding (€209,000).
- Lower than anticipated costs associated with State Claims Agency and other legal costs of €960,000.
- Savings of €640,000 associated with a delay in implementing the Languages Strategy.
- A range of other savings across a number of areas including.
  - lower than anticipated expenditure associated with the phased expansion of the Financial Support Services Unit (FSSU) to the Primary, Community and Comprehensive sectors (€254,000);
  - decreased cost of printing of Sidéan Sí (€190,000);
  - lower than anticipated expenditure under the Occupational Health Strategy (€96,000);
  - lower than anticipated expenditure associated with the Network for Teaching Entrepreneurship and Irish Sign Language Training projects (€100,000);
  - lower than anticipated expenditure associated with patronage divestment process (€125,000).

Programme B Skills Development

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	3,733	4,380	3,040
B.2	Administration – non pay	825	1,059	681
B.3	Grants to SOLAS in respect of administration and general expenses	24,107	21,340	23,363
B.4	European Social Fund (ESF) and European Globalisation Fund (EGF) supports	620	540	475
B.5	Grants to SOLAS in respect of further education and training activities	309,693	296,464	263,855
B.6	Grant to Quality and Qualifications Ireland (QQI)	4,505	5,381	4,344
B.7	Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO)	33,000	32,170	32,064
B.8	Miscellaneous grants and services	25	25	—
B.9	Regional Skills FORA Services	—	—	924
		376,508	**361,359**	**328,746**

Significant variations

Overall, the expenditure in relation to Programme B was €15.149 million lower than (originally) provided. The variance was mainly due to the following:

B.3 Grants to SOLAS in respect of administration and general expenses

Estimate provision: €24.107 million, outturn: €21.34 million

The decrease in expenditure of €2.767 million relative to the estimate provision was primarily due to savings of €1.5 million arising from certain SOLAS programmes such as Strategic Evaluation and Workplace Development, which involve elements of contracting outside support, not proceeding as early in 2018 as anticipated. The balance of €1.267 million relates to funding retained by the body at the end of 2017 which was offset in the 2018 grant payments in compliance with Circular 13/2014.

B.6 Grant to Quality and Qualifications Ireland (QQI)

Estimate provision: €4.505 million, outturn: €5.381 million

The increase in expenditure of €876,000 relative to the estimate provision was due to an additional funding request from QQI to make a payment to the Revenue Commissioners for 2018 and previous years in respect of VAT for services purchased from abroad that are taxable where received.

Programme C Higher Education

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
C.1	Administration – pay		3,598	4,261	4,091
C.2	Administration – non pay		796	1,030	917
C.3	Grant for general expenses of Higher Education Authority		6,351	6,488	6,251
C.4	General current grants to universities, institutes of technology and other designated institutions of higher education		1,007,355	1,007,368	988,655
C.5	Training colleges for primary teachers - excluding those funded through the Higher Education Authority		6,257	5,773	5,752
C.6	Dublin Dental Hospital (grant)		11,358	11,608	11,067
C.7	Dublin Institute for Advanced Studies (grant)		6,731	6,731	6,566
C.8	Royal Irish Academy of Music (grant)		3,163	3,163	3,001
C.9	Grants to certain third level institutions		7,844	7,603	7,425
C.10	Superannuation etc. payable to former staff of universities and institutes of technology				
	Original	94,997			
	Supplementary	17,000			
			111,997	114,990	102,639
C.11	Student support and related expenses		406,877	394,191	404,614
C.12	Research activities		40,600	40,600	40,600
C.13	EU, international and north south activities		6,989	6,138	5,621
C.14	Grangegorman Development Agency		3,138	2,985	2,771
C.15	Miscellaneous grants and services		100	94	68
			1,623,154	**1,613,023**	**1,590,038**

Significant variations

Overall, the expenditure in relation to Programme C was €6.869 million higher than (originally) provided. The variance was mainly due to the following:

C.5 *Training colleges for primary teachers – excluding those funded through the Higher Education Authority*

Estimate provision: €6.257 million, outturn: €5.773 million

The decrease in expenditure of €484,000 relative to the estimate provision was due to delays in the implementation of the Irish language strategy of €400,000 and a number of small efficiencies achieved across a number of budget areas.

C.10 *Superannuation etc. payable to former staff of universities and institutes of technology*

Estimate provision: €94.997 million, outturn: €114.99 million

The increase in expenditure of €19.993 million relative to the estimate provision was due to additional expenditure arising from a higher number of retirees in receipt of pensions and lump sums along with higher average gratuity costs than had been allocated in the original estimate. There were 3,158 retirements in 2018 compared with an estimated 2,883 retirements and 227 lump sum payments compared to the 76 allocated in the original estimate.

C.13 EU, international and north south activities

Estimate provision: €6.989 million, outturn: €6.138 million

The decrease in expenditure of €851,000 relative to the estimate provision was mainly due to.

- lower than expected national contribution to UNESCO (€230,000)
- lower than anticipated payments of matching funding to the George Mitchell Scholarship fund (€200,000) and
- lower than anticipated drawdown from Enterprise Ireland in respect of the promotion of Ireland as a centre for international education (€420,000).

Programme D Capital Services

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
D.1	Administration – pay	8,499	10,061	10,052
D.2	Administration – non pay	1,877	2,432	2,253
D.3	Building equipment and furnishings of primary and post primary schools	558,605	573,299	555,520
D.4	Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education	30,000	33,850	22,000
D.5	Public private partnership costs	93,230	83,310	71,570
		692,211	**702,952**	**661,395**

Significant variations

Overall, the expenditure in relation to Programme D was €10.741 million higher than (originally) provided. The variance was mainly due to the following:

D.4 Building grants and capital costs of universities, institutes of technology and other designated institutions of higher education

Estimate provision: €30 million, outturn: €33.85 million

€3.85 million was allocated from other savings identified under the Department's capital allocation in order to meet significant demands presenting in respect of higher education capital projects in 2018. This additional allocation allowed further payments in 2018 against capital commitments in the higher education sector, primarily a payment to the University of Limerick for Phase II of the Glucksman Library.

D.5 Public private partnership costs

Estimate provision: €93.23 million, outturn: €83.31 million

The decrease in expenditure of €9.92 million relative to the estimate provision was mainly due to.

- A delay in the service delivery of the remaining Schools Bundle 5 programme resulted in payments in respect of unitary charges being €7.3 million lower than anticipated.
- A delay until 2019 in the provision of a permanent extension in a specific school resulting in a saving of just over €2 million.
- Inflation levels in 2018 were lower than originally envisaged resulting in lower than projected indexation on unitary charge payments across the Pilot Bundle, Schools Bundle 1,2,3, and 4. This resulted in lower than projected unitary charge payments across these bundles of circa €640,000. Due to the delay in service delivery of Schools Bundle 5, unitary charge projections for this bundle continued to change to reflect the anticipated delivery date of these schools.

Note 4 Receipts

4.1 Appropriations-in-aid

			2018		2017
		Estimated		Realised	Realised
		€000	€000	€000	€000
E.1	Superannuation contributions		205,447	174,115	170,205
E.2	Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts				
	Original	35,025			
	Supplementary	(34,700)	325	109,816	23,173
E.3	Receipts from pension-related deductions on public service remuneration		266,451	292,871	265,614
E.4	Secondments/ overpayments		3,824	5,057	4,271
E.5	Miscellaneous		5,748	5,001	3,325
			481,795	**586,860**	**466,588**

Significant variations

Overall, appropriations-in-aid were €70.365 million higher than the original estimate forecast.

Explanations for variances are set out below

E.1 ***Superannuation contributions***

Estimate provision: €205.447 million, outturn: €174.115 million

Superannuation receipts were €31.332 million less than the original provision mainly due to.

- Single Pension Scheme (SPS) contributions of €29.188 million were paid to Vote 12, Superannuation and Retired Allowances. The original estimate did not take into account the changes introduced as part of the Single Pension Scheme, whereby such receipts in respect of new entrants to the public sector are not retained by the Department.
- There were fewer than anticipated one-off purchases of additional voluntary contributions than profiled resulting in €1.562 million fewer receipts than profiled.

E.2 ***Receipts in respect of the European Social Fund (ESF), European Globalisation Fund (EGF) and other miscellaneous EU receipts***

Estimate provision: €35.025 million, outturn: €109.816 million

The increase of €74.791 million arose as the initial estimate of €35.025 million was a conservative forecast regarding potential ESF/YEI receipts arising from the first payment application under the Programme for Employability, Inclusion and Learning (PEIL) 2014-2020. Payment applications can only be made to the European Commission following the designation of the relevant ESF authorities and the Irish ESF authorities were designated on 13 November 2018. The first payment applications were submitted to the Commission on 22 November 2018. Within these applications, €205.8 million was in respect of education and training activities pre-financed from the DES Vote and resulted in €109.4 million (€76.4 million pay and €33 million non-pay) in ESF receipts by year-end.

At the time the applications were made to the European Commission, it was not guaranteed that the receipts would be brought to account within 2018. On that basis, a prudent approach was taken to the formulation of a supplementary estimate provision and a reducing supplementary estimate of €34.7 million was applied. In the event, the payment of €109.4 million was received from the European Commission on 10 December 2018.

E.3 ***Receipts from pension-related deductions on public service remuneration***

Estimate provision: €266.451 million, outturn: €292.871 million

The increase of €26.42 million relative to the estimate provision was primarily due to pay increases under the Public Services Stability Agreement (PSSA) which resulted in a 1% pay increase in January and October 2018. The amount of pension related deduction (PRD) received is directly related to the cost of payrolls.

E.4 ***Secondments/ overpayments***

Estimate provision: €3.824 million, outturn: €5.057 million

The increase of €1.233 million relative to the estimate provision was due to overpayment recovery receipts being higher than anticipated. It is difficult to accurately predict the level of these receipts as recoupment of overpayments may be on a once-off basis or on a phased basis.

E.5 ***Miscellaneous***

Estimate provision: €5.748 million, outturn: €5.001 million

The shortfall of €747,000 was primarily due to.

- €950,000 lower than anticipated capital receipts in local authority funding and a revision in the Waterford Institute of Technology advance repayment.
- €200,000 higher than anticipated other miscellaneous receipts for Social Welfare refunds for maternity, disability and paternity costs, dormant accounts and other miscellaneous receipts.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Recoupment of unspent funding from HEA/IRC [a]	831	2,590
Disposals of assets [b]	17	—
Receipts from conscience money	27	1
Transferred to the Exchequer	(27)	(2,591)
Balance at 31 December	**848**	**—**

Notes [a] In December 2018, €831,374 of the Exchequer extra receipts arose from the recoupment of unspent funding from the HEA in respect of grants made by the Irish Research Council in prior years which remained unspent, and which were returned. These funds were surrendered to the Exchequer in 2019.

[b] Towards the end of 2018, the proceeds of €16,900 arising from the sale of a car to the HEA from SOLAS were transferred to the Department in line with the policy that all proceeds from the sale of assets should be returned to the parent Department. These funds were subsequently surrendered by the Department to the Exchequer in 2019.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	109,000	106,062

The third level posts reported below include only core-funded posts as only these posts are included in the overall count of public sector numbers.

5.2 Staffing numbers and associated pay related expenditure Vote 26

Category of staff remunerated	Subhead from which funds disbursed		Public sector numbers as at 31 December 2018	Pay related expenditure 2018 €000
First level	A.3	Primary teachers	37,527	2,433,442
	A.6.1	Special needs assistants	11,926	418,978
	A.7.1	Non-teaching staff	243	9,959
Second level	A.4	Secondary teachers	19,658	1,286,534
	A.5	ETB teachers	12,655	692,008
	A.6 (2-3)	Special needs assistants	3,047	101,312
	A.7(2-4)	Non-teaching staff	2,203	95,614
First and second level subtotal			**87,259**	**5,037,847**
Third level	C.3	HEA	66	4,148
	C.4	University/IOT/RIA/ colleges of education	18,505	731,308
	C.6	Dublin Dental Hospital	122	10,020
	C.7	Dublin Institute for Advanced Studies (DIAS)	51	4,002
	C.11	Student grant administration	81	3,577
	C.14	Grangegorman Development Agency	21	1,630
Third level subtotal			**18,846**	**754,685**

Category of staff remunerated	Subhead from which funds disbursed		Public sector numbers as at 31 December 2018	Pay Related expenditure 2018
				€000
Department staff	(i)	Administration	1,100	62,971
	(viii)	National Educational Psychological Services	214	16,672
Department subtotal			**1,314**	**79,643**
Other	A.11.1	National Council for Curriculum and Assessment (NCCA)	43	3,588
	A.11.4	State Exams Commission (SEC)	155	11,147
	A.11.5	National Council for Special Education (NCSE)	102	6,990
	A.11.7	Educational Research Centre (ERC)	31	1,959
	A11.9	Creative Ireland	2	129
	A.13.1	Redress Board	5	366
	A.13.2	Commission on Child Abuse	2	252
	A.14	PDST Technology in Education (NCTE)	13	932
	A14.3.4	Public Service Reform	14	772
	B.3.1	SOLAS administration	203	11,049
	B.6	Quality and Qualifications Ireland (QQI)	74	1,905
	B.5	Further education – SOLAS (Education and Training Boards)	840	102,175
	C.8	Royal Irish Academy of Music (RIAM)	60	3,036
Other subtotal			**1,544**	**144,300**
Total			**108,963**	**6,016,475**

Notes This table outlines pay related expenditure from the Vote for Departmental teaching and non-teaching staff, and staff of bodies funded from Vote 26 during 2018 along with their associated whole time equivalent (WTE) numbers as at 31 December 2018.

The total pay amount of €6,057 million reported in Note 1 (compared to €6,016 million in Table 5.2 above) includes other pay grants paid from the Vote to cover salary costs of staff not included in the public sector returns of the Department.

A further 37 WTE staff in QQI (B.6), HEA (C.3), DIAS (C.7) and RIAM (C.8) are paid from private, research or other exchequer funding and not from DES core funding. These staff are not included in public sector numbers in the above table but are included in the overall employee numbers at note 5.1 above.

5.3 Departmental staff [a]

	2018 €000	2017 €000
Pay [b]	73,652	69,315
Higher, special or additional duties allowance	293	234
Other allowances	48	55
Overtime	431	412
Employer's PRSI	5,219	4,581
Total pay	**79,643**	**74,597**

Notes [a] The financial details in this table relate solely to salaries and allowances paid to administrative staff in the Department and staff in the National Educational Psychological Service.

[b] The pay amount for 2017 has been restated as it included €726,000 relating to the Scheme for the Commissioning of Psychological Assessments (SCPA) services. This has been reclassified as non-pay expenditure under viii National Educational Psychological Service.

5.4 Allowances and overtime payments

	Number of Recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	99	4	24,765	18,213
Other allowances	24	—	5,704	5,338
Overtime	222	3	20,676	22,859
Extra remuneration in more than one category	39	1	18,303	22,275

The details of allowances and overtime payments in this table relate solely to Departmental administrative and National Educational Psychological Service staff.

5.5 Performance and merit pay

Seven staff in receipt of special service payments under the AHCPS 1% Programme for Competitiveness and Work (PCW) restructuring agreement received in total €18,925 in 2018.

5.6 Other remuneration arrangements

32 retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €162,000 which included travel and subsistence costs of €26,000. The payments made were consistent with the principles of the Public Service (Single Scheme and the other provisions) Act 2012.

5.7 Payroll overpayments

Administrative staff salary overpayments

Overpayments at the year-end were approximately €351,000 in respect of 129 individuals (2017: €354,000, 137 individuals). Of this, 37 have recovery plans in place. 73 individuals who had overpayment values identified but repayment plans were not in place due to timing issues at the year-end and a further 19 individuals where the value of the overpayment was not known at the year-end.

Two overpayment recovery plans were transferred in 2018 to two separate departments. The total value transferred was €15,000.

Teacher/non-teacher and retired personnel overpayments

Overpayments at the year-end were €5.062 million in respect of 4,293 individuals (2017: €4.597 million, 4,122 individuals). This does not include the supplementary pension overpayments referenced separately below. At the year-end 36 new individuals were identified who do not have repayment plans in place. The Department acts as paymaster on behalf of the managerial authorities of over 3,700 schools and is therefore reliant on school authorities submitting the data required for the appointment, payment and cessation of staff payments on a timely basis.

Supplementary pension overpayments

Supplementary pension overpayments at the year-end were €1.191 million (2017: €1.4 million). Of the original 320 cases identified, 171 (53%) have completed repayment. A further 137 (43%) are in ongoing payment arrangements. The Department is continuing to monitor and manage those cases where repayment is not yet complete. The remaining 12 cases, which are complex, are being progressed.

Overpayments as a result of an under-deduction of the Public Service Pension Reduction

Some 89 pensioner's cases were identified in Q3 2018 where an under-deduction in the public service pension reduction took place resulting in overpayments. The Department is liaising with the Department of Public Expenditure and Reform on the issue. The final amount has not yet been identified and repayment plans are not yet in place.

5.8 Severance/redundancy

During 2018, a total of 62 individuals were paid redundancy via the Department's teacher payrolls, in the Department's capacity as paymaster for certain schools. The total amount paid was €1.168 million and included payment for both statutory and non-statutory redundancy sums as appropriate. 44 payments of redundancy exceeded €10,000. The highest value sum paid in 2018 was €51,000.

Note 6 Miscellaneous

6.1 EU funding

Receipts in relation to EU funding received during 2018 and lodged to appropriations-in-aid is detailed in the table below:

EU funding category	2018	2017
	€000	€000
E.2.1 ESF pay	76,376	15,733
E.2.1 ESF non pay	33,033	6,743
E.2.2 EGF programmes	–	370
E.2.3 EC education projects	407	327
	109,816	**23,173**

2018 ESF receipts

The amount of €109.4 million (€76.4 million pay and €33 million Non-pay) received in 2018, was shown as appropriations-in-aid. The associated expenditure was included in the recorded expenditure from subheads of the Office of the Minister for Education and Skills B3, B5 & C11 for the years 2014 to 2016. Receipts came from the Programme for Employability, Inclusion and Learning (PEIL) 2014-2020, which is a European Social Fund (ESF) co-funded programme.

2018 European Globalisation Adjustment Fund (EGF) receipts

As there was no EGF programme in operation in 2018, there were no receipts.

EC education projects

Receipts in 2018 under the EC education projects included compensatory payments for administrative expenses incurred in providing for the Centre for European Schooling, Dunshaughlin, Co. Meath, activities under Ireland's participation in the European Commission's Eurydice information network and the Eurostudent VII project 2018-2021.

6.2. 2018 direct EU funding to bodies under the Department's aegis

In addition to the grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2018 was as shown below:

Aegis body	2018	2017
	€000	€000
National Council for Curriculum and Assessment (NCCA)	44	41
National Council for Guidance in Education (NCGE)	76	51
Higher Education Authority (HEA)	252	228
Quality and Qualifications Ireland (QQI)	694	586
Irish Research Council (IRC)	5,264	4,213
Léargas [a]	12,546	10,604
	18,876	**15,723**

Note [a] Funding for Léargas relates to education only related programmes

National Council for Curriculum and Assessment (NCCA)

In 2018, the NCCA received €19,000 in direct EU funding from the EU Erasmus Grant in relation to The Student Voice – The Bridge to Learning Project. In addition, the NCCA received a further €25,000 in direct EU funding in relation to CO-LAB, which is a European funded project focused on collaborative teaching and learning.

National Council for Guidance in Education (NCGE)

The National Council for Guidance in Education received EU funding in respect of its Euroguidance, European Guidance Policy Network, European Schools and PLOTEUS project activities in 2018. In total, this funding amounted to €76,000 in 2018. Euroguidance Centre is co-funded by the Commission to promote education mobility and to support the exchange of information across Member States on education training and learning opportunities across the EU. Euroguidance works with guidance counsellors and stakeholders to develop their skills in mobility and provides information on accessing education in Ireland. Euroguidance Ireland is part of the EU Euroguidance Network of 64 Centres across the EU, all co-funded by the Commission.

Higher Education Authority (HEA)

In 2018 the HEA received €252,000 in direct EU funding in relation to costs associated with the promotion and administration of Erasmus+ programme in Ireland.

Quality and Qualifications Ireland (QQI)

In 2018 QQI received €694,000 in direct EU funding. QQI provide the secretariat to EQUAVET (the European Quality Assurance in Vocational Education and Training) in addition to being the national centre for both EUROPASS and NARIC. QQI also received funding for conducting an external review of IUIL (Institut Universitaire International Luxembourg).

Irish Research Council (IRC)

The Council is an associated agency of the Department of Education and Skills and operates under the aegis of the Higher Education Authority. It was established in mid-2012 following the merger of the Irish Research Council for Humanities and Social Sciences (IRCHSS) and the Irish Research Council for Science, Engineering and Technology (IRCSET). In 2018 the Irish Research Council received a total of €5.264 million in direct EU funding, including €4.817 million under the Humanities in the European Research Area (HERA), €20,000 for the ELEVATE International Career Development Fellowship Programme and €427,000 for the Marie Skłodowska-Curie Actions (MSCA) COFUND Postdoctoral Fellowship Programme (entitled CAROLINE – 'Collaborative Research Fellowships for a Responsive and Innovative Europe').

Léargas

The Department of Education and Skills (DES) is the National Authority for the Erasmus+ programme, the EU's flagship programme for Education and Training. DES appointed Léargas as the National Agency with responsibility for the programme's administration in the fields of Schools, Vocational Education and Training and Adult Education sectors. It is also responsible for the Youth field (DCYA). Léargas is a not-for-profit organisation registered in the Companies Office. Léargas received EU funding in respect of the Erasmus+, Eurodesk, ECVET, E twinning Epale and Euroguidance.

6.3 Committees, commissions and special enquiries

	Year of appointment	Cumulative expenditure to 31 December 2018	Expenditure in 2018	Expenditure in 2017
		€000	€000	€000
Commission to Inquire into Child Abuse	1999	82,236	689	880
Residential Institutions Redress Scheme [a,b]	2002	1,241,069	751	983
		1,323,305	**1,440**	**1,863**

Notes [a] Of the overall expenditure of €1.24 billion on the Residential Institutions Redress Scheme at the end of 2018, €43 million was funded by contributions received from the religious congregations under the 2002 Indemnity Agreement. A further €10 million expenditure was incurred in respect of court settlements pursuant to the 2002 Indemnity Agreement, whereby religious congregations are not liable for any cases settled in court and outside of the redress scheme.

[b] At the end of 2018, the cumulative administration costs for the Residential Institutions Redress Board was €62.3 million and €9.63 million for the Residential Institutions Review Committee.

Residential Institutions Redress Special Account under Terms of Indemnity Agreement

Section 23 of the Residential Institutions Redress Act 2002 provided for the establishment of a special account to be funded from "moneys provided by the Oireachtas" and by "a person, with the consent of the Minister (for Education and Science) and the Minister for Finance". In addition to moneys provided by the Oireachtas, funding for the special account comes from moneys contributed under the terms of the indemnity agreement between the State and the contributing congregations. The first schedule of the agreement contains a list of the contributing congregations. Moneys from the special account are used to pay awards made by the Residential Institutions Redress Board and associated legal and settlement costs. The special account is subject to audit by the Comptroller and Auditor General.

Residential Institutions Statutory Fund Investment Account established by the National Treasury Management Agency

In April 2010, the Government announced its intention to utilise €110 million of the offers of contributions from religious congregations to establish and operate a statutory fund to support the needs of survivors of residential institutional child abuse. Pending the establishment of the statutory fund, a special interest bearing account, under the dual control of the Department of Public Expenditure and Reform and the Department of Education and Skills was opened in the Central Bank to receive the cash contributions from congregations.

Following the commencement of the Residential Institutions Statutory Fund Act 2012 and the establishment of the Residential Institutions Statutory Fund (RISF) investment account by the National Treasury Management Agency (NTMA), a total of €41.3 million was transferred to the NTMA account in 2013, in accordance with section 29(1) of the 2012 Act. The designated Central Bank account was subsequently closed in 2013.

Between 2013 and 2018 inclusive, €61.7 million was received from congregations and lodged to the RISF investment account. At 31 December 2018, total lodgements into the NTMA account amounted to €103 million, comprising €101.6 million plus additional interest. This represents voluntary contributions received from the religious congregations towards the costs incurred by the State in responding to residential institutional child abuse and intended to provide support for former residents through the Statutory Fund – now Caranua. The 2012 Act provides that the NTMA may advance to the RISF (which uses the name Caranua) sums requested for the purpose of defraying expenditure incurred by it in the performance of its functions. The 2012 Act also provides that the NTMA shall advance to the Minister for Education and Skills sums requested by the Minister to enable payments to be made to the independent Appeals Officer appointed under Section 21 of the 2012 Act. The financial statements of the RISF are subject to audit by the Comptroller and Auditor General.

6.4 Compensation and legal costs

	Number of cases	Legal costs paid by Department	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by members of the public	93	550	496	646	1,692	2,111
		550	**496**	**646**	**1,692**	**2,111**

Note In the course of the day-to-day running of the Department, the total legal costs incurred by the Department in 2018 was €2.265 million (2017: €2.289 million) which includes the legal costs and compensation awards listed above. The table above identifies legal costs and fees paid directly by the Department and does not reflect legal costs of other bodies supported by voted subheads.

6.5 Write-offs

The following sums were written off in the year.

	2018	2017
	€000	€000
Legacy travel and subsistence imprest payments	2	—
Payroll overpayments	77	18
	79	**18**

6.6 Fraud and suspected fraud

In the period between the signature of the 2017 Appropriation Accounts and the final 2018 Appropriation Accounts, the Department was made aware of eight new cases of suspected fraud/irregularities. Of these, two cases have a combined value of €2,428. Six remain under investigation and no value has yet been identified.

The Department will continue to make every reasonable effort to recover Exchequer funds where fraud or irregularities have occurred.

6.7 Arbitration and conciliation

Expenditure in 2018 includes payments of €163,000 (2017: €240,000) made to contractors and others to cover costs as a result of conciliation and arbitration proceedings. There were nine cases in 2018 (2017: seven). Figures include VAT, legal and professional fees.

6.8 Late payment interest

	2018	2017
Total interest paid	€4,540	€4,054

6.9 Expenditure on temporary school accommodation

During 2018, expenditure under subhead D.3.3 included amounts totalling €26.2 million in respect of temporary premises (2017: €23.4 million).

6.10 Educational trusts

Educational trusts totalling €1.91 million were invested on behalf of the Department in a common investment fund under the stewardship of the Charities Regulator at the close of 2018 (2017: €2.483 million). The Minister for Education and Skills remains the trustee of these educational trusts.

Appendix A Accounts of bodies and funds under the aegis of the Department of Education and Skills

The following table lists the bodies under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at the account signing date, the period to which the last audited financial statements relate and the date they were presented to the Oireachtas.

Body/departmental fund	Last accounting period audited	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Universities/colleges				
Period of account				
1 October to 30 September				
University College Cork (UCC)	2016	20 Dec 17	15 Jan 18	12 Mar 18
University College Dublin (UCD)	2017	26 Sep 18	15 Oct 18	5 Dec 18
National University of Ireland Galway (NUIG)	2017	9 Jul 18	12 Jul 18	12 Sep 18
National University of Ireland (NUI)	2017	28 Sep 18	4 Oct 18	19 Nov 18
Trinity College Dublin (TCD)	2017	12 Apr 18	19 Apr 18	14 Jun 18
University of Limerick (UL)	2017	18 Dec 18	17 Jan 19	12 Mar 19
Dublin City University (DCU)	2016	4 May 18	15 May 18	29 May 18
National University of Ireland Maynooth (NUIM)	2017	4 May 18	21 May 18	3 Jul 18
Mary Immaculate College, Limerick	2017	18 Dec 18	17 Jan 19	15 Feb 19
St Angela's College of Education, Sligo	2017	7 Nov 18	9 Nov 18	21 Dec 18
National College of Art and Design (NCAD)	2017	21 Dec 18	5 Feb 19	1 Apr 19
Institutes of Technology				
Period of account				
1 September to 31 August				
Athlone	2017	11 Dec 18	21 Dec 18	11 Feb 19
Cork	2017	19 Dec 18	8 Jan 19	5 Mar 19
Dublin	2017	21 Dec 18	14 Jan 19	13 Mar 19
Dundalk	2017	21 Dec 18	14 Jan 19	13 Mar 19
Dun Laoghaire Institute of Art, Design and Technology	2017	9 Nov 18	15 Nov 18	11 Jan 19
Galway-Mayo	2017	18 Dec 18	21 Dec 18	13 Feb 19
Blanchardstown	2017	11 Dec 18	19 Dec 18	11 Feb 19
Carlow	2017	20 Dec 18	14 Jan 19	13 Mar 19
Sligo	2017	18 Dec 18	10 Jan 19	7 Mar 19
Tallaght	2017	10 Dec 18	14 Dec 18	15 Jan 19
Tralee	2017	1 Mar 19	7 Mar 19	3 May 19
Letterkenny	2017	17 Dec 18	24 Jan 19	21 Mar 19
Limerick	2017	9 Nov 18	16 Nov 18	8 Jan 19
Waterford	2016	4 May 18	10 May 18	7 Jun 18

Body/departmental fund	Last accounting period audited	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Education and Training Boards (ETBs)				
Cavan and Monaghan	2017	29 Jun 18	24 Jul 18	14 Sep 18
City of Dublin	2017	19 Dec 18	24 Dec 18	6 Feb 19
Cork	2017	13 Jul 18	26 Jul 18	14 Sep 18
Donegal	2017	11 Sep 18	14 Sep 18	27 Sep 18
Dublin and Dún Laoghaire	2017	28 Aug 18	29 Aug 18	22 Oct 18
Galway and Roscommon	2017	30 Oct 18	14 Nov 18	29 Nov 18
Kerry	2017	27 Nov 18	29 Nov 18	14 Dec 18
Kildare and Wicklow	2015	24 Dec 18	18 Jan 19	13 Feb 19
Kilkenny and Carlow	2017	23 Jul 18	26 Nov 18	29 Nov 18
Laois and Offaly	2017	24 Jul 18	16 Nov 18	10 Dec 18
Limerick and Clare	2017	28 Nov 18	29 Nov 18	10 Dec 18
Longford and Westmeath	2017	13 Jul 18	24 Jul 18	14 Sep 18
Louth and Meath	2017	29 Nov 18	3 Dec 18	20 Mar 19
Mayo, Sligo and Leitrim	2017	20 Dec 18	21 Dec 18	6 Feb 19
Tipperary	2017	24 Aug 18	29 Aug 18	18 Sep 18
Waterford and Wexford	2017	17 Dec 18	19 Dec 18	23 Jan 19
Aegis bodies				
SOLAS	2017	25 May 18	30 May 18	13 Jul 18
Grangegorman Development Agency	2017	21 Dec 18	4 Jan 19	25 Jan 19
Higher Education Authority (HEA)	2017	29 Jun 18	31 Jul 18	10 Sep 18
National Council for Curriculum and Assessment (NCCA)	2017	24 Dec 18	1 Feb 19	5 Feb 19
National Council for Special Education (NCSE)	2017	11 Dec 18	17 Dec 18	17 Dec 18
Quality and Qualifications Ireland (QQI)	2017	21 Dec 18	19 Feb 19	25 Feb 19
State Examinations Commission (SEC)	2017	29 Nov 18	7 Dec 18	12 Dec 18
The Teaching Council	2017	28 May 18	15 Jun 18	To be laid
Educational Research Centre	2017	21 Dec 18	8 Jan 19	7 Mar 19
Caranua	2017	20 Dec 18	12 Feb 19	29 Mar 19
Redress Special Account	2017	21 Sep 18	5 Oct 18	11 Oct 18
Dublin Institute for Advanced Studies (DIAS)	2017	29 Jun 18	6 Jul 18	13 Jul 18
Royal Irish Academy of Music (RIAM)	2017	21 Dec 18	8 Jan 19	5 Mar 19
Royal Irish Academy (RIA)	2017	19 Dec 18	15 Jan 19	13 Mar 19

Appendix B Major capital commitment projects involving total expenditure of €10,000,000 or more

		Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
		€000	€000	€000	€000	€000
Subhead D.3						
1	Hansfield Educate Together Secondary School, Dublin 15	16,668	644	21	17,333	17,050
2	Gaelscoil na nDeise, Carrickphierish Campus, Waterford	14,648	—	126	14,774	14,774
3	St Colmcille's, Dublin 16	16,275	—	342	16,617	16,617
4	Ardgillan Community College, Balbriggan, Co. Dublin	13,556	82	24	13,662	13,587
5	Temple Carrig Secondary School, Wicklow	12,804	—-	121	12,925	12,925
6	St John's Primary School, Rathmullen	12,124	680	1,431	14,235	13,724
7	Coláiste Ghlór na Mara, Balbriggan, Co. Dublin	14,659	30	194	14,883	14,882
8	Bremore Educate Together Balbriggan, Co. Dublin	19,864	2,648	1,208	23,720	21,194
9	Le Chéile Secondary School, Mulhuddart, Dublin 15	19,462	339	—	19,801	19,576
10	Portlaoise Parish School, County Laois	13,456	2,771	757	16,984	13,729
11	Newpark Comprehensive Blackrock, County Dublin	13,687	346	6	14,039	13,862
12	Carrigaline Post Primary School, County Cork	14,401	69	80	14,550	14,550
13	Dún an Rí College, Kingscourt, Cavan	14,890	40	261	15,191	15,191
14	Limerick Educate Together, Mungret, Limerick	12,335	145	205	12,685	12,662
15	St Aidan's Parish School, Enniscorthy, Co. Wexford	9,698	564	113	10,375	10,100
16	Michael Street National School, New Ross, Co. Wexford	10,295	758	421	11,474	10,522
17	Sancta Maria College, Rathfarnham, Co. Dublin	7,903	535	2,572	11,010	11,010
18	Clonkeen College, Blackrock, Co. Dublin	12,262	520	77	12,859	12,465

		Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
		€000	€000	€000	€000	€000
19	Kinsale Community College, Co. Cork	9,908	1,203	150	11,261	10,602
20	Christian Brothers Secondary School, Thomas Street, Wexford	9,493	3,792	815	14,100	11,931
21	Arklow Vocational School, Co. Wicklow	12,173	96	180	12,449	12,460
22	Senior College Dún Laoghaire, Main Street, Blackrock, Co. Dublin	10,474	—	664	11,138	11,138
23	Scoil Phobail, Clifden, Co. Galway	9,566	561	166	10,293	9,857
24	St. Colman's Vocational School, Middleton, Co. Cork	8,166	189	1,975	10,330	9,990
25	St. Fintina's Longwood, Co. Meath	10,294	51	182	10,527	10,689
26	Scoil Naofa Oilbhear Pluincead, Malahide, Co. Dublin	2,678	4,792	5,994	13,464	13,265
27	Stewards School, Palmerstown, Dublin 20	3,538	5,534	6,544	15,616	15,152
28	Kingswood Community College, Tallaght, Dublin 24	2,816	9,394	6,488	18,698	18,504
29	Coláiste Mhuire, Knockbeg, Carlow	2,214	8,486	5,120	15,820	15,550
30	Presentation College, Athenry, Co. Galway	266	17,893	2,162	20,321	20,267
31	Pobalcoláiste Chú Chulainn, Dundalk, Co. Louth	8,652	7,562	1,145	17,359	17,174
32	Maynooth Post Primary Schools, Co. Kildare	8,712	6,084	22,143	36,939	36,368
33	Gaelscoil Teach Giuise, Tallaght, Dublin 24	8,822	2,934	22	11,778	11,696
34	Mercy Convent Primary School, Naas, Co. Kildare	2,949	2,263	5,164	10,376	10,352
35	St. Mochta's National School, Clonsilla, Dublin 15	3,720	5,784	2,452	11,956	11,626
36	Stepaside Educate Together National School, Co. Dublin	8,543	1,507	292	10,342	9,494
37	Tullamore College, Tullamore, Co. Offaly	9,855	1,423	193	11,471	10,231
38	Holy Family Special School, Cootehill, Co. Cavan[a]	—	1,142	12,362	13,504	—

		Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
		€000	€000	€000	€000	€000
39	CBS Primary School, New Road, Ennis, Co. Clare[a]	—	1,442	9,775	11,217	—
40	St. Francis of Assisi National School, Belmayne, Balgriffin, Dublin 13[a]	—	9,058	2,816	11,874	—
41	Saplings Mullingar, Lynn Road, Mullingar, Co. Westmeath[a]	—	266	11,571	11,837	—
42	Citywest Educate Together National School, Fortunestown Lane, City West, Dublin 24[a]	—	433	13,167	13,600	—
43	Galway North Educate Together National School, Thomas Hynes Road, Newcastle, Co. Galway[a]	—	514	14,559	15,073	—
44	Gairmscoil Mhuire, Athenry, Co. Galway[a]		460	21,237	21,697	—
45	Lusk Community College, Lusk, Co. Dublin[a]	—	5,435	8,863	14,298	—
46	Davis College, Mallow, Co. Cork[a]	—	1,971	8,034	10,005	—
47	Coláiste Chiaráin, Croom, Co. Limerick[a]	—	1,129	16,821	17,950	—
		381,826	**111,569**	**189,015**	**682,410**	**524,766**

		Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
Subhead D.4		**€000**	**€000**	**€000**	**€000**	**€000**
1	Technological University Grangegorman	60,744	4,261	1,436	66,441	90,741
2	HEAnet upgrade	2,355	3,851	3,794	10,000	10,000
3	Dublin City University/St. Pat's F Block	3,155	3,000	8,845	15,000	15,000
4	University of Limerick Library	10,000	4,600	1,700	16,300	10,000
5	Limerick Institute of Technology – Coonagh Campus Fit out[b]	—	—	11,575	11,575	—
6	Dundalk Institute of Technology – North and South Building Refurbishment[b]	—	—	18,469	18,469	—
7	National Children's Hospital (Higher Education Facilities)	—	—	17,000	17,000	—
8	Dublin City University Future Tech Building[b]	—	—	24,000	24,000	—
9	Trinity College Dublin E3[b]	—	—	15,000	15,000	—
		76,254	**15,712**	**101,819**	**193,785**	**125,741**
Subtotal D.3		**381,826**	**111,569**	**189,015**	**682,410**	**524,766**
Subtotal D.4		**76,254**	**15,712**	**101,819**	**193,785**	**125,741**
Total		**458,080**	**127,281**	**290,834**	**876,195**	**650,507**

Notes [a] Ten new schools' projects commenced during 2018.

[b] The Department committed to four new third level projects during 2018.

Significant variations-Subhead D3

An explanation is provided below where projected total expenditure increased / decreased by more than €500,000 from 2017 to 2018:

6. St John's Primary School, Rathmullen

The increase in commitments of €510,000 arose from change orders related to asbestos remediation.

8. Bremore Educate Together Balbriggan, Co. Dublin

The increase in commitments of €2.5 million arose mainly from additional costs €1.5 million relating to unforeseen groundworks agreed as part of a conciliation process. In addition, change orders relating to a significant number of small value items, the largest of these related to rock-breaking, provision of additional ramps, additional fire protection and revised floor finishes at a cost of €1 million were approved.

10. Portlaoise Parish School, County Laois

The increase in commitments of €3.26 million arose from change orders relating to groundworks, agreed as part of a conciliation process.

16. Michael Street National School, New Ross, Co. Wexford

The increase in commitments of €950,000 arose from change orders related to groundworks (€670,000 excluding VAT) and additional costs relating to disputed change orders (€280,000) that were agreed as part of a conciliation process.

19. Kinsale Community College, Co. Cork

The increase in commitments of €660,000 arose from change orders related to heating system, drainage, steel works etc.

20. Christian Brothers Secondary School, Thomas Street, Wexford

The increase in commitments of €2.2 million arose from additional costs (€1.56 million) relating to project delays agreed as part of a conciliation process and change orders of (€640,000 excluding VAT) related to foundation works, roofing and the provision of temporary rental accommodation.

32. Maynooth Post Primary Schools, Co. Kildare

The increase in commitments of €570,000 arose from change orders related to construction costs.

36. Stepaside Educate Together National School, Co. Dublin

The increase in commitments of €850,000 arose from change orders related to the provision of temporary accommodation during the project.

37. Tullamore College, Tullamore, Co. Offaly

The increase in commitments of €1.24 million arose from additional costs relating to design and construction costs agreed as part of a conciliation process.

Significant variations-Subhead D4

1.Technological University Grangegorman

The reduction in commitments of €24.3 million arose from the inclusion of the current estimate of VAT (€24.3 million) owed on the Grangegorman Quads PPP project in the overall commitment figure which is now reflected as part of the overall commitment figure relating to that project (see Note 2.8). The remaining total incorporates costs associated mainly with Programme 1 of the development (site-wide enabling works and public realm).

4. University of Limerick Library

The increase in commitment of €6.3 million arose from the agreement of the Department during 2018 to pay a higher proportion of the overall cost of the library than had been approved previously. The library project is part-funded by UL from its own resources.

Appendix C Information Note on Public Private Partnerships Projects (PPPs)

National Maritime College

The National Maritime College of Ireland (NMCI) PPP project was completed in October 2004. NMCI was the first third level PPP to be completed and operating in Ireland. The college provides state of the art education and training facilities to service the needs of the Cork Institute of Technology and the non-military needs of the Irish Naval Service.

Five Pilot Schools PPP

The five post primary schools in the Pilots School PPP bundle are located in Dunmanway and Ballincollig, Co. Cork; Tubbercurry, Co. Sligo; Clones, Co. Monaghan and Shannon, Co. Clare. The contract for the Five Pilot Schools PPP was signed with Jarvis Projects Ltd in November 2001. The operational phase of the schools commenced in January 2003.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed in July 2007.

1st Bundle PPP Schools

A contract for the design, build, financing and operation of the four post primary schools located in Portlaoise, Co. Laois (two schools); Banagher and Ferbane (both in Co. Offaly) was signed with Maquarie Partnerships for Ireland in March 2009. All four schools became operational in September 2010.

2nd Bundle PPP Schools

A contract for the design, build, financing and operation of five post primary schools and one primary school in Burkeen, Wicklow Town, Co. Wicklow; Athboy, Co. Meath; Kildare Town, Co. Kildare; Abbeyfeale, Co. Limerick and Bantry, Co. Cork (two schools) was signed with Maquarie Partnerships for Ireland in June 2010. These schools became operational between July 2011 and October 2011.

3rd Bundle PPP Schools

There are seven post primary schools and one primary school in the 3rd Bundle PPP Project. They are located in Ballinamore, Co. Leitrim; Letterkenny, Co. Donegal; Gorey, Co. Wexford; Doughiska, Co. Galway (2 schools); Doon, Co. Limerick; Tramore, Co. Waterford and Athlone, Co. Westmeath. The contract for the design, build, financing, operation and maintenance of the schools was signed with BAM PPP in November 2012. All eight schools became operational between November 2013 and May 2014.

4th Bundle PPP Schools

There are four post primary schools in the 4th Bundle PPP Project. They are located in Tulla, Co. Clare; Skibbereen, Co. Cork; Dundalk, Co. Louth and Carrick-on-Suir, Co. Tipperary. The contract for the design, build, financing, operation and maintenance of four post primary schools was signed with BAM PPP in December 2014. These schools became operational between March and May 2016.

5th Bundle PPP Schools

There are four post primary schools, one primary school and one further education college in the 5th Bundle PPP Project. They are located in Carlow (1 school and 1 IFE); Kells, Co. Meath; Bray Co. Wicklow (2 schools) and Wexford. The contract for the design, build, financing and maintenance of the schools was signed in July 2016 with Inspired Spaces Bundle 5 (Ireland) Ltd. Two schools in Bray and one in Wexford achieved service commencement in 2018. The school in Kells is expected to achieve service commencement in June 2019, the remaining two schools in Carlow are both at an advanced stage and are targeted to become operational for September 2019.

Grangegorman Quads PPP Project

The Grangegorman PPP Project, which comprises the Central and East Quads, will deliver significant academic infrastructure for TU Dublin at Grangegorman. The contract for the design, build, financing and maintenance of the buildings was signed in March 2018. Construction is scheduled to be completed in 2020.

Appendix D Direct funding from Vote 26 to Education and Training Boards (by subhead)

The following table lists the direct funding from Vote 26 to Education and Training Boards (ETBs) during 2018 by subhead with comparative figures for 2017.

		2018 ETB Funding amount	2017 ETB Funding amount
Programme A - First, Second and Early Years Education		**€000**	**€000**
A.3	Salaries, wages and allowances (including incidental payments) of primary teachers	27	44
A.5	Grants to Education and Training Boards in respect of ETB teachers' salaries	692,008	640,978
A.6	Salaries, wages and allowances (including incidental payments) of special needs assistants in primary and post primary schools	36,691	32,703
A.7	Salaries, wages and allowances (including incidental payments) of non-teaching staff in primary and post primary schools (excluding special needs assistants)	75,514	72,024
A.9	School transport services	632	570
A.10	Grants (including capitation) payable to primary and post primary schools, Education and Training Boards and other educational organisations and institutions	76,039	71,983
A.11	Grants to education bodies working in the primary and post primary sectors	95	10
A.12	Teacher education	1,944	1,849
A.14	Miscellaneous grants and services	6,194	5,506
Programme A Total paid to ETBs		**889,144**	**825,667**
Programme B – Skills Development			
B.9	Regional Skills FORA	—	105
		—	**105**
Programme C - Higher Education			
C.11	Student support and related expenses	371,588	380,119
Programme C Total paid to ETBs		**371,588**	**380,119**
Programme D – Capital Services			
D.3	Building, equipment and furnishing of primary and post primary schools	84,328	98,631
D.5	Public Private Partnership (PPP)	136	130
Programme D Total paid to ETBs		**84,464**	**98,761**
Grand total paid to ETBs		**1,345,196**	**1,304,652**

Note This table comprises funding provided to ETBs directly from Vote subheads. It does not include funding provided via SOLAS from either Exchequer resources or the National Training Fund.

Appropriation Account 2018

Vote 27

International Co-operation

Introduction

As Accounting Officer for Vote 27, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for certain Official Development Assistance, including certain grants, and for contributions to certain International Organisations involved in development assistance and for salaries and expenses in connection therewith.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.087 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Capital assets

The carrying value of land and buildings included in capital assets is based on a valuations conducted in 2005 as adjusted by:

- improvements to land and buildings since 2005 which are reflected at cost
- land and buildings acquired since 2005 also reflected at cost.

Depreciation

Vehicles are depreciated on a straight line basis at a rate of 20% per annum.

Buildings are not depreciated.

Foreign exchange transactions

Transactions arising on convertible currencies are translated into Euro at the rate of exchange prevailing at the date of settlement. At programme country mission level, transactions arising on non-convertible currencies are translated into Euro at the market rate of exchange prevailing at the beginning of that month.

Grant refunds

Refunds of grants which were funded out of the bilateral co-operation and humanitarian assistance fund are returned to the fund on receipt.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- An Audit Committee is in place to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place. It includes the following elements.

- There is segregation of duties and a system of delegation and accountability.
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- There are systems aimed at ensuring the security of the ICT systems.
- There are appropriate capital investment control guidelines and formal project management disciplines.
- The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with all relevant procurement guidelines. Two contracts, with a value of €179,261 have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process. The two contracts are considered non-competitive but compliant. The contracts were not tendered as one related to provision of proprietary ICT services (€142,905) and the other related to a situation where there was a single suitable supplier available (€36,356). These contracts will be reviewed by my Department's procurement team during 2019.

Significant financial risks

By its nature, development assistance carries inherent risks, which I acknowledge and seek to manage and mitigate. Robust controls are in place at head office, as outlined above, which are supplemented by additional controls in Key Partner Countries as set out below.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. A formal process is in place to follow up on the implementation of recommendations from the reports of the internal audit function.

Enhancing internal control environment

In addition to the controls in place at head office, the following controls are operated in Key Partner Countries to mitigate the risks inherent in development assistance

- Each embassy, in addition to the Ambassador, has a Head of Development with responsibility for the management of the aid programme.
- In addition to the Ambassador and Head of Development, the embassy management structure includes appropriately qualified and experienced development specialists and programme managers/advisers.
- There is a rigorous multi-annual planning and approval process for each country programme, which includes the development of a Mission Strategy which covers Ireland's political, trade and development interests in each case. Each Mission Strategy is assessed at the outset through an independent external quality assurance (EQA) process prior to approval; is subject to a mid-term review process to review progress against goals and objectives; and is assessed via a final independent evaluation in advance of the next strategy cycle.
- Robust annual business planning processes are in place at all missions including identification and assessment of risks to business plan implementation and the controls in place to manage these risks. Business plans and risk registers are developed in consultation with head office, and are monitored and updated, as necessary, on a quarterly basis. Significant mission risks are reported upward to the Risk Management Committee and Management Board in line with the Department's Risk Management Policy.
- Each embassy has a locally-based finance function, led by an appropriately qualified head of finance, who reports both to the Ambassador and to the Finance Division at head office.
- A detailed financial procedures manual is in place which sets out the procedures to be followed in respect of all administration and grant-related transactions.
- Internal auditors are in place in each embassy, who report to the Ambassador, and whose internal audit work is undertaken as part of the Department's overall internal audit strategy/work plan which is managed by the Evaluation and Audit Unit. Evaluation and Audit Unit oversees the work and ensures that it is undertaken in accordance with the internationally accepted Internal Audit Standards.

In addition, in respect of head office payments for overseas development assistance (including humanitarian, multilateral and civil society funding),robust business planning mechanisms are in place, including approval of the overall budget by the Interdepartmental Committee for Development Assistance, monitoring of expenditure by the Senior Management Group on a monthly basis, and robust pre and post disbursement grant management procedures.

Particular emphasis has been placed on the strengthening of risk management systems across the aid programme with a focus on the identification of risks and appropriate internal controls for each element of our programmes. The risk management system is designed to alert management to changes in the perceived risk profile of any aspect of the programme so that appropriate action can be taken at the earliest opportunity.

The Standard Approach to Grant Management for the aid programme was developed and approved by the Senior Management Group and implemented by the Department with effect from 1 January 2018. This standard should ensure consistency of approaches to grant management across the programme.

I am committed to ensuring that we continue to strengthen our systems of risk identification and management and to ongoing monitoring and audit to minimise the potential for the misuse of funds in the future.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department/Office and the National Shared Service Office for the provision of (e.g. HR) shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department/Office.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed by the Management Board at least four times a year. These reviews inform planning and allocation of resources to ensure risks are managed to an acceptable residual level. Evaluation and Audit Unit also carries out periodic reviews of the Department’s risk management system as part of its multi-annual internal audit plan.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review of internal controls

Formal procedures have been established for monitoring control processes, and control deficiencies are communicated to those responsible for taking corrective action - and to management and the Management Board - in a timely way. I confirm that key risks and related controls have been identified and processes are in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness of internal controls

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Niall Burgess
Accounting Officer
International Co-operation

26 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 27 International Co-operation

Opinion on the appropriation account

I have audited the appropriation account for Vote 27 International Co-operation for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 27 International Co-operation for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Foreign Affairs and Trade and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Provision of humanitarian assistance

Chapter 8 of my report on the accounts of the public services for 2018 deals with controls over humanitarian assistance funding.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 27 International Co-operation

Appropriation Account 2018

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Work on poverty and hunger reduction			
	Original	500,126		
	Supplementary	15,350		
		515,476	514,459	484,280
	Gross expenditure			
	Original	500,126		
	Supplementary	15,350		
		515,476	514,459	484,280
	Deduct			
B	**Appropriations-in-aid**	**1,170**	**1,240**	**1,340**
	Net expenditure			
	Original	498,956		
	Supplementary	15,350		
		514,306	**513,219**	**482,940**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	1,087,489	2,554,142

Niall Burgess
Accounting Officer
International Co-operation

26 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		486,524	458,314
Pay		15,597	13,857
Non pay		12,338	12,109
Gross expenditure		**514,459**	**484,280**
Deduct			
Appropriations-in-aid		**1,240**	**1,340**
Net expenditure		**513,219**	**482,940**
Changes in capital assets			
Purchases cash	(830)		
Disposals cash	61		
Gain on disposals	(57)		
Depreciation	468		
		(358)	(282)
Changes in net current assets			
Decrease in closing accruals	(4)		
Decrease in stock	29		
		25	1,989
Direct Expenditure		**512,886**	**484,647**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		19	—
Net programme cost		**512,905**	**484,647**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up for the following amounts in relation to Vote 27 borne elsewhere.

	2018	2017
	€000	€000
Vote 18 National Shared Services Office	19	—

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	11,639	11,281
Current assets			
Stocks		32	61
Prepayments		1,347	1,282
Other debit balances		183	120
Net Exchequer funding due	2.5	8,195	(892)
Total current assets		9,757	571
Less current liabilities			
Bank and cash	2.3	1,464	(5,729)
Accrued expenses		263	202
Other credit balances	2.4	298	244
Bilateral and other co-operation fund (grant) account	7	6,616	4,713
Total current liabilities		8,641	(570)
Net current assets		1,116	1,141
Net assets		**12,755**	**12,422**
Represented by:			
State funding account	2.1	**12,755**	**12,422**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			12,422	11,774
Disbursements from the Vote				
Estimate provision	Account	514,306		
Surplus to be surrendered	Account	(1,087)		
Net vote			513,219	482,940
Expenditure borne elsewhere	1		19	—
Assets transferred from Vote 28			—	2,982
Fixed asset adjustment			—	(627)
Net programme cost	1		(512,905)	(484,647)
Balance at 31 December			**12,755**	**12,422**

2.2 Capital assets

	Land and buildings	Equipment	Furniture and fittings	Vehicles	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	10,446	1,577	813	2,679	15,515
Additions	41	107	6	676	830
Disposals	—	(157)	(47)	(386)	(590)
Cost or valuation at 31 December 2018	10,487	1,527	772	2,969	15,755
Accumulated depreciation					
Opening balance at 1 January 2018	—	1,326	723	2,185	4,234
Depreciation for the year	—	113	21	334	468
Depreciation on disposals	—	(156)	(44)	(386)	(586)
Cumulative depreciation at 31 December 2018	—	1,283	700	2,133	4,116
Net assets at 31 December 2018	**10,487**	**244**	**72**	**836**	**11,639**
Net assets at 31 December 2017	10,446	251	90	494	11,281

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	(1,780)	5,242
Commercial bank account balances [a]	316	487
	(1,464)	**5,729**

Note [a] In addition, mission bank balances amounting to €1.2 million are held in bank accounts controlled by Irish embassies and Irish Aid offices in nine countries.

2.4 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	105	54
Value Added Tax	1	1
	106	55
Other credit balances	192	189
	298	**244**

2.5 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,087	2,554
Exchequer grant undrawn	(9,282)	(1,662)
Net Exchequer funding due	**(8,195)**	**892**
Represented by:		
Debtors		
Debit balances: suspense	183	120
Creditors		
Bank and cash	(1,464)	5,729
Due to State	(106)	(55)
Credit balances: suspense	(192)	(189)
Bilateral and other co-operation fund (grant) account	(6,616)	(4,713)
	(8,378)	772
	(8,195)	**892**

2.6 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services, including rental commitments	3,886	2,640 [a]

Note [a] Previously, rental commitments were those payable one year ahead. Now, all commitments are included, the comparative figure has been restated, on the same basis as the current year, to include total amounts payable under legally enforceable contracts.

Note 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances		16,261	15,597	13,857
ii	Travel and subsistence		1,700	1,857	1,651
iii	Training and development and incidental expenses		1,800	1,990	1,644
iv	Postal and telecommunications services		1,550	1,166	1,148
v	Office equipment and external IT services		1,420	1,140	1,217
vi	Office premises expenses				
	Original	6,430			
	Supplementary	(1,650)			
			4,780	4,105	4,423
vii	Consultancy services and value for money and policy reviews		500	123	208
viii	Promotional support and accommodation		1,800	1,957	1,818
			29,811	**27,935**	**25,966**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €16.261 million, outturn: €15.597 million

The underspend of €664,000 on expenditure on salaries, wages and allowances was due to delays in filling vacancies as a result of the time required to complete a comprehensive recruitment process.

iv *Postal and telecommunications services*

Estimate provision: €1.55 million, outturn: €1.166 million

The underspend of €384,000 on postal and telecommunications services was due to savings achieved on satellite and communications costs.

vi *Office premises expenses*

Estimate provision: €6.43 million, outturn: €4.105 million

The underspend of €2.325 million on office premises expenses was due to a delay in commencing capital development works and the shortfall in expenditure was used to reduce the supplementary allocation required on Programme A.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €500,000, outturn: €123,000

The underspend of €377,000 on consultancy services and value for money and policy reviews was due to requirements for general consultancy services being lower than anticipated.

Programme A Work on poverty and hunger reduction

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration - pay		16,261	15,597	13,857
A.2	Administration - non pay				
	Original	15,200			
	Supplementary	(1,650)			
			13,550	12,338	12,109
A.3	Bilateral co-operation and humanitarian assistance				
	Original	374,442			
	Supplementary	10,200			
			384,642	384,642	367,854
A.4	Contributions to international funds for the benefit of developing countries				
	Original	57,271			
	Supplementary	3,500			
			60,771	60,757	53,200
A.5	Contributions to United Nations and other development agencies				
	Original	36,952			
	Supplementary	3,300			
			40,252	41,125	37,260
			515,476	**514,459**	**484,280**

Significant variations

Overall the expenditure in relation to Programme A was €14.333 million higher than (originally) provided. A supplementary estimate of €15.35 million was provided to facilitate the delivery of the Government's ODA/GNI % target for the year. The variation of €3.526 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following.

A.4 Contributions to international funds for the benefit of developing countries

Estimate provision: €57.271 million, outturn: €60.757 million

The supplementary allocation of €3.5 million was provided to support the EU Trust Funds, which includes payments to the Turkey Refugee Facility.

A.5 Contributions to United Nations and other development agencies

Estimate provision: €36.952 million, outturn €41.125 million

The supplementary allocation of €3.3 million to UN Organisations was provided to support key priorities supporting humanitarian, gender equality and children's rights.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	
		€000	€000	€000
1.	Appropriations-in-aid	450	659	846
2.	Receipts from pension-related deduction on public service remuneration	720	581	494
	Total	**1,170**	**1,240**	**1,340**

Significant variations

Overall, appropriations-in-aid were €70,000 more than the estimate were as forecast.

Explanations for variances are set out below:

1 Appropriations-in-aid

Estimate provision: €450,000, outturn: €659,000

The increase of €209,000 was due to higher than anticipated passport/consular fees which are demand driven, and VAT refunds in embassies overseas.

2 Receipts from pension-related deduction on public service remuneration

Estimate provision: €720,000, outturn: €581,000

The shortfall of €139,000 was due to the lower than anticipated pay cost due to the delays in filling staff vacancies.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	249	229

5.2 Pay

	2018 €000	2017 €000
Pay	14,126	12,592
Higher, special or additional duties allowance	21	28
Other allowances	24	22
Overtime	42	38
Employer's PRSI	1,004	846
Foreign social security and other costs	380	331
Total pay	**15,597**	**13,857**

Note In addition, security staff costs in the missions are charged to security costs under incidental expenses.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	2	1	19,568	10,941
Other allowances	8	—	6,997	5,004
Overtime	5	2	11,286	12,191
Extra remuneration in more than one category	2	2	15,522	17,195

5.4 Other remuneration

Two retired civil servants in receipt of civil service pensions were re-engaged, on a fee basis, at a total cost of €12,200.

5.5 Payroll overpayments

Overpayments at the year end were €39,421 in respect of 25 individuals (2017: €Nil,0 cases). Of this, €19,849 have recovery plans in place in respect of 14 individuals

5.6 Redundancy and severance

During 2018, one staff member whose employment was terminated, was paid a severance payment totalling €6,046.

Note 6 Miscellaneous Items

6.1 Contributions to United Nations and other development agencies (A.5)

	2018 €000	2017 €000
United Nations Development Programme (UNDP)	7,750	7,750
United Nations Children's Fund (UNICEF)	8,200	7,200
United Nations High Commissioner for Refugees (UNHCR)	7,500	7,500
United Nations Population Fund	3,500	3,300
Office of the United Nations High Commissioner for Human Rights	2,300	2,138
UNAIDS	2,400	2,400
United Nations Development Fund for Women (UNIFEM)	1,500	1,500
UN General Trust Fund	2,480	50
UN Industrial Development Organisation	372	471
UN Relief and Works Agency for Palestine Refugees in the Near East (UNWRA)	4,000	4,000
United Nations Environment Programme Trust Fund (UNEP)	343	247
United Nations volunteers	500	500
Others - various	280	204
	41,125	**37,260**

Note 7 Bilateral and other co-operation fund (grant) account

Account of receipts and payments during the year ended 31 December 2018

	2018 €000	2017 €000
Balance on 1 January	4,713	9,570
Grant	384,642	367,854
Amounts recovered during the year	2,075	1,905
Expenditure for the year	(384,814)	(374,616)
Balance on 31 December	**6,616**	**4,713**

Note In addition, at 31 December 2018, unspent balances totalling €1.2 million (2017: €1.4 million) were held in bank accounts controlled by Irish embassies and Irish Aid offices in nine countries.

Appropriation Account 2018

Vote 28

Foreign Affairs and Trade

Introduction

As Accounting Officer for Vote 28, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Foreign Affairs and Trade, and for certain services administered by that Office, including grants and contributions to international organisations.

The expenditure outturn is compared with the sum granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €30.517 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and Notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Capital assets

The carrying value of land and buildings included in capital assets are based on a valuations conducted in 2005 as adjusted by

- improvements to land and buildings since 2005 which are reflected at cost
- land and buildings acquired since 2005 are also reflected at cost
- three mission properties are included on the basis of valuations conducted in 2011.

Depreciation

Vehicles are depreciated on straight line basis at a rate of 20% per annum.

Foreign exchange transactions

Transactions arising in foreign currencies are translated into Euro at the market rate of exchange prevailing at the beginning of each month. Foreign exchange transactions completed by Headquarters are recorded at the rate at date of settlement of the transaction.

Accruals, prepayments, commitments and stocks at diplomatic missions

Accruals, prepayments, commitments and stocks do not include amounts in respect of the Department’s diplomatic missions other than those relating to property rental.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties, a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with all relevant procurement guidelines. Twenty-four contracts, with a value of €5,294,483, have been included in the circular 40/02 return as they exceed the reporting threshold of €25,000 and were awarded (inter alia) without a competitive process, as follows

- Ten contracts with a value of €2,343,299 are considered non-competitive and non-compliant. These contracts were extended beyond the original contract date without a new competitive process.
- Fourteen contracts with a value of €2,951,184 are considered non-competitive but compliant. These contracts were not tendered as nine related to provision of proprietary ICT services (€2,549,459) and five related to situations where there was a single suitable supplier available (€401,725). These contracts will be reviewed by my Department's procurement team during 2019.

Capital assets

Over recent audits the Office of the Comptroller and Auditor General has commented on weaknesses in the Department's fixed asset register. The Department initiated and completed a review of its fixed asset registers during 2018 and four mission fixed asset registers were reviewed and updated. This review focused on the quality of the information maintained in the fixed asset register, the elimination of fully depreciated assets no longer in use, the removal of items incorrectly classified as fixed assets and reconciling the registers to the Department's trial balance. This review resulted in fully depreciated equipment, furniture and fittings assets, with an original cost of €2.4 million, being disposed of during 2018. This is reflected in disposals in Note 2.2.

During 2019 a full review of all the Department's remaining fixed asset registers commenced. This review is using the lessons learned from the 2018 review to update and enhance the information recorded in the fixed asset registers. It is intended to complete this full review during 2019 and reflect any adjustments in the 2019 appropriation account.

There are fully depreciated assets, with an original cost of €61.5 million, recognised in the statement of financial position that are not recorded in the asset register as they had a nil net book value when the fixed asset register was first established (see Note 2.2). These fully depreciated assets are included in this 2019 review of the fixed asset registers and may result in their removal from the statement of financial position or being added to a fixed asset register to facilitate tracking in the future.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plan, approved by me, is based on this analysis. The annual plans aims to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. A formal process is in place to follow up on the implementation of recommendations from the reports of the internal audit function.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreement between this Department and the National Shared Service Office for the provision of payroll and human resource functions.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed by the Management Board at least four times a year. These reviews inform planning and allocation of resources to ensure risks are managed to an acceptable residual level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff. Evaluation and Audit Unit also carries out periodic reviews of the Department's risk management system as part of its multi-annual internal audit plan.

Ongoing monitoring and review of internal controls

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated in a timely manner to those responsible for taking corrective action and to management and the Management Board. I confirm that key risks and related controls have been identified and processes are in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial controls were identified in relation to 2018 that resulted in, or may result in, a material loss.

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

20 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 28 Foreign Affairs and Trade

Opinion on the appropriation account

I have audited the appropriation account for Vote 28 Foreign Affairs and Trade for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 28 Foreign Affairs and Trade for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Foreign Affairs and Trade and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 28 Foreign Affairs and Trade

Appropriation Account 2018

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	To serve our people at home and abroad and to promote reconciliation and co-operation ("Our People")	78,883	77,998	70,568
B	Protect and advance our values and interests in Europe ("Our Place in Europe")	27,346	26,556	22,657
C	To work for a more just, secure and sustainable world ("Our Values")	51,598	42,515	48,862
D	Promote our economic interests internationally ("Our Prosperity")	34,139	32,657	30,934
E	Strengthen our capacity to deliver our goals ("Our Influence")	46,175	48,340	49,237
	Gross expenditure	**238,141**	**228,066**	**222,258**
	Deduct			
F	**Appropriations-in-aid**	**45,243**	**65,685**	**63,222**
	Net expenditure	**192,898**	**162,381**	**159,036**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**30,517,006**	**24,490,495**

Niall Burgess
Accounting Officer
Department of Foreign Affairs and Trade

20 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		51,956	55,513
Pay		91,420	85,834
Non pay		84,690	80,911
Gross expenditure		**228,066**	**222,258**
Deduct			
Appropriations-in-aid		**65,685**	**63,222**
Net expenditure		**162,381**	**159,036**
Changes in capital assets			
Purchases cash	(9,493)		
Disposal cash	57		
Profit on disposal	(47)		
Depreciation	4,469		
		(5,014)	(5,358)
Changes in net current assets			
Increase in closing accruals	984		
Decrease in closing prepayments	5,635		
Increase in stock	(544)		
		6,075	(442)
Direct expenditure		**163,442**	**153,236**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,105	20,671
Notional rents		2,851	2,422
Net programme cost		**187,398**	**176,329**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 28 borne elsewhere, net of costs of services provided to other Votes.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	60	60
Vote 12 Superannuation and Retired Allowances	15,366	15,400
Vote 13 Office of Public Works	5,227	5,299
Vote 18 National Shared Services Office	121	179
Vote 20 An Garda Síochána	213	15
Central Fund – Ministerial Pensions	371	385
	21,358	21,338
Cost of services provided to other Votes	(253)	(667)
	21,105	**20,671**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	168,505	163,491
Current assets			
Stocks	2.4	8,438	7,894
Prepayments	2.5	5,909	11,544
Other debit balances	2.6	5,387	5,303
Net Exchequer funding	2.8	2,571	(4,801)
Total current assets		22,305	19,940
Less current liabilities			
Bank and cash	2.3	4,649	(3,486)
Accrued expenses		2,254	1,270
Other credit balances	2.7	3,309	3,988
Total current liabilities		10,212	1,772
Net current assets		12,093	18,168
Net assets		**180,598**	**181,659**
Represented by:			
State funding account	2.1	**180,598**	**181,659**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			**181,659**	**184,587**
Disbursements from the Vote				
Estimate provision	Account	192,898		
Surplus to be surrendered	Account	(30,517)		
Net vote			162,381	159,037
Expenditure (cash) borne elsewhere	1		21,105	20,671
Non cash expenditure – notional rent	1		2,851	2,422
Net assets transferred to Vote 27			—	(2,982)
Net assets adjusted			—	(5,747)
Net programme cost	1		(187,398)	(176,329)
Balance at 31 December			**180,598**	**181,659**

2.2 Capital assets

	Land and buildings	Motor vehicles	Furniture and fittings	Office equipment	Assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets [a]						
Cost or valuation at 1 January 2018	155,610	2,694	47,645	73,240	—	279,189
Additions	3,683	497	80	3,741	1,492[b]	9,493
Disposals	—	(269)	(2,291)[c]	(91)[c]	—	(2,651)
Cost or valuation at 31 December 2018	159,293	2,922	45,434	76,890	1,492	286,031
Accumulated depreciation						
Opening balance at 1 Jan 2018 [a]	—	2,011	46,653	67,033	—	115,697
Depreciation for the year	—	397	420	3,652	—	4,469
Depreciation on disposals	—	(258)	(2,291)[c]	(91)[c]	—	(2,640)
Cumulative depreciation at 31 December 2018	—	2,150	44,782	70,594	—	117,526
Net assets at 31 December 2018	**159,293**	**772**	**652**	**6,296**	**1,492**	**168,505**
Net assets at 31 December 2017	155,610	683	991	6,207	—	163,491

Notes

[a] Included in capital assets are fully depreciated assets with a historical cost of €61.476 million which were not included in the fixed asset register as they had no book value when the fixed asset register was established. These assets are fully depreciated and are included in the accumulated depreciation figure. A project is being undertaken in 2019 to assess this historic asset listing and include assets still in use in the fixed asset register.

[b] Assets under development includes assets for the Passport Service Reform Programme which is currently in progress. These assets represent projects that were not complete at 31 December 2018.

[c] In 2018, four mission fixed asset registers were reviewed and updated. Fully depreciated office equipment and furniture and fittings assets, with an original cost of €2.382 million, were included in disposals in 2018.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	(13,153)	(4,099)
Commercial bank accounts	1,205	946
Mission bank balances and cash	7,299	6,639
	(4,649)	**3,486**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Passport books and cards	8,250	7,709
Protocol stocks	55	67
Stationery	73	52
Prepaid postage	5	3
IT consumables	55	63
	8,438	**7,894**

2.5 Prepayments

at 31 December	2018	2017
	€000	€000
Mission rents	1,309	1,798
Contributions to international organisations	2,946	7,992
Other prepayments	1,654	1,754
	5,909	**11,544**

2.6 Other debit balances

at 31 December	2018	2017
	€000	€000
Departmental and agency accounts	3,674	3,414
Imprest and personal suspense accounts	1,023	1,060
Salary advance accounts	11	77
Sundry[a]	679	752
	5,387	**5,303**

Note [a] Sundry debtors include payroll control accounts of €526,000; honorary consul debtors of €143,000; and other balances of €10,000.

2.7 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	905	1,187
Pay Related Social Insurance	596	713
Universal Social Charge	199	276
Local Property Tax	7	11
Value Added Tax	84	55
Professional Services Withholding Tax	70	59
	1,861	2,301
Sundry creditors[a]	1,448	1,687
	3,309	**3,988**

Note [a] Sundry creditors include amounts due to other Government departments of €1.212 million and suspense accounts of €236,000.

2.8 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	30,517	24,490
Exchequer grant undrawn	(33,088)	(19,689)
Net Exchequer funding	**(2,571)**	**4,801**
Represented by:		
Debtors		
Other debit balances	5,387	5,303
Creditors		
Bank and cash	(4,649)	3,486
Due to State	(1,861)	(2,301)
Other credit balances	(1,448)	(1,687)
	(7,958)	(502)
	(2,571)	**4,801**

2.9 Commitments

at 31 December	2018	2017
	€000	€000
The amount is analysed as follows		
Equipment and other administrative costs	683	1,590
Lease commitments [a]	55,710	13,554
Total commitments	**56,393**	**15,144**

Commitments include those amounts for which the Department may be legally liable in 2019 and subsequent years under binding enforceable contracts and relate to property rental payments abroad and commitments to purchase equipment.

Note [a] Property lease commitments are offset by prepayments. Prepaid rents amounted to €1.309 million (2017: €1.795 million) which is included in the prepayments figure of €5.909 million (Note 2.5).

Lease commitments at 31 December 2018 reflect total future commitments under legally binding lease agreements. In prior years only the first year of lease commitments was disclosed.

Note 3 Vote Expenditure

Analysis of administration expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	92,563	91,420	85,834
ii	Travel and subsistence	6,594	7,123	5,988
iii	Training and development and incidental expenses	4,148	5,222	5,792
iv	Postal and telecommunications services	5,786	5,938	5,796
v	Office equipment and external IT services	29,528	25,995	20,833
vi	Office premises expenses	26,819	30,051	32,514
vii	Consultancy services and value for money and policy reviews	100	53	3
viii	Promotional support and accommodation	10,297	10,309	9,985
		175,835	**176,111**	**166,745**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- 100,000).

i *Salaries, wages and allowances*

Estimate provision: €92.563 million, outturn: €91.42 million

The underspend of €1.143 million on salaries, wages and allowances was mainly due to a lower than estimated pay bill due to the recruitment of additional and replacement staff not proceeding as planned.

ii *Travel and subsistence*

Estimate provision: €6.594 million, outturn: €7.123 million

The additional €529,000 on expenditure was due to a significant increase in travel by Departmental staff and Ministers arising out of the Brexit negotiations, increased worldwide engagements and active engagement with our EU partners in relation to Brexit and the future of Europe.

iii *Training and development and incidental expenses*

Estimate provision: €4.148 million, outturn: €5.222 million

The additional €1.074 million was mainly due to a general higher level of expenditure across a number of areas including training, bank charges, foreign exchange losses and state / official entertainment due to a higher level of official visits.

iv *Postal and telecommunications services*

Estimate provision: €5.786 million, outturn: €5.938 million

The additional €152,000 on expenditure was mainly due to the increase in passport application numbers resulting in a related increase in postage costs.

v *Office equipment and external IT services*

Estimate provision: €29.528 million, outturn: €25.995 million

The underspend of €3.533 million was due to savings on stationery relating to passport application forms (€1.3 million) and savings on the rollout of ICT projects (€1.5 million) and (€700,000) due to delays in the procurement process on the passport office reform project

vi *Office premises expenses*

Estimate provision: €26.819 million, outturn: €30.051 million

€2 million of this additional spend related to additional capital expenditure over the original allocation on the purchase by the Department of a premises in Washington DC to allow for the expansion of this strategically important embassy. The balance of the additional expenditure of €1.1 million relates to a general increase in building operation costs and maintenance costs across the Department's global property portfolio.

Programme A - Our people

		2018 Estimate Provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration – pay	24,463	24,161	23,266
A.2	Administration – non pay	36,497	38,069	31,704
A.3	Fulbright Commission	254	434	254
A.4	Emergency consular assistance	79	13	17
A.5	Support for Irish emigrant services	11,595	11,772	12,039
A.6	North-South and Anglo-Irish Co-Operation	2,745	3,097	2,719
A.7	International Fund for Ireland	2,650	150	150
A.8	Diaspora affairs	600	302	419
		78,883	**77,998**	**70,568**

Significant Variations

Overall, the expenditure in relation to Programme A was €885,000 lower than provided. The variation of €1.27 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following:

A.3 Fulbright Commission

Estimate provision: €254,000, outturn: €434,000

It was decided to increase the contribution to the Fulbright Commission by €180,000. This was matched by joint funding by another donor.

A.6 North-South and Anglo-Irish Co-operation

Estimate provision: €2.745 million, outturn: €3.097 million

Additional grants of €352,000 were made available under the Peace and Reconciliation Fund to meet increased funding demand under the scheme.

A.7 International Fund for Ireland

Estimate provision: €2.65 million, outturn: €150,000

The underspend of €2.50 million was due to the operating environment of the International Fund for Ireland not requiring the disbursement of the grant for programme expenditure for 2018.

A.8 Diaspora affairs

Estimate provision: €600,000, outturn: €302,000

Approval was given to vire savings of €298,000 from this subhead to fund increased demand for funding under the support for Irish emigrant services (A.5).

Programme B Our place in Europe

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	
B.1	Administration - pay	21,269	21,006	17,620
B.2	Administration - non pay	4,734	4,154	4,309
B.3	Actions consequent on Title V of the Treaty of European Union	418	522	416
B.4	EU engagement	925	874	312
		27,346	**26,556**	**22,657**

Significant variations

Overall, the expenditure in relation to Programme B was €790,000 lower than provided. Administration expenditure was €843,000 less than provided and has already been explained. This was offset by an increase in spending on subhead B3.

B.3 Actions consequent on Title V of the Treaty of European Union

Estimate provision: €418,000, outturn: €522,000

Additional grants of €104,000 were made available under this scheme to meet increased funding demand in 2018.

Programme C Our values

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
C.1	Administration – pay	11,523	11,381	11,426
C.2	Administration – non pay	5,081	4,458	4,847
C.3	Contributions to international organisations	34,994	26,676	32,589
		51,598	**42,515**	**48,862**

Significant variations

Overall, the expenditure in relation to Programme C was €9.083 million lower than originally provided. Administration expenditure was €765,000 less then provided and has already been explained. The balance was due to the following:

C.3 Contributions to international organisations

Estimate provision: €34.994 million, outturn: €26.676 million

The shortfall in expenditure of €8.318 million relative to the estimate provision was due to Ireland's contribution to the UN being lower than anticipated. Ireland's UN contributions are difficult to estimate accurately at budget setting time.

Programme D Our prosperity

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration – pay	18,786	18,554	17,140
D.2	Administration – non pay	7,809	6,852	7,557
D.3	Promoting Ireland	4,315	3,995	3,298
D.4	Contributions to national and international organisations	3,229	3,256	2,939
		34,139	**32,657**	**30,934**

Significant variations

Overall, the expenditure in relation to Programme D was €1.482 million lower than originally provided. The variation of €1.189 million in administration expenditure has already been explained. The balance of the variance was mainly due to the following:

D.3 Promoting Ireland

Estimate provision: €4.315 million, outturn: €3.995 million

The underspend of €320,000 relative to the estimate provision was due to lower than anticipated expenditure on promotional events across the mission network.

Programme E Our influence

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E.1	Administration - pay	16,522	16,318	16,382
E.2	Administration - non pay	29,151	31,158	32,494
E.3	Information services	502	864	361
		46,175	**48,340**	**49,237**

Significant variations

Overall, the expenditure in relation to Programme E was €2.165 million higher than originally provided. The variation of €1.803 million in administration expenditure has already been explained. The balance of the variance was due to the following:

E.3 Information services

Estimate provision: €502,000, outturn: €864,000

The overspend of €362,000 relative to the estimate provision was due to higher than anticipated expenditure on information services in relation to the 'Brexit Preparedness' campaign undertaken in the last quarter of 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Passport, visa and other consular services	41,020	61,699	59,858
2	Repayment of repatriation and maintenance advances	30	—	14
3	VAT refunds to diplomatic missions	750	834	842
4	Miscellaneous	500	619	214
5	Receipts from pension-related deduction on public service remuneration	2,943	2,533	2,294
	Total	**45,243**	**65,685**	**63,222**

Significant variations

Overall, appropriations-in-aid were €20.442 million more than the estimate.

Explanations for variances are set out below:

1 *Passport, visa and other consular services*

Estimate provision: €41.02 million, outturn: €61.699 million

Income was ahead by €20.679 million due to the significant increase in the volume of passport applications. As the passport service is a demand-led service it is difficult to project with certainty the level of applications that will be received in any given year.

4 *Miscellaneous*

Estimate provision: €500,000, outturn: €619,000

This relates to a range of receipts received by the Department including refund of security deposits on rented properties, payroll overpayment refunds, refunds from other Government departments/offices and other miscellaneous items. It is difficult to project with certainty the level of these receipts in any given year.

5 *Receipts from pension-related deduction on public service remuneration*

Estimate provision €2.943 million, outturn: €2.533 million

The shortfall of €410,000 arose as receipts were less than anticipated due to an underspend in payroll expenditure leading to fewer receipts from pension related deductions.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	1,546	1,403

5.2 Pay

	2018 €000	2017 €000
Pay	82,434	77,708
Redundancy and severance	52	96
Higher, special or additional duties allowance	149	154
Other allowances	182	172
Overtime	1,003	881
Employer's PRSI	4,510	3,936
Foreign Social Security/Health Insurance (Missions)	3,090	2,887
Total Pay	**91,420**	**85,834**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	37	4	23,318	31,642
Other allowances	109	1	10,181	15,195
Overtime	393	19	31,870	26,492
Extra remuneration in more than one category	65	19	34,236	31,917

5.4 Other remuneration arrangements

Payments totalling €7,421 (2017: €26,292) were paid to two (2017: 11) retired civil servants whose services were retained on specialised tasks.

5.5 Payroll overpayments

Overpayments recorded by the NSSO at the year-end were €255,567 in respect of 215 individuals (2017: €168,077; 127 individuals).

Collection of overpayments

Overpayments at the year-end comprised of the following

- 123 individuals had outstanding overpayments with recovery plans in place at end of year.
- 92 individuals had overpayments with no recovery plan at end of year.

5.6 Redundancy and severance

Severance payments amounting to €Nil (2017: €50,668) were paid to Nil (2017: two) locally employed staff at embassies abroad.

Severance payments amounting to €51,890 (2017: €45,436) were paid to two (2017: four) former Ministerial staff. No early payment of pension, additional added years of notional service, or any other enhancement to the accrued pension terms has been granted.

Note 6 Miscellaneous

6.1 Compensation and legal costs

Legal costs paid during the year are categorised as follows:

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department	2	38	—	31	69	89
Claims by members of the public	5	2	28	2	32	12
		40	**28**	**33**	**101**	**101**

6.2 Historical adjustment and write off

The following legacy suspense account balances were written off in the year, following receipt of sanction from the Department of Public Expenditure and Reform.

	2018	2017
	€	€
Suspense account balances	8,912	—
Amounts owed by honorary consuls	36,959	—
	45,871	—

Appendix A Accounts of Bodies and Funds under the Aegis of the Department of Foreign Affairs and Trade

There is one body operating under the aegis of the Department in respect of which there is an obligation to present the accounts to the Houses of the Oireachtas. This is the Ireland – United States Commission for Educational Exchange (Fulbright Commission).

The Commission's latest set of accounts relate to the year ending 30 September 2018. The audit of those accounts was completed on 22 February 2019. The audited accounts and audit report were received by the Department on 26 February 2019 and were presented to the Houses of the Oireachtas on 13 March 2019.

The Department provides an annual grant to the Fulbright Commission, which is financed jointly by the Irish and US Governments and supports study, research, teaching and other educational activities between Ireland and the United States.

Appropriation Account 2018

Vote 29

Communications, Climate Action and Environment

Introduction

As Accounting Officer for Vote 29, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Communications, Climate Action and Environment, including certain services administered by that Office and for payment of certain grants.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €19.015 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account, except for the following:

Depreciation

Motor vehicles are depreciated over five years at 20% per annum. Certain bespoke ICT systems and specialist seabed survey equipment assets are depreciated over ten years at 10% per annum, while all other office/IT equipment is depreciated over five years at 20% per annum.

Capital assets

Land and buildings which are vested in the Minister but are controlled or managed by an outside body are not included as assets of the Department. A schedule of these land and buildings is listed in Appendix A.

Major capital projects and grant programme commitments

Details of all major capital projects, non-capital and capital grant programmes where the value of the project or programme exceeds €10 million are separately disclosed in note 2.8.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial control is a continuous process and the system and its effectiveness are kept under ongoing review.

Payroll and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Services Centres.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Services Office for the provision of human resources and payroll shared services. I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability. This includes the following elements;

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Department.
- there are systems aimed at ensuring the security of the ICT systems.
- there are appropriate capital investment control guidelines and formal project management disciplines.

Procurement

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In 2018, the Department complied with the guidelines with the exception of five contracts to the value of €8,820,592 (excluding VAT), which were non-compliant with procurement rules as they extended beyond the period permitted under the terms of the original contracts.

- Four contracts (€3,570,592 excluding VAT) relating to expert advisory services for the National Broadband Plan, were extended, following legal advise, beyond the original contract term (at existing terms and rates agreed when the contracts were originally awarded in 2014) without competitive procurement. Having regard to the complexity of the procurement process for this major national infrastructure project, continuity of expertise was critical in the period to contract award; the experience accrued by the incumbent advisors would also have made it very difficult for any other party to compete at that point in the NBP procurement process.

- One concession agreement (€5,250,000 excluding VAT (€1,750,000 of which relates to 2018)) relating to the management and operation of the National Digital Research Centre was extended beyond the original contract term without competitive procurement, to ensure continuity of services pending completion of a formal procurement process

  Three further contracts were awarded without competitive tendering processes:
  - One contract €100,000 excluding VAT) for additional services to an existing contractor for ongoing legal services
  - One contract (€100,000 excluding VAT) relating to urgent specialist technical expertise due to public safety concerns, and
  - One contract (€68,293 excluding VAT) for the supply of security-sensitive IT equipment for the National Cyber Security Centre.

Of the €9,088,885 (excluding VAT) committed in respect of the foregoing non-competitive procurements, an amount of €1,939,356 (excluding VAT) was paid in 2018, with a balance of €7,149,529 (excluding VAT) being carried into 2019.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, jointly approved by me and the Audit Committee, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I am satisfied that procedures are in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a bi-annual basis, while risks relating to key projects are subject to ongoing review. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that require disclosure in the Appropriation Account.

Mark Griffin
Accounting Officer
Department of Communications, Climate Action and Environment

19 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 29 Communications, Climate Action and Environment

Opinion on the appropriation account

I have audited the appropriation account for Vote 29 Communications, Climate Action and Environment for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 29 Communications, Climate Action and Environment for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Communications, Climate Action and Environment and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Greenhouse gas related financial transactions

Chapter 9 of my report on the accounts of the public services for 2018 presents an overview of financial transactions related to Ireland's greenhouse gas emissions, the European Emissions Trading System, climate action targets and carbon taxes.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 29 Communications, Climate Action and Environment

Appropriation Account 2018

			2018	2017
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Communications				
Current year provision	40,032			
Deferred surrender	1,000			
		41,032	27,515	31,483
B Broadcasting		255,100	253,105	254,289
C Energy		161,052	153,297	111,402
D Natural resources				
Current year provision	26,469			
Deferred surrender	200			
		26,669	20,794	24,785
E Inland fisheries				
Current year provision	33,201			
Deferred surrender	1,200			
		34,401	34,198	30,318
F Environment and waste management				
Current year provision	65,084			
Deferred surrender	3,600			
		68,684	63,456	50,639
Gross expenditure				
Current year provision	580,938			
Deferred surrender	6,000			
		586,938	**552,365**	**502,916**
Deduct				
G **Appropriations-in-aid**		**237,855**	**237,297**	**232,412**
Net expenditure				
Current year provision	343,083			
Deferred surrender	6,000			
		349,083	**315,068**	**270,504**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €15 million of unspent 2018 capital allocations was carried forward to 2019.

	2018	2017
	€	€
Surplus	34,014,630	32,259,657
Deferred surrender	(15,000,000)	(6,000,000)
Surplus to be surrendered	**19,014,630**	**26,259,657**

Mark Griffin
Accounting Officer
Department of Communications, Climate Action and Environment

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		521,188	475,795
Pay		23,503	20,510
Non pay		7,674	6,611
Gross expenditure		**552,365**	**502,916**
Deduct			
Appropriations-in-aid		**237,297**	**232,412**
Net expenditure		**315,068**	**270,504**
Changes in capital assets			
Purchases cash	(1,007)		
Depreciation	1,100		
		93	(417)
Changes in net current assets			
Decrease in closing accruals	(575)		
Decrease in stock	73		
		(502)	(498)
Direct expenditure		**314,659**	**269,589**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		15,558	15,584
Notional rents		1,530	1,466
Net programme cost		**331,747**	**286,639**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 29 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	56	45
Vote 12 Superannuation and Retired Allowances	11,500	10,791
Vote 13 Office of Public Works	3,907	4,648
Vote 18 National Shared Services Office	38	41
Central Fund - Ministerial pensions	57	59
	15,558	**15,584**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	2,439	2,532
Current assets			
Bank and cash	2.3	30,414	10,939
Stocks	2.4	261	334
Prepayments		600	424
Accrued income		560	799
Other debit balances	2.5	122	356
Total current assets		31,957	12,852
Less current liabilities			
Accrued expenses		575	1,213
Other credit balances	2.6	4,824	4,005
Net Exchequer funding due	2.7	25,712	7,290
Deferred income		101	101
Total current liabilities		31,212	12,609
Net current assets		745	243
Net assets		**3,184**	**2,775**
Represented by:			
State funding account	2.1	**3,184**	**2,775**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			2,775	2,822
Disbursements from the Vote				
Estimate provision	Account	349,083		
Deferred surrender	Account	(15,000)		
Surplus to be surrendered	Account	(19,015)		
Net vote			315,068	270,504
Expenditure (cash) borne elsewhere	1		15,558	15,584
Non cash expenditure – notional rent	1		1,530	1,466
Adjustment – historic depreciation			—	(103)
Adjustment – restatement of land & buildings			—	(859)
Net programme cost	1		(331,747)	(286,639)
Balance at 31 December			**3,184**	**2,775**

2.2 Capital assets

	Office furniture	Office and IT equipment	Specialist equipment and motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	1,286	21,617	5,695	28,598
Additions	71	453	483	1,007
Disposals	(10)	(147)	(1)	(158)
Cost or valuation at 31 December 2018	1,347	21,923	6,177	29,447
Accumulated depreciation				
Opening balance at 1 January 2018	1,238	20,408	4,420	26,066
Depreciation for the year	20	499	581	1,100
Depreciation on disposals	(10)	(147)	(1)	(158)
Cumulative depreciation at 31 December 2018	1,248	20,760	5,000	27,008
Net assets at 31 December 2018	**99**	**1,163**	**1,177**	**2,439**
Net assets at 31 December 2017	48	1,209	1,275	2,532

2.3 Bank and cash

Bank and cash represents the balances held at year end in the Department's Paymaster General account.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Geological Survey Ireland	239	323
Stationery	22	11
	261	**334**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Imprests for academic fees	—	94
Salaries of seconded staff	6	79
Gratuities	—	57
Other suspense	116	126
	122	**356**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Withholding Tax	536	481
Value Added Tax	323	511
Extra Exchequer receipts (note 4.3)	1,257	—
Contributory pension scheme	2	—
PAYE/PRSI	563	752
	2,681	1,744
Suspense (emergency call answering service/payroll deduction)		
ECAS	1,464	—
Payroll	56	—
Other	623	—
	2,143	2,261
	4,824	**4,005**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	19,015	26,260
Deferred surrender	15,000	6,000
Exchequer grant undrawn	(8,303)	(24,970)
Net Exchequer funding due	**25,712**	**7,290**
Represented by:		
Debtors		
Bank and cash	30,414	10,939
Debit balances: suspense	122	356
	30,536	11,295
Creditors		
Due to the State	(2,681)	(1,744)
Credit balances: suspense	(2,143)	(2,261)
	(4,824)	(4,005)
	25,712	**7,290**

2.8 Commitments

Global commitments	2018	2017
at 31 December	€000	€000
Procurement of goods and services	984	1,413
Grant and capital programmes	102,193	71,019
Total of legally enforceable commitments	**103,177**	**72,432**

Major commitments

(Projects costing €10,000,000 or more)

Programme / project	Cumulative expenditure to 31 December 2017 €000	Expenditure in 2018 €000	Project commitments end 2018 €000	Expected total spend lifetime of project 2018 €000	Expected total spend lifetime of project 2017 €000
Communications					
National Broadband Plan – Advisory Services	16,471	8,331	6,888	31,690	17,099
National Postcodes	23,234	1,867	5,880	30,981	27,659
National Digital Research Centre	44,689	3,500	3,500	51,689	46,569
Energy					
National energy retrofit programme	450,820	71,347	27,042	549,209	473,545
Electric vehicles	12,515	7,680	3,552	23,747	13,559
Public sector energy efficiency	5,749	13,049	124	18,922	5,749
Ocean energy	29,571	4,392	2,735	36,698	32,883
Renewable energy RD&D	7,180	2,900	6,690	16,770	8,099
Natural resources					
Geoscience initiatives	14,325	1,798	5,880	22,003	18,435
Geoscience research awards	11,845	1,572	3,813	17,230	16,049
INFOMAR [a]	43,059	4,184	14,300	61,543	53,091
Tellus [b]	13,625	2,399	7,451	23,475	22,575
	673,083	**123,019**	**87,855**	**883,957**	**735,312**

Notes [a] INFOMAR is a national survey programme which maps the Irish seabed and provides key baseline data for Ireland's marine sector.

[b] Tellus is a national survey programme which gathers geophysical and geochemical data across Ireland via airborne geophysical surveying using a low-flying aircraft and ground-based geochemical surveying of soil, stream water and stream sediment.

Significant variations

An explanation is provided below in relation to any major commitment where the expected total spend has changed by €500,000 or more.

Programme / Project	Amount of increase/ decrease €000	Explanation
Communications		
National Broadband Plan – Advisory services	14,591	The increase of €14.591 million in the expected total spend is due to additional expenditure and commitments on advisory services due to the extended duration of the NBP procurement process.
National Postcodes	3,322	The increase of €3.322 million reflects increased commitments and expenditure in relation to the Eircodes project.
National Digital Research Centre	5,120	The increase reflects additional expenditure and commitments due to the extension of the concession agreement to end 2019
Energy		
National energy retrofit programme	75,664	The increase reflects the growth in demand for grants under the Better Energy Programme
Electric vehicles	10,188	The increase is due to to additional expenditure and commitments on grants for electric vehicles
Public sector energy efficiency	13,173	This new project commenced in 2017 following the publication of the Public Sector Energy Efficiency Strategy, and supports public sector bodies to achieve 33% energy efficiency.
Ocean energy	3,815	The increase is due to increased financial support for a number of research projects
Renewable energy RD&D	8,671	The increase is due to the introduction of multi-annual capital arrangements for research projects
Natural resources		
Geoscience Initiatives	3,568	The increase is due to additional expenditure and commitments under geoscience initiatives
Geoscience research awards	1,181	The increase is due to increased commitments under the Griffith Fellowship Scheme
INFOMAR	8,452	The increase reflects the costs and commitments associated relating to the INFOMAR survey programme
Tellus	900	The increase reflects increased commitments relating to the next phase (Ground Surveying) of the Tellus mapping programme.

2.9 Land remediation

Avoca Mine Site

A multi-disciplinary team was appointed in December 2013 for three years to provide specialist design, procurement and project management services to oversee a project to address the priority public health and safety works. In 2016, the capping and regrading of the spoil heaps at Tigroney West was undertaken together with capping and making safe a number of shafts at other locations. During 2017, the remainder of the capital work of the first phase was completed, health and safety measures were implemented across the site and the drainage network across the capped area was completed. The spend for 2018 amounted to €0.25 million, bringing the total cost of the project to €3.78 million. It is now proposed to build on the original feasibility study and develop an overall remediation project plan for the site during 2019.

Silvermines

A provision of €0.4 million was made available in 2018 in respect of land acquisition and contingencies that may have arisen from ongoing environmental monitoring designed to detect any changes at the Silvermines site. No expenditure was incurred in 2018 and a similar provision has been made available for 2019. Future funding will be provided to cover any additional costs that may arise.

Environmental Monitoring at Avoca and Silvermines

Essential specialist monitoring cost €0.16 in 2018 (2017: €1 million). It is estimated that an additional amount of €0.16 million will be required for 2019 and 2020 in respect of continued monitoring of the Avoca and Silvermines sites. This monitoring is to ensure that no significant change in conditions occurs at either of the sites without detection.

2.10 Cyber security

The Department is responsible for cyber security policy in Ireland and for coordinating the governmental emergency response to any national level cyber security incidents. The Department discharges these responsibilities through the National Cyber Security Centre. Expenditure relating to Cyber Security is reported under the Communications Programme.

	2018	2017
	€000	€000
Cyber security	2,072	2,107

2.11 Contingent liabilities

There is potential for financial liabilities to arise in 2019 and subsequent years depending on the outcomes of current, pending and possible future EU and other legal actions.The amounts involved cannot be determined at this point.

Note 3 Vote Expenditure

Analysis of administration expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	25,755	23,503	20,510
ii	Travel and subsistence	942	979	841
iii	Training and development and incidental expenses	1,389	1,221	952
iv	Postal and telecommunications services	600	370	431
v	Office equipment and external IT services	3,244	2,640	2,297
vi	Office premises expenses	963	830	763
vii	Consultancy services and value for money and policy reviews	1,801	1,417	1,083
viii	Equipment, stores and maintenance	296	217	244
		34,990	**31,177**	**27,121**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iv *Postal and telecommunications services*

Estimate provision: €600,000, outturn: €370,000

The savings of €230,000 relative to the estimate provision reflects the Department's ongoing efforts to reduce administrative costs.

Programme A Communications

			2018		2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		6,668	6,085	4,471
A.2	Administration – non pay		1,588	1,340	1,141
A.3	Information and communications technology programme		19,040	11,182	15,024
A.4	Multimedia developments		4,522	4,521	5,604
A.5	Information society				
	Current year provision	7,714			
	Deferred surrender	1,000			
			8,714	4,387	5,243
A.6	Other capital (incl. capital contingency)		500	—	—
			41,032	**27,515**	**31,483**

Significant variations

Overall, the expenditure in relation to Programme A was €13.517 million lower than provided. €831,000 of this related to administration expenditure and the balance of the variance of €12.686 million was mainly due to the following:

A.3 *Information and communications technology programme*

Estimate provision: €19.04 million, outturn: €11.182 million

The savings of €7.858 million relative to the estimate provision was due, in the main, to a delay in the rollout of the National Broadband Plan as a result of the extended duration of the complex procurement process for this State-led intervention project.

A.5 *Information society*

Estimate provision: €8.714 million, outturn: €4.387 million

The savings of €4.327 million relative to the estimate provision was due, in the main, to lower than anticipated expenditure in respect of the demand-led Trading Online Voucher Scheme (€2.05 million), and the National Cyber Security Centre (€1.46 million).

A.6 *Other capital*

Estimate provision: €500,000, outturn: Nil

The savings of €500,000 relative to the estimate provision arose as the capital contingency funds were not required in 2018.

Programme B Broadcasting

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
B.1	Administration – pay	1,138	1,038	902
B.2	Administration – non pay	287	243	381
B.3	Grant to Raidió Teilifís Éireann in respect of broadcasting licence fees	190,724	188,567	184,801
B.4	Payment to An Post for collection of broadcasting licence fees	12,457	11,969	11,916
B.5	Deontas i leith Theilifís na Gaeilge	35,790	36,775	34,240
B.6	Broadcasting Fund	14,704	14,513	14,073
B.7	RTÉ spectrum	—	—	7,976
		255,100	**253,105**	**254,289**

Programme C Energy

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
C.1	Administration – pay	4,765	4,348	4,594
C.2	Administration –- non pay	1,718	1,435	1,336
C.3	Sustainable Energy Authority of Ireland - administration and general expenses	10,870	11,017	8,579
C.4	Sustainable energy programmes	134,068	127,778	90,118
C.5	Energy research programmes	9,300	8,433	6,505
C.6	Gas services	41	39	23
C.7	Subscriptions to international organisations	290	247	247
		161,052	**153,297**	**111,402**

Significant variations

Overall, the expenditure in relation to Programme C was €7.755 million lower than provided. €700,000 of this related to administration expenditure and the balance of the variance of €7.055 million was mainly due to the following:

C.4 *Sustainable energy programmes*

Estimate provision: €134.068 million, outturn: €127.778 million

The savings of €6.29 million relative to the estimate provision relates mainly to the delayed launch of the second phase of the Support Scheme for Renewable Heat.

C.5 *Energy research programmes*

Estimate provision: €9.3 million, outturn: €8.433 million

The savings of €867,000 relative to the estimate provision was due to reduced activity on the Ocean Energy Programme owing to a judicial review on the Galway test bed site.

Programme D Natural Resources

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
D.1	Administration – pay		6,225	5,681	5,784
D.2	Administration – non pay		3,300	2,657	2,199
D.3	Petroleum services				
	Current year provision	504			
	Deferred surrender	200			
			704	342	405
D.4	Mining services		3,750	915	1,488
D.5	GSI services		12,555	11,081	14,789
D.6	Subscriptions to international organisations		135	118	120
			26,669	**20,794**	**24,785**

Significant variations

Overall, the expenditure in relation to Programme D was €5.875 million lower than provided. €1.187 million of this related to administration expenditure and the balance of the variance of €4.688 million was mainly due to the following:

D.3 Petroluem services

Estimate provision: €704,000, outturn: €342,000

The savings of €362,000 relative to the estimate provision was due (1) to lower than expected contributions to the vote neutral Petroluem Infrastructure Programme Fund due to a reduction in the number of frontier licences held and (2) a delay in the procurement process relating to the digitisation of petroleum archives.

D.4 Mining services

Estimate provision: €3.75 million, outturn: €915,000

The savings of €2.835 million relative to the estimate provision relates to (1) lower than expected compensation payments made to private land owners as a result of less than anticipated extraction activity by mining companies, and legal delays in settling compensation cases, (2) delays in relation to remediation works at Avoca and (3) delays in acquiring a site as part of the rehabilitation of Silvermines.

D.5 GSI services

Estimate provision: €12.555 million, outturn: €11.081 million

The savings of €1.474 million relative to the estimate provision was due to a delayed start to the Tellus Airborne Survey Programme.

Programme E Inland Fisheries

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
E.1	Administration - pay		814	743	820
E.2	Administration - non pay		500	405	255
E.3	Inland fisheries				
	Current year provision	31,887			
	Deferred surrender	1,200			
			33,087	33,050	29,243
			34,401	**34,198**	**30,318**

Programme F Environment and Waste Management

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
F.1	Administration – pay		6,145	5,608	3,938
F.2	Administration – non pay		1,842	1,594	1,298
F.3	Environmental Protection Agency				
	Current year provision	34,800			
	Deferred surrender	2,600			
			37,400	35,303	32,002
F.4	Carbon Fund		800	599	431
F.5	International climate change commitments		2,500	4,500	2,500
F.6	Landfill remediation		11,000	10,250	5,721
F.7	Climate Initiatives				
	Current year provision	2,850			
	Deferred surrender	1,000			
			3,850	1,208	613
F.8	Subscriptions to international organisations		3,000	2,971	2,778
F.9	National dialogue		—	—	—
F.10	Waste campaign		1,600	1,423	1,358
F.11	Other services		547	—	—
			68,684	**63,456**	**50,639**

Significant variations

Overall, the expenditure in relation to Programme F was €5.228 million lower than provided. €785,000 of this related to administration expenditure and the balance of the variance of €4.443 million was mainly due to the following:

F.3 *Environmental Protection Agency*

Estimate provision: €37.4 million, outturn: €35.303 million

The savings of €2.097 million relative to the estimate provision was due to the timing of the final drawdown request.

F.4 *Carbon fund*

Estimate provision: €800,000, outturn: €599,000

The savings of €201,000 relative to the estimate provision was due to a lower than expected contribution required under the Bio-Carbon Fund. The Fund is administered by the World Bank and contributions are agreed on an annual basis. The World Bank's fiscal year runs from July to June and therefore it is not possible to anticipate in advance the precise funding required for the following year's contribution to the Fund.

F.5 *International climate change commitments*

Estimate provision: €2.5 million, outturn: €4.5 million

The increase in expenditure of €2 million relative to the estimate provision was due to increased contributions in respect of two UN Conventions relating to climate change. Contributions were made to the UN Convention to Combat Desertification which supports the further development of climate adaptation initiatives in Africa (€1.2 million) and to the UNFCCC Trust Fund for Supplementary Activities which supports gender responsive climate action (€800,000).

F.6 *Landfill remediation*

Estimate provision: €11 million, outturn: €10.25 million

The savings of €750,000 relative to the estimate provision was due to delayed progress on a small number of remediation projects.

F.7 *Climate initiatives*

Estimate provision: €3.85 million, outturn: €1.208 million

The savings of €2.642 million relative to the estimate provision was due to (1) delays in concluding contractual arrangements with external research organisations under the Technical Research and Modelling group and (2) lower than expected operational costs relating to the Climate Action Regional Offices.

F.10 *Waste campaign*

Estimate provision: €1.6 million, outturn: €1.423 million

The savings of €177,000 relative to the estimate provision was due to the late receipt of invoices.

F.11 *Other services*

Estimate provision: €547,000 outturn: €Nil

The savings of €547,000 relative to the estimate provision arose as the contingency funds were not required in 2018.

4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimate provision	Realised	Realised
		€000	€000	€000
1	Proceeds of fines in respect of inland fishery offences	50	13	10
2	Receipts under the Minerals Development Act 1940 and the Petroleum and Other Minerals Act 1960	8,795	10,630	11,333
3	Petroleum Infrastructure Support Group	437	332	349
4	Broadcasting licence fees	222,130	219,295	215,035
5	Geological Survey Ireland income	300	704	293
6	Rent on properties in GPO	223	204	215
7	Miscellaneous receipts (note 4.2)	1,070	1,190	1,153
8	Pension contribution from agencies	732	832	368
9	Receipts from pension-related deduction on public service remuneration	4,118	4,097	3,656
	Total	**237,855**	**237,297**	**232,412**

Significant variations

Overall, appropriations-in-aid were €558,000 less than the estimate.

Explanations for significant variances are set out below

2 Receipts under the Minerals Development Act 1940 and the Petroleum and Other Minerals Act 1960

Estimate provision: €8.795 million, outturn: €10.63 million

The increase of €1.835 million was due to increased extraction rates of State-owned minerals by mining companies, resulting in higher than expected royalties being paid to the Department.

3 Petroleum Infrastructure Support Group

Estimate provision: €437,000, outturn: €332,000

The shortfall of €105,000 was due to lower than expected contributions from holders of frontier exploration licences.

5 Geological Survey Ireland income

Estimate provision: €300,000, outturn: €704,000

The increase of €404,000 was due to the approval and receipt of grant income under a number of new EU-funded projects.

7 Miscellaneous

Estimate provision: €1.07 million, outturn: €1.19 million

The increase of €120,000 was due to higher than expected costs recouped from other bodies.

8 Pension contribitions from agencies

Estimate provision: €732,000, outturn: €832,000

The increase of €100,000 was due to the delayed receipt in 2018 of 2017 contributions from agencies.

4.2 Miscellaneous receipts

	2018	2017
	€000	€000
Costs recovered from other bodies	234	100
Royalties in respect of metropolitan area networks	877	878
Other	79	175
Total	**1,190**	**1,153**

4.3 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance on 1 January	—	100
Receipts from emissions trading scheme [a]	140,813	52,298
Galway Mayo telecommunications duct	96	114
EU Carbon Fund	98	—
Voluntary surrender of Ministerial salaries	16	—
Transferred to the Exchequer	(141,023)	(52,512)
Balance at 31 December	—	—

Note [a] Ireland's gross share of receipts arising from auctioning of allowances in EU Emissions Trading System (ETS) in 2018 amounted to €142.07 million. €1.26 million is deducted for the Environmental Protection Agency's administrative expenses, resulting in a net receipt of €140.81 million for return to the Exchequer.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

Number of staff at year end	2018	2017
Department	395	374
Agencies[a]	1,098	1,045
	1,493	**1,419**

Note [a] The agencies included here are the Digital Hub Development Agency, Sustainable Energy Authority of Ireland, Inland Fisheries Ireland, the Loughs Agency and the Environmental Protection Agency. Agency pay details following relate to the same agencies.

5.2 Pay

Remuneration of all staff (Department and agencies)	2018	2017
	€000	€000
Pay	67,535	61,967
Higher, special or additional duties allowance	239	276
Other allowances	1,464	1,389
Overtime	53	53
Employer's PRSI	6,047	5,533
Total pay	**75,338**	**69,218**

Note The remuneration arrangements refer to the pay element of subheads A.1, A.4, B.1, C.1, C.3, D.1, E.1, E.3, F.1 and F.3. These figures include non-voted moneys to ensure compliance with Department of Public Expenditure and Reform guidelines (Circular 17/2013).

5.3 Department staff

	2018	2017
	€000	€000
Pay	21,670	18,997
Higher, special or additional duties allowance	58	57
Other allowances	106	63
Overtime	30	30
Employer's PRSI	1,639	1,363
Total pay	**23,503**	**20,510**

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	21	1	17,124	16,597
Other allowances	12	2	19,424	20,614
Overtime	30	—	3,076	8,091
Extra remuneration in more than one category	4	—	7,677	10,913

5.4 Agency staff

	2018	2017
	€000	€000
Pay	45,865	42,970
Higher, special or additional duties allowance	181	219
Other allowances	1,358	1,326
Overtime	23	23
Employer's PRSI	4,408	4,170
Total pay	**51,835**	**48,708**

Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	38	—	9,120	10,971
Other allowances	328	1	11,500	10,000
Overtime	17	—	3,000	4,000
Extra remuneration in more than one category	47	1	11,000	9,589

5.5 Other remuneration arrangements

Three public sector workers in receipt of public sector pensions were re-engaged on a contract basis at a total cost of €93,338. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €545,779 in respect of nine officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department.

5.6 Payroll overpayments

Overpayments at year end were €120,744 (38 individuals) (2017: €103,990, 29 individuals) of which €86,557 (17 individuals) have recovery plans in place (2017: €69,386,12 individuals).

5.7 Severance/redundancy

During 2018, four ministerial staff members whose employment was terminated were paid redundancy payments totalling €10,308 and severance payments totalling €49,309.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by Department	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by:						
External organisations / individuals	1	—	—	155	155	—

6.2 EU Funding

The outturn shown in the subheads below includes payments in respect of activities which are co-financed by the EU. Estimates of expenditure and actual outturns were as follows;

	2018		2017
	Estimate	Outturn	Outturn
	€000	€000	€000
C.4 Sustainable energy programmes	134,068	127,778	90,118
D.4 Mining services	—	—	1,488
D.5 GSI services	12,555	11,081	14,789
E.3 Inland Fisheries	—	—	29,243
Total	**146,623**	**138,859**	**135,638**

EU funding of €795,979 was received in 2018 in respect of activities funded through subheads C.4 and D.5, of which €460,361 is recorded as appropriations-in-aid and €335,618 was credited to suspense.

The income was received in appropriations-in-aid subheads G.5 Geological Survey of Ireland Income (€368,107) and G.7 Miscellaneous Income (€92,254).

Note 7 Miscellaneous Accounts

7.1 Petroleum Infrastructure Programme Fund

Statement of the receipts and payments of the Petroleum Infrastructure Programme Fund for the year ended 31 December 2018.

	2018	2017
	€000	€000
Balance at 1 January	6,211	6,358
Receipts	335	482
Payments	(628)	(629)
Balance at 31 December	**5,918**	**6,211**

The Petroleum Infrastructure Programme (PIP) was established in 1997 and is funded by oil companies with offshore exploration licences issued by Petroleum Affairs Division. Its aim is to promote hydrocarbon exploration and development activities by strengthening local support structures, funding of research data gatherings and 'land based' research in Irish offshore areas. Receipts in relation to the PIP Fund are recorded as appropriations-in-aid and paid into the fund via subhead D.3.

The Fund is administered by the Petroleum Affairs Division of the Department.

7.2 Energy Efficiency National Fund

Statement of receipts and payments of the Energy Efficiency National Fund for the year ended 31 December 2018.

	2018	2017
	€000	€000
Balance at 1 January	31,810	31,810
Receipts	—	—
Investments	(10,842)	—
Balance at 31 December	**20,968**	**31,810**

The Energy Efficiency National Fund (EENF) was established in 2014 under the provisions of the European Union (Energy Efficiency Obligation Scheme) Regulations 2014 (SI 131 of 2014). The objectives of the Fund are to (i) support the delivery of energy efficiency improvement programmes and other energy efficiency measures, and (ii) promote the development of a market for energy efficiency improvement measures. The Government provided €35 million from the Carbon Revenue Levy Fund to the EENF. Funding is invested in a qualifying investor fund (QIF), authorised and regulated by the Central Bank of Ireland. The State funding is matched by private sector funding. The Minister, along with other investors, is represented on an investment advisory committee and all shareholders receive annual reports and interim financial statements on the QIF's performance.

The total investment and set up costs met by the State to 31 December 2018 is €14.03 million, leaving a balance remaining in the Fund at that date of €20.97 million. At 31 December 2018, the State's investment in the QIF was valued at €11.81 million (2017: €1.45 million)

Appendix A Schedule of land and buildings

The Minister owns the following General Post Office (GPO) properties:

1 GPO Building

2 GPO Arcade

3 1-6 Post Office Buildings

4 24-30 Henry Street

These properties are managed under leases and/or licences granted by the State.

The Minister owns the Galway Fishery in Galway City and the Owenea/Owentocker Fishery in Co. Donegal, both of which are managed by Inland Fisheries Ireland.

The Minister also has a beneficial interest in the metropolitan area networks (MANs), the construction of which was funded jointly with certain local authorities and the European Regional Development Fund.

Appendix B Accounts of bodies and funds under the aegis of the Department of Communications, Climate Action and Environment

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates the period to which the last audited financial statements relate and when they were presented to the Oireachtas as at the account signing date.

Body/ departmental fund	Year	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
An Post	2017	5 Apr 2018	6 Apr 2018	21 May 2018
Commission for Communications Regulation [1]	2017	29 Mar 2018	13 Apr 2018	31 May 2018
Digital Hub Development Agency[2]	2017	19 Dec 2018	14 Mar 2019	—
Broadcasting Authority of Ireland	2017	29 Jun 2018	12 Sep 2018	21 Nov 2018
RTÉ	2017	26 Apr 2018	1 May 2018	26 Jun 2018
TG4	2017	11 May 2018	6 Jun 2018	2 Aug 2018
Bord na Móna	2018	27 Jun 2018	27 Jun 2018	23 Jul 2018
Commission for the Regulation of Utilities	2017	16 Jul 2018	10 Sep 2018	7 Feb 2019
Eirgrid [3]	2017	22 Dec 2017	11 Feb 2018	21 May 2018
ESB	2018	1 Mar 2019	2 Mar 2019	20 Mar 2019
Irish National Petroleum Corporation	2017	27 Feb 2018	8 Mar 2018	23 May 2018
National Oil Reserves Agency	2017	29 Jun 2018	29 Jun 2018	26 Jul 2018
Sustainable Energy Authority of Ireland	2017	29 Jun 2018	30 Jun 2018	10 Aug 2018
Inland Fisheries Ireland [2]	2017	18 Dec 2018	2 Jan 2019	—
Loughs Agency	2017	16 Aug 2018	23 Nov 2018	19 Mar 2019
Environmental Protection Agency	2017	21 Dec 2018	24 Jan 2019	12 Mar 2019
Environment Fund	2017	3 Dec 2018	3 Dec 2018	18 Dec 2018

Note [1] Period of account 1 July 2016 to 30 June 2017

[2] Annual report and accounts for 2017 not yet laid before the Oireachtas

[3] Period of account 1 October 2016 to 30 September 2017

Appropriation Account 2018

Vote 30

Agriculture, Food and the Marine

Introduction

As Accounting Officer for Vote 30, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Agriculture, Food and the Marine, including certain services administered by that Office, and of the Irish Land Commission and for payment of certain grants and subsidies and for the payment of certain grants under cash-limited schemes and the remediation of Haulbowline Island.

The expenditure outturn is compared with the sums
a) granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
b) provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €178.172 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account with the exception of the following:

Capital assets

A schedule of all land and buildings administered by the Department is appended to the account, at Appendix A. However, as valuations for all of these properties are not available, they are not included in the statement of capital assets.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is, as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place:

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with relevant guidelines and legislation. Ninety-nine contracts, with a value of €17,750,729, have been included in the Circular 40/2002 return as they exceed the reporting threshold of €25,000 and were awarded, inter alia, without a competitive process, as follows

- Fifty-two contracts with a spend of €13,848,190 are considered non-competitive but compliant, and relate to services required to ensure the delivery of the Department's policies on food safety, animal/plant health and animal welfare, corporate services including facilities management, IT, franking and mailroom services, contract cleaning, storage for intervention products, plant hire, contract consultancy, lift maintenance in harbour centres and research.
- Forty-seven contracts with a spend of €3,902,539 are considered both non-competitive and non-compliant. In the main, these contracts relate to proprietary laboratory supplies, instances where aggregated expenditure across the Department to the vendor exceeded the relevant threshold, or where the appropriate competitive process was not used. These contracts are currently under review to ensure their compliance through an ex-ante evaluation of future purchases.

It is the policy of this Department to avail of all centrally available frameworks as soon as they come on stream, where appropriate, and to engage with the Office of Government Procurement/Education Procurement Service in relation to more specific requirements.

The Department is adopting a new Procurement Policy and new procurement guidelines to provide practical procedural guidance on procurement. The policy/guidelines will be rolled-out across the Department, and in particular across the group of procurement liaison officers that was established in 2018 to assist with the development and continued implementation of procurement best practice. Additionally, the Central Procurement Unit is now providing on-going procurement training across all work areas and is providing targeted advice in areas where compliance levels offer opportunities for improvement.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

The Department has a number of mechanisms to review and evaluate its financial management and control systems on an ongoing basis. These include its Accreditation Review Group, its Audit Committee and its risk management system.

The Accreditation Review Group, which is chaired by me, reviews EU audit findings and monitors progress in addressing identified control issues and in meeting the accreditation requirements laid down by regulation for EU paying agencies.

The Department is subject to a range of audits by the Comptroller and Auditor General, the internal audit unit, the EU Court of Auditors, the EU Commission and by an independent certifying body - a professional accountancy firm - which certifies the annual EAGF and EAFRD accounts. In 2018, the Department was subject to approximately 2,300 audit person days by these bodies. I provided a management declaration to the certifying body for the EU annual accounts, as required by Council Regulation 1306/2013.

Risk and control framework

In 2017 an internal audit report of the Department's risk management system found that over time weaknesses had developed in the governance structure surrounding risk management, that the risk database had some technical issues which led to a potential deficiency in control and that the level of activity engaged in risk management and the monitoring of risk management in the Department was below optimum levels.

Significant action had been taken since then in implementing the internal audit report recommendations and this continued during 2018.

- Governance structures have been strengthened by re-establishing the Risk Committee, to meet quarterly and by deploying additional resources to the Risk Management Team (RMT). RMT procedures with regard to risk management have been written.
- DAFM RMT members have been engaging as part of cross-departmental user-group with DPER in designing a SharePoint risk management system - discussions regarding functionality were completed in Q4 2018 and expected testing by focus groups is due to commence before the end of Q1.
- Interim system - the existing risk management system has been completely overhauled to improve functionality and user interface. The interim system has been tested and went live on the 27 September 2018.
- RMT have begun a programme of monitoring risk management activity. Red risks have been reduced via this process of engagement from 26 to 7.
- The Department's Risk Management Policy, incorporating a risk appetite statement was revised and approved at Management Board level on the 10 December 2018.
- Risk management and fraud training was completed by members of the risk management team and also members of the internal audit unit. Training took place in Q4 2018.
- A user manual for the interim system has been completed and the Risk Management Policy and user training will be rolled out to all divisions, beginning Q2 2019.
- A specific 'Brexit' risk category, with associated risk types, has been added to the risk management system.
- The Department's Fraud Policy has been updated and was approved at Management Board level October 2018.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Significant financial risks

a) Brexit

The UK's decision to leave the EU creates potentially very significant challenges for the agri-food sector, and for the Department. The sector's exposure to the UK market, and the highly integrated nature of Irish/UK supply chains, leaves it particularly vulnerable to the effects of Brexit, given the potential for tariffs on the trade of agri-food products as well as the additional costs and delays that would arise from the imposition of import controls and export certification requirements.

The Department has started incurring costs in relation to Brexit, particularly around IT development and, more recently, the recruitment of additional Brexit related staff. Expenditure around the infrastructure projects are likely to commence later in the year when a government decision will be made on whether all Brexit expenditure will be financed from a central fund or whether OPW will seek to recoup payments from each relevant Department. Other expenditures, emanating from recent Brexit related budgetary support measures, have also commenced, particularly around the contributions to the low cost loan schemes and additional funding for Bord Bia and Teagasc in order to enhance market and product diversification.

b) Weaknesses in control over fixed assets

A dedicated asset management unit was formed in January 2017 and its work to date has identified a number of weaknesses in control over fixed assets. The extent of the over or under valuation of the Department's asset register cannot be determined at this juncture, but as categories of assets are verified by the unit, adjustments will be made in the future to the asset register for assets which cannot be physically located.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

ICT security

The Department has a strong commitment to the security of its ICT systems. These systems are independently reviewed on a regular basis. Documented back-up/recovery procedures are in place for all critical data, including the use of secure offsite storage services and disaster recovery facilities. The Department has dedicated IT security co-ordination and cyber-security units and is proactive in the development and promotion of information security. ICT security arrangements are subject to review by the IT Audit Section of the Internal Audit Unit. In addition, the Department, in its role as a paying agency on behalf of the European Union, is subject to an annual accreditation audit. In 2016, the Department achieved accreditation under the international standard ISO 27001: Code of Practice for Information Security Management, as the basis for its IT Security. As part of this certification process, the Department has been subject to bi-annual audits to ensure continued compliance with ISO27001:2013 information security standard.

Assurance on shared services

Payroll and human resources functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Service Centres.

The Accounting Officer for Shared Services has put in place an audit process to provide independent assurance on the operation of controls within shared services. This assurance is a combination of

a) Internal audit work performed by the National Shared Service Office's Internal Audit Unit, and
b) Audits conducted by firm(s) of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402), designed to report to user departments and their auditors on the controls within shared services. These audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for Shared Services.

Brendan Gleeson
Accounting Officer
Department of Agriculture, Food and the Marine

23 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 30 Agriculture, Food and the Marine

Opinion on the appropriation account

I have audited the appropriation account for Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 30 Agriculture, Food and the Marine for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Agriculture, Food and the Marine and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Forestry grants

Chapter 10 of my report on the accounts of the public services for 2018 examines progress in implementing the Department's forestry programme.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 30 Agriculture, Food and the Marine

Appropriation Account 2018

			2018		2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Food Safety, Animal and Plant Health and Animal Welfare				
	Current year provision	225,578			
	Supplementary	(2,023)			
			223,555	221,536	204,314
B	Farm/Sector Supports and Controls				
	Current year provision	798,761			
	Supplementary	26,615			
	Deferred surrender	23,800			
			849,176	823,173	726,326
C	Policy and Strategy				
	Current year provision	367,498			
	Supplementary	7,991			
			375,489	370,120	338,396
D	Seafood Sector				
	Current year provision	141,074			
	Supplementary	(2,583)			
			138,491	131,424	118,720
Gross expenditure					
	Current year provision	1,532,911			
	Deferred surrender	23,800			
	Supplementary	30,000			
			1,586,711	**1,546,253**	**1,387,756**
Deduct					
E	**Appropriations-in-aid**				
	Current year provision	282,070			
	Supplementary	29,999			
			312,069	**471,783**	**258,905**
Net expenditure					
	Current year provision	1,250,841			
	Deferred surrender	23,800			
	Supplementary	1			
			1,274,642	**1,074,470**	**1,128,851**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €22 million of unspent allocations in respect of the capital elements of the Vote was carried forward to 2019.

	2018	2017
	€	€
Surplus	200,171,768	24,007,303
Deferred surrender	(22,000,000)	(23,800,000)
Surplus to be surrendered	**178,171,768**	**207,303**

Brendan Gleeson
Accounting Officer
Department of Agriculture, Food and the Marine

23 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		1,308,711	1,164,295
Pay		172,628	162,511
Non pay		64,914	60,950
Gross expenditure		**1,546,253**	**1,387,756**
Deduct			
Appropriations-in-aid		471,783	258,905
Net expenditure		**1,074,470**	**1,128,851**
Changes in capital assets			
Purchases cash	(5,041)		
Gain on disposals	(37)		
Disposals cash	40		
Depreciation	4,143		
		(895)	(700)
Changes in net current assets			
Increase in closing accruals	61,793		
Decrease in stock	151		
		61,944	(102,893)
Direct expenditure		**1,135,519**	**1,025,258**
Expenditure borne elsewhere			
Notional rents		7,713	7,373
Net allied services expenditure (note 1.1)		78,064	73,956
Net programme cost		**1,221,296**	**1,106,587**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 30 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	13	5
Vote 12 Superannuation and Retired Allowances	72,912	69,900
Vote 13 Office of Public Works	4,548	3,385
Vote 18 National Shared Services Office	321	379
Central Fund – ministerial pensions	270	287
	78,064	**73,956**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	12,408	12,305
Current assets			
Bank and cash	2.3	55,896	(26,846)
Stocks	2.4	2,084	2,235
Prepayments		22,333	12,547
Accrued income:			
EAFRD funding due from the EU		152,227	217,802
Other amounts due from the EU		340	440
Scheme overpayments	6.2	2,281	1,087
Due for services		6,203	6,717
Other debit balances	2.5	960	761
Total current assets		242,324	214,743
Less current liabilities			
Accrued expenses		12,658	6,074
Other credit balances	2.6	25,338	23,203
Net Exchequer funding due	2.7	31,518	(49,288)
Total current liabilities		69,514	(20,011)
Net current assets		172,810	234,754
Net assets		**185,218**	**247,059**
Represented by:			
State funding account	2.1	**185,218**	**247,059**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			247,059	143,466
Disbursements from the Vote				
Estimate provision	Account	1,274,642		
Deferred surrender	Account	(22,000)		
Surplus to be surrendered	Account	(178,172)		
Net vote			1,074,470	1,128,851
Expenditure (cash) borne elsewhere	1		78,064	73,956
Non cash items – transferred assets	2.2		(792)	—
Non cash expenditure – notional rent	1		7,713	7,373
Net programme cost	1		(1,221,296)	(1,106,587)
Balance at 31 December			**185,218**	**247,059**

2.2 Capital assets[a]

	IT equipment	Motor vehicles and other machinery	Furniture and fittings	Office and other equipment	Assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2018	139,732	8,560	14,422	89,300	171	252,185
Additions	2,493	426	159	1,963	—	5,041
Disposals	(1,330)	(136)	—	(413)	—	(1,879)
Transfer to Fishery Harbour Centres Fund [b]	—	(1,924)	—	(1)	—	(1,925)
Brought into use	—	171	—	—	(171)	—
Cost or valuation at 31 December 2018	140,895	7,097	14,581	90,849	—	253,422
Accumulated depreciation						
Opening balance at 1 Jan 2018	134,038	6,595	13,900	85,347	—	239,880
Depreciation for the year	2,141	402	159	1,441	—	4,143
Depreciation on disposals	(1,330)	(133)	—	(413)	—	(1,876)
Transfer to Fishery Harbour Centres Fund [b]	—	(1,132)	—	(1)	—	(1,133)
Cumulative depreciation at 31 December 2018	134,849	5,732	14,059	86,374	—	241,014
Net assets at 31 December 2018	**6,046**	**1,365**	**522**	**4,475**	**—**	**12,408**
Net assets at 31 December 2017	5,694	1,965	522	3,953	171	12,305

Notes [a] All State-owned lands and buildings controlled or managed by the Department do not have valuations. These are listed in appendix A.

[b] Assets in the categories of motor vehicles and other machinery, and office and other equipment recorded on the Department's asset register but used by the Fishery Harbour Centres, have been transferred to the asset register of the Fishery Harbour Centres with effect from 1 January 2018.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	54,963	(29,330)
Commercial bank balances	933	2,484
	55,896	**(26,846)**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Laboratory supplies and chemicals	515	452
Stationery supplies	78	157
Computer supplies	9	47
Veterinary supplies	1,025	1,168
Livestock	284	289
Agricultural stock	137	80
Cleaning supplies	9	6
Oil stocks	27	36
	2,084	**2,235**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Imprests and recoupable travel costs	180	155
Salary advances	41	52
Advance payments to OPW	669	486
Beef data and genomics scheme	70	68
	960	**761**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	2,394	2,337
Pay Related Social Insurance	1,393	1,353
Withholding Tax	1,224	1,193
Value Added Tax	1,662	1,483
Relevant Contracts Tax	—	1
Superannuation	538	476
VAT on Sales	(317)	(62)
Local Property Tax	25	25
Universal Social Charge	517	542
	7,436	7,348
Securities	2,720	233
Milk quota sales and levies	—	539
Pesticides licensing fees	240	562
EU advances	8,672	8,498
Reimbursement due to EU	7	2,205
Miscellaneous	1,312	1,763
Other	4,951	2,055
	25,338	**23,203**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	178,172	207
Deferred surrender	22,000	23,800
Exchequer grant undrawn	(168,654)	(73,295)
Net Exchequer funding due	**31,518**	**(49,288)**
Represented by:		
Debtors		
Bank and cash	55,896	(26,846)
Debit balances: suspense	960	761
	56,856	(26,085)
Creditors		
Due to State	(7,436)	(7,348)
Credit balances: suspense	(17,902)	(15,855)
	(25,338)	(23,203)
	31,518	**(49,288)**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
a) Global commitments		
Procurement of goods and services	118,488	93,251
Grant programmes	857,980	1,201,821
Capital grant programmes	700,202	732,301
Total of legally enforceable commitments	**1,676,670**	**2,027,373**

b) Non capital grants

			2018	2017
	Due 2019	Subsequent years	Total	Total
	€000	€000	€000	€000
Food research	17,456	47,907	65,363	55,492
Grants to the organic sector	12,000	22,794	34,794	45,063
Early retirement scheme	330	—	330	1,239
Rural environment protection scheme	168	—	168	205
Agri–environment options scheme	898	—	898	9,878
Beef data genomics programme	49,017	53,121	102,138	159,139
Green, low–carbon agri–environment scheme	207,425	321,441	528,866	784,256
Knowledge transfer	22,000	9,000	31,000	55,200
Locally led schemes – current	11,158	29,682	40,840	24,413
European Maritime and Fisheries Fund – current	3,174	2,485	5,659	3,936
Sheep welfare	18,000	27,360	45,360	63,000
Continuous professional development	67	—	67	—
European innovation partnership	900	1,042	1,942	—
School milk and fruit	111	444	555	—
Total of legally enforceable commitments	**342,704**	**515,276**	**857,980**	**1,201,821**

c) Capital grants

	2018	2017
	€000	€000
Opening balance	732,301	732,188
Grants paid in year	(184,619)	(137,997)
New commitments	166,137	175,042
Grant decommitments	(13,617)	(36,932)
Closing balance	**700,202**	**732,301**

d) Capital programmes

	Due 2019	Subsequent years	2018 Total	2017 Total
	€000	€000	€000	€000
Capital investment grants	1,612	—	1,612	—
Afforestation	91,419	472,424	563,843	610,902
Targeted agricultural modernisation schemes	70,000	35,358	105,358	95,303
Horticulture scheme	1,744	—	1,744	1,577
Johnstown Castle redevelopment programme	1,020	—	1,020	3,520
Locally led schemes – capital	25	—	25	99
European Maritime and Fisheries Fund – capital	1,000	573	1,573	600
Haulbowline remediation project	2,550	124	2,674	11,000
Fisheries	22,353	—	22,353	9,300
Total of legally enforceable commitments	**191,723**	**508,479**	**700,202**	**732,301**

Significant variations

An explanation is provided below where multi-annual commitments increased/(decreased) by more than €500,000 from 2017 to 2018.

Description	Amount of increase/(decrease)	Explanation
	€000	
Procurement of goods and services	25,237	Commitments increased due to new information management and technology contracts that commenced in 2018.
Food research	9,871	Commitments increased due to new research awards agreed in 2018.
Grants to the organic sector	(10,269)	Commitments decreased as payments are progressing as profiled and a further tranche of Organic Farming Scheme opened in 2018 increasing commitments by €250,000. A number of cases withdrew/finalised their commitment to the scheme and these savings will be offset by the additional commitment to the new applicants.
Early retirement scheme	(909)	The scheme is closed to new applicants and payments are progressing as profiled.
Agri environment options scheme	(8,980)	The AEOS III scheme was completed in December 2018 and the majority of participants were paid as scheduled. The small numbers of remaining participants are due to paid in 2019.
Beef data genomics programme	(57,001)	Payments are progressing as profiled, however, based on the current numbers participating in BDGP I and BDGP II the projected commitments until the end of the programmes has been reduced by €8 million.
Green, low–carbon agri–environment scheme	(255,390)	In addition to the scheduled payments, there was a reduction in the number of active participants which combined with reduced average payment rates has contributed to a reduced commitment.

Description	Amount of increase/(decrease)	Explanation
	€000	
Knowledge transfer	(24,200)	Payments are progressing but slower than previously profiled as fewer than anticipated cases were cleared for payment in the initial payment runs. In addition, there were also a number of withdrawals from the scheme.
Locally led schemes - current	16,427	The Hen Harrier project accepted 549 farmers in 2018 on top of the initial 80. The second call of the European Innovation Partnership funding was announced in 2018 with another nine contracts signed totalling just under €10 million. Commitments due under the Burren programme have been reduced.
European Maritime and Fisheries Fund – current	1,723	Profiled spend for 2018 increased from estimate of €1.3 million to €1.7 million due to expenditure on additional projects approved in 2018. Additional approval of schemes in 2018 increased commitments by almost €3.5 million.
Sheep welfare	(17,640)	This scheme commenced in 2017 and the paying down of commitments is progressing as profiled.
Continuous professional development	67	A new scheme under the rural development programme for the upskilling and continuous professional development of facilitators and vets involved in the knowledge transfer programme was opened in 2018.
European innovation partnership	1,942	A new scheme under the rural development programme for new innovative projects was opened in 2018.
School milk and fruit	555	The Department has contracted the University College Dublin to carry out an evaluation of the school milk and fruit scheme up to and including the school year 2022/23.
Capital investment grants	1,612	A capital investment fund for small to medium-sized enterprise food exporters was provided in 2018 which is operated through Enterprise Ireland.
Afforestation	(47,059)	Due to adverse weather conditions in March and drought conditions in the summer only half of the expected planting occurred. Additionally, the changing of assessment and appeals procedures led to a reduced number of approvals issuing.
Targeted agricultural modernisation schemes	10,055	The budget for TAMS II in 2018 was €70 million. €66.7 million was actually spent. This was due to a slightly lower than projected level of claims submitted for payment claims during 2018. At the end of 2018, 17,698 approvals had issued, with 7,710 payment claims received. Of these, 6,747 had been paid by the end of 2018. 6,635 approvals issued in 2018 with a value of €95.87 million.
Johnstown Castle redevelopment programme	(2,500)	Paying down of commitments progressed ahead of schedule during 2018 and the project will be completed as scheduled in 2019.
European Maritime and Fisheries Fund – capital	973	Profiled spend for 2018 on the 2017 projects was as anticipated and a further €250,000 was incurred on schemes approved in 2018. These additional schemes increased commitments by €1.5 million.

Description	Amount of increase/(decrease)	Explanation
	€000	
Haulbowline remediation project	(8,326)	€9.7 million of the €10 million profiled for the year was expended in 2018. A sanction was issued for the completion of the access road, phase II, which increased commitments by €1.375 million for 2019.
Fisheries	13,053	The commitment reflects the recognition of Vote funded capital projects undertaken in 2018 in the Fishery Harbour Centres.

2.9 Contingent liability

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

On foot of a Government decision dated 14 June 2011, the Minister took charge of the remediation work on the site of Haulbowline. A further Government decision dated 28 May 2015 approved a total scheme budget of €61 million for the project. The amount of expenditure incurred by the Department for the project up to the end of 2018 is €22.9 million. The most recent projection for completion of the Haulbowline remediation project is 2022.

The Department is aware of a temporary suspension in relation to the implementation of processes and controls under Ireland's EMFF Operational Programme. The Minister is presently engaged in the preparation of primary legislation which will implement a system of points which will apply to the masters of fishing vessels. He is also urgently considering Attorney General advice at present on the separate point system for licence holders.

Ireland is making every effort to comply with the obligations under the EU control regulation to implement these points systems. However, in 2018 the European Commission suspended recoupment payments to Ireland for control and enforcement expenditure and was withholding €6.086 million in suspended payments at year end.

EU Regulations provide that the Commission must release the suspended payments when Ireland becomes fully compliant with the points system requirements.

The Department is aware of a potential sanction in relation to matters identified around controls in the system used to weigh pelagic catches and catches of bluefin tuna. As the Sea Fisheries Protection Authority, which is legally responsible for operational control, is engaged in an ongoing process with the Commission around this matter, the quantum or timing of any potential liabilities, if any, is uncertain.

The Department is also aware of a potential disallowance in relation to certain aspects of the allocation of entitlements under the basic payments scheme. As the Department is engaged in an ongoing formal clearance of accounts process with the Commission, the actual amount or timing of any potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

			2018		2017
			Estimate provision	Outturn	Outturn
			€000	€000	€000
i	Salaries, wages and allowances				
	Original	177,115			
	Supplementary	(3,600)			
			173,515	172,628	162,511
ii	Travel and subsistence		7,200	8,624	7,762
iii	Training and development and incidental expenses		5,950	5,102	5,010
iv	Postal and telecommunications services		4,654	4,713	4,023
v	Office equipment and external IT services		35,281	33,599	30,681
vi	Office premises expenses		7,185	5,972	5,862
vii	Consultancy services and value for money and policy reviews		208	129	365
viii	Supplementary measures to protect the financial interests of the EU		852	567	759
ix	Laboratory services		6,100	6,208	6,488
			240,945	**237,542**	**223,461**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

i *Salaries, wages and allowances*

Estimate provision: €177.115 million, outturn: €172.628 million

The shortfall in expenditure of €4.487 million relative to the original estimate provision was due to a lower than estimated pay bill caused by a high level of staff turnover and uncertainty around staff retirement.

ii *Travel and subsistence*

Estimate provision: €7.2 million, outturn: €8.624 million

The increase in expenditure of €1.424 million relative to the estimate provision was due to an increase in work in areas which required increased staff travel.

viii *Supplementary measures to protect the financial interests of the EU*

Estimate provision: €852,000, outturn: €567,000

The shortfall in expenditure of €285,000 relative to the estimate provision was due to the timing of payments.

Programme A Food Safety, Animal and Plant Health and Animal Welfare

			2018		2017
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A.1	Administration – pay				
	Original	99,507			
	Supplementary	(2,023)			
			97,484	96,942	89,808
A.2	Administration – non pay		38,994	37,632	34,329
A.3	Food safety, animal and plant health and animal welfare		87,077	86,962	80,177
			223,555	**221,536**	**204,314**

Significant variations

Overall, the net expenditure in relation to Programme A was €4.042 million lower than (originally) provided. The variation of €3.927 million in administration expenditure has already been explained.

Programme B Farm/Sector Support and Controls

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
B.1	Administration – pay			
	Original	53,401		
	Supplementary	(1,085)		
		52,316	52,103	50,035
B.2	Administration – non pay	19,268	18,600	17,253
B.3	Agri-environmental schemes			
	Original	233,820		
	Supplementary	23,000		
		256,820	256,860	224,469
B.4	Areas of natural constraint scheme	227,000	228,666	205,298
B.5	Development of agriculture and food (farm)	77,065	72,510	37,109
B.6	Beef data and genomics programme	49,500	47,451	47,137
B.7	Knowledge transfer	23,000	21,665	13,784
B.8	Animal welfare scheme for sheep	20,000	17,650	15,851
B.9	Early retirement scheme	1,210	830	2,504
B.10	Forestry and bio energy			
	Original	81,926		
	Deferred surrender	23,800		
		105,726	94,509	101,574
B.11	Control and other support scheme costs			
	Original	12,232		
	Supplementary	(2,300)		
		9,932	9,305	10,594
B.12	Other schemes			
	Original	339		
	Supplementary	7,000		
		7,339	3,024	718
		849,176	**823,173**	**726,326**

Significant variations

Overall, the net expenditure in relation to Programme B was €612,000 higher than (originally) provided. The variation of €1.966 million in administration expenditure has already been explained. The balance of the variance of €2.578 million was mainly due to the following:

B.3 *Agri-environmental schemes*

Estimate provision: €233.82 million, outturn: €256.86 million

The increase in expenditure of €23.04 million relative to the original estimate provision was due to a combination of factors.

- The final 2018 GLAS spend was €28.978 million more compared to the original estimate. Payments under the scheme were used to support farmers affected by the fodder crisis. The advance payments were made at a higher rate of 85%, whereas the original estimate was based on an expected 75% payment. Additionally, a number of IT supported procedures were put in place which enabled a higher rate of claims to be processed and this resulted in 4,772 additional advance payments being made compared to 2017.
- An underspend of €7.161 million occurred in the locally led schemes as applications did not clear to payment stage as quickly as anticipated.

B.5 Development of agriculture and food (farm)

Estimate provision: €77.065 million, outturn: €72.51 million

The shortfall in expenditure of €4.555 million relative to the estimate provision arose due to a saving of €3.214 million under the TAMS II scheme. This is a demand led scheme with expenditure contingent on work being completed and payment claims being submitted within a year of approval. A further saving of €1.219 million arose under the organics scheme as this is also a demand led scheme with demand in 2018 being lower than estimated.

B.7 Knowledge transfer

Estimate provision: €23 million, outturn: €21.665 million

The shortfall in expenditure of €1.335 million relative to the estimate provision was due to the extension to the deadline for submission of data on the knowledge transfer programme from 31 July 2018 to 14 August 2018 which led to delayed commencement of payments for this scheme. In addition, scheme withdrawals and higher than anticipated levels of non-compliance with requirements led to fewer cases being cleared for payment in the initial payment runs for the year.

B.8 Animal welfare scheme for sheep

Estimate provision: €20 million, outturn: €17.65 million

The shortfall in expenditure of €2.35 million relative to the estimate provision was due to the original estimate being based on a projected number of participants in the scheme receiving maximum payment under the scheme. The actual expenditure was lower as the actual number of participants in the scheme was lower than originally projected and also reflects reduced payments where applicants failed to maintain the correct number of animals or failed to complete their required actions under the scheme terms and conditions.

B.9 Early retirement scheme

Estimate provision: €1.21 million, outturn: €830,000

The shortfall in expenditure of €380,000 relative to the estimate provision was due to a reduction in the number of participants as the scheme winds down.

B.10 Forestry and bio energy

Estimate provision: €105.726 million, outturn: €94.509 million

The shortfall in expenditure of €11.217 million relative to the estimate provision was due to a saving of €5.087 million under the afforestation scheme which is demand-led with demand down in 2018 due the severe weather conditions of 2017/2018 followed by extremely dry summer conditions. A further saving of €4.171 million is due to a reduction in applications for the road scheme related to ongoing issues regarding planning permission regulations. The balance of the shortfall in expenditure is mainly due to other schemes starting later than expected with payments deferred to 2019.

B.11 Control and other support scheme costs

Estimate provision: €12.232 million, outturn: €9.305 million

The shortfall in expenditure of €2.927 million relative to the estimate provision was due to no intervention stock purchases being made in 2018 and lower than anticipated interest rates giving rise to a saving of €1.084 million in the costs of Intervention and FEOGA borrowings. A further €1.552 million savings arose for Intervention losses as the timing and value of any potential losses are by nature difficult to predict.

B.12 Other schemes

Estimate provision: €339,000, outturn: €3.024 million

The increase in expenditure of €2.685 million relative to the original estimate provision was due to emergency fodder transport and import support measures introduced by the Minister in 2018. The supplementary of €7 million was in line with the projected shortfall of fodder as being reported in the media and by Teagasc. However, this was not manifest in the numbers purchasing emergency fodder giving a shortfall compared to the supplementary estimate.

Programme C Policy and Strategy

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
C.1	Administration – pay			
	Original	15,219		
	Supplementary	(309)		
		14,910	14,827	14,874
C.2	Administration – non pay		4,911	4,585	5,752
C.3	Research, quality and certification			
	Original	29,533		
	Supplementary	(1,700)		
		27,833	27,747	21,870
C.4	Development and promotion of agriculture and food (non farm)			
	Original	20,207		
	Supplementary	(3,600)		
		16,607	8,839	7,815
C.5	Teagasc grant		134,582	133,082	128,130
C.6	An Bord Bia grant		41,266	40,383	40,775
C.7	Horse and Greyhound Racing Fund		80,000	80,000	80,000
C.8	Cedra Rural Innovation and Development Fund		1,500	1,501	1,394
C.9	Food and donations – World Food Programme			
	Original	—		
	Supplementary	15,000		
		15,000	19,000	14,000
C.10	Brexit response loan schemes		25,000	25,000	—
C.11	Other services			
	Original	15,280		
	Supplementary	(1,400)		
		13,880	15,156	23,786
		375,489	**370,120**	**338,396**

Significant variations

Overall, the net expenditure in relation to Programme C was €2.622 million lower than (originally) provided. The variation of €718,000 in administration expenditure has already been explained. The balance of the variance of €1.904 million was mainly due to the following:

C.3 Research, quality and certification

Estimate provision: €29.533 million, outturn: €27.747 million

The shortfall in expenditure of €1.786 million relative to the original estimate provision was due to a combination of financial prudence on future liabilities resulting in a reduction in new awards funded, delays in the submission of tranche claims, and delays in subsequent processing of payments.

C.4 Development and promotion of agriculture and food (non farm)

Estimate provision: €20.207 million, outturn: €8.839 million

The shortfall in expenditure of €11.368 million relative to the original estimate provision was due to the following. €1.319 million savings arose as the final claims submitted for beef and sheep grants for market processing were less than estimated. Due to the nature of capital investment projects in terms of the time lag between project approval and completion none of the funds provided for capital investment grants to assist food and drink companies exposed to Brexit was spent in 2018 resulting in a saving of €5.181 million. A further €2.781 million savings arose due to companies re-examining projects in light of Brexit resulting in the project completion rate under the food competitiveness fund initially forecast not being met. An underspend of €2.136 million also occurred under the LEADER food initiative as less projects were approved than planned.

C.9 Food and donations – World Food Programme

Estimate provision: NIL, outturn: €19 million

The increase in expenditure of €19 million relative to the estimate provision was due to the Executive Director of the World Food Programme requesting the Department to consider an early disbursement of €19 million of the 2019 payment. The Department agreed to the early payment of €19 million, with payment being made on 20 December 2018.

Programme D Seafood Sector

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
D.1	Administration – pay				
	Original	8,988			
	Supplementary	(183)			
			8,805	8,756	7,794
D.2	Administration – non pay		4,257	4,097	3,616
D.3	Fisheries		32,963	35,195	27,686
D.4	Marine Institute grant		32,465	32,239	31,332
D.5	Bord Iascaigh Mhara grant				
	Original	39,125			
	Supplementary	(2,400)			
			36,725	31,134	33,462
D.6	Sea Fisheries Protection Authority		13,276	10,302	10,731
D.7	Haulbowline remediation project		10,000	9,701	4,099
			138,491	**131,424**	**118,720**

Significant variations

Overall, the net expenditure in relation to Programme D was €9.65 million lower than (originally) provided. The variation of €392,000 in administration expenditure has already been explained. The balance of the variance of €9.258 million was mainly due to the following:

D.3 *Fisheries*

Estimate provision: €32.963 million, outturn: €35.195 million

The increase in expenditure of €2.232 million relative to the estimate provision was due to the following reasons. Savings of €1.027 million arose in the seafood development programme as there were underspends in investment by the Sea Fisheries Protection Authority concerning control and enforcement of the CFP because of the timing of contractual commitments. There was also a small underspend by the Marine Institute on its marine spatial planning projects, while DAFM spent less than anticipated on technical assistance as a tender for programme evaluation contractors did not proceed in 2018. This was balanced by an increase in expenditure of €3.589 million on Vote qualifying capital projects in the Fisheries Harbours.

D.5 *Bord Iascaigh Mhara grant*

Estimate provision: €39.125 million, outturn: €31.134 million

The shortfall in expenditure of €7.991 million relative to the original estimate provision was due to the following reasons. A saving of €400,000 arose in pay as the expected Brexit recruitment did not materialise. A saving of €4.946 million arose on non-pay as €2.4 million of the 2018 budget was paid as an early drawdown in 2017, €904,000 of grants/invoices were not paid until 2019 and €1.642 million was saved due to insufficient scheme uptake and unforeseen delays in programme implementation. A saving of €2.645 million in capital arose as core projects did not commence in the year and some grants/invoices were not paid until 2019.

D.6 *Sea Fisheries Protection Authority*

Estimate provision: €13.276 million outturn: €10.302 million

The shortfall in expenditure of €2.974 million relative to the estimate provision was due to the following reasons. A saving of €1.926 million arose in pay and pensions due to the delay in implementing new structures under delegated sanction due to protracted industrial relations negotiations and fewer than estimated retirements. Non-pay savings of €403,000 arose due to costs savings in following strict procurement guidelines and some planned tenders not commencing until 2019. The planned purchase of vehicles and the construction of a storage shed did not proceed giving rise to capital savings of €645,000.

Note 4 Receipts

4.1 Appropriations-in-aid

		Subhead		Estimated	2018 Realised	2017 Realised
			€000	€000	€000	€000
1	Recoupment of salaries, etc. of officers on loan to outside bodies			600	556	378
2	Forfeited deposits and securities under EU intervention, export refund, etc. arrangements			1	9	179
3	Refunds from veterinary fees for inspection at poultry and other meat plants	A.3		15,175	19,804	18,665
4	Receipts from veterinary inspection fees for live exports	A.3		701	666	633
5	Receipts from fees for dairy premises inspection services	A.3		5,500	7,405	7,263
6	Receipts from the sale of vaccines, livestock, farm produce, etc. at Veterinary Research Laboratory and farm at Abbotstown; recoupment of quarantine expenses at Spike Island	A.3		670	671	693
7	Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm	C.3		1,903	3,155	3,117
8	Receipts from farmer contributions towards the cost of eradicating bovine disease	A.3		5,500	7,508	6,945
9	Land Commission receipts			345	285	360
10	Other receipts			2,212	2,807	2,204
11	Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures	B.11		975	1,239	1,050
12	Intervention stock losses, etc.	B.11		1	880	1,038
13	EAFRD (European Agricultural Fund for Rural Development)	B.4, B.3, B.5 & B.9				
	Original		210,000			
	Supplementary		29,999			
				239,999	387,280	169,091
14	Veterinary Fund	A.3		10,484	10,274	10,959
15	Other Guarantee receipts from EU (Agriculture)	B.11		1,050	36	1,187
16	Proceeds of fines and forfeitures in respect of sea fisheries	D.3		100	7	87
17	Receipts under the 1933 Foreshore Act and the 1954 State Property Act	D.3		100	151	166
18	EU recoupment in respect of expenditure on the conservation and management of fisheries	D.3		1	—	—
19	Aquaculture licence fees	D.3		412	592	876
20	EU receipts for EMFF	D.3		12,000	13,596	16,725
21	EFF (Fisheries) 2007-2013	D.3		2,200	2,641	5,917
22	Receipts from Sustainable Food Systems Ireland			200	75	26
23	Receipts from pension-related deduction on public service remuneration			11,940	12,146	11,346
	Total			**312,069**	**471,783**	**258,905**

Significant variations

Overall, appropriations-in-aid were €189.713 million greater than the original estimate. Explanations for variances are set out below:

3 *Refunds from veterinary fees for inspection services at poultry and other meat plants*

Estimate provision: €15.175 million, outturn: €19.804 million

The increase of €4.629 million was due to an increase in slaughter figures in 2018.

5 *Receipts from fees for dairy premises inspection services*

Estimate provision: €5.5 million, outturn: €7.405 million

The increase of €1.905 million was due to increased milk production following the abolition of the milk quota in 2015.

7 *Receipts from seed testing fees, certification fees, licensing fees, pesticides, registration fees, etc. and receipts from Backweston Farm*

Estimate provision: €1.903 million, outturn: €3.155 million

The increase of €1.252 million was due to increased registration fees received for plant protection products and biocidal products placed on the national register reflecting a stronger than anticipated level of registrations driven by external commercial interest/demand.

8 *Receipts from farmer contributions towards the cost of eradicating bovine disease*

Estimate provision: €5.5 million, outturn: €7.508 million

The increase of €2.008 million was due to collection of levies increasing year-on-year since 2015 across all sectors but in particular the milk sector, following the removal of the quota system in 2015.

10 *Other receipts*

Estimate provision: €2.212 million, outturn: €2.807 million

The increase of €595,000 was due to additional research receipts and pre-financing from EU on various ERA-NET projects, co-funding agreement with EPA, HRB and recoupments on completed projects.

11 *Market intervention expenses and financing costs for other FEOGA (Guarantee) section measures*

Estimate provision: €975,000, outturn: €1.239 million

The increase of €264,000 was due to the higher that anticipated levels of intervention activity, resulting in a larger than estimated recovery from the EU.

12 *Intervention stock losses, etc.*

Estimate provision: €1,000, outturn: €880,000

The increase of €879,000 was due to the fact that this provision is based on a percentage retention figure calculated on penalties imposed and collected by the paying agency in relation to certain European Agriculture Guarantee Fund (EAGF) payments. The reimbursement is approved in the annual EAGF account clearance process and the final figure is confirmed in April and repaid in June. Therefore, estimates of reimbursement are difficult to predict.

13 *EAFRD (European Agricultural Fund for Rural Development)*

Estimate provision: €210 million, outturn: €387.28 million

The increase of €177.28 million was due to an €82.434 million EAFRD receipt expected in December 2017 but which was not received by the Department until January 2018 and is included in 2018 receipts. In addition, an amendment passed in Omnibus legislation 2017/2393 in December 2017 permitted co funded ANC payments of €85.752 million to be paid in September 2018 and receipted in December 2018 (rather than paid in October 2018 to be receipted in January 2019 as had been regulation position when estimates made).

15 *Other Guarantee receipts from EU (Agriculture)*

Estimate provision: €1.05 million, outturn: €36,000

The shortfall of €1.014 million was due to the school fruit scheme being no longer EU funded so the estimated receipts of €1 million did not materialise.

19 *Aquaculture licence fees*

Estimate provision: €412,000, outturn: €592,000

The increase of €180,000 was due to the difficulty in estimating exactly the amount the Department would receive in respect of licensed aquaculture sites.

20 *EU receipts for EMFF*

Estimate provision: €12 million, outturn: €13.596 million

The increase of €1.596 million was due to a larger volume of claims than anticipated being submitted for recoupment to the EU.

21 *EFF (Fisheries) 2007-2013*

Estimate provision: €2.2 million, outturn: €2.641 million

The increase of €441,000 was due to this being the final balance due under the closure process of the EFF Seafood Development Programme 2007-2013.

22 *Receipts from Sustainable Food Systems Ireland*

Estimate provision: €200,000, outturn: €75,000

The shortfall of €125,000 was due to the requests for payment to the four partner agencies, Teagasc, Bord Bia, Food Safety Authority of Ireland and Enterprise Ireland for their share of 2018 costs only being issued in January 2019.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	—	—
Legal expenses	—	31
Interest on refund of overpaid sugar levies	428	—
Clearance of suspense accounts	550	—
Proceeds of land sale	—	642
Surrender of Vote uncashed cheques	—	72
Surrender of sundry receipts	—	2
Transferred to the Exchequer	(978)	(747)
Balance at 31 December	**—**	**—**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	4,696	4,594

5.2 Pay

	2018	2017
	€000	€000
Pay	221,852	210,291
Higher, special or additional duties allowances	1,082	1,326
Other allowances	1,625	2,034
Overtime	3,380	3,606
Shift allowances	562	543
Gratuities payments	117	—
Employer's PRSI	13,253	11,860
Total pay	**241,871**	**229,660**

Note The allowances, overtime and other remuneration details in notes 5.3 through to 5.5 below relate to only the Department's staff, paid directly from the Vote under programmes A to D. Detailed information in relation to the remuneration arrangements of the Department's associated State bodies is available from the relevant annual financial statements or directly from the State bodies concerned.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties allowances	87	2	11,932	24,308
Shift allowances	76	19	18,990	20,392
Other allowances	637	6	20,596	18,041
Overtime	769	88	38,893	38,926
Extra remuneration in more than one category	293	120	42,531	41,846

5.4 Other remuneration arrangements

In total €1,148,330 (net) was paid to 68 retired civil servants, in receipt of civil service pensions, who were re-engaged on a fee basis. The principles of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 apply to these fees.

5.5 Payroll overpayments

Overpayments at the year end were €475,222 (312 individuals) (2017: €467,101; 327 individuals). Of this, €277,398 (77 individuals) had recovery plans in place.

Note 6 Miscellaneous

6.1 EU funding

Council regulation (EC) No. 1290/2005 introduced the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). The EAGF fund finances direct payments and market supports while the EAFRD co-finances rural development measures under approved rural development programmes.

The Department's activities include measures fully funded by the EAGF and activities co-financed by the EAFRD and from the Vote.

Programme B includes expenditure in respect of activities co-financed by the EU through the EAFRD. Programme C also includes expenditure in respect of activities that are co-financed from the EU Veterinary Fund. Programmes C and D includes expenditure in respect of activities co-financed by the EU through European Maritime Fisheries Fund, 2014-2020 (EMFF). Programme B includes a charge to the Vote of €620,000 for EU Funding which has been disallowed due to late payments on certain schemes.

The account includes interest of €166,397 paid on short-term borrowings of €740 million borrowed in 2017 to fund EAGF Guarantee expenditure pending recoupment from the EU. The borrowings were repaid in 2018 along with interest.

A total of €725 million in short-term funds were borrowed in 2018 to fund EAGF Guarantee expenditure pending EU recoupment in 2019. These loans are reflected in the financial statements of the European Agricultural Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), Irish operations.

EU-funded income and expenditure managed by the Department of Agriculture, Food and the Marine

	2018	2017
	€m	€m
Direct payment/basic payment scheme	1,208	1,190
Intervention/aid to private storage [a]	19.5	2
Other market supports	4.5	26
Other	(3)	(4)
Co-funded receipts (measures co-funded by EU) [b]		
EAFRD Rural Development Programme	387	169
Veterinary fund	10	11
Other co-financing receipts	1	2
Fisheries		
EFF – European Fisheries Fund 2007–2013 and EMFF – European Maritime and Fisheries Fund 2014–2018 [c d]	16	23
	1,643	**1,419**

Notes

[a] €17.5 million was as a result of depreciation of skimmed milk powder in stock.

[b] Only the EU co-funding on these programmes is shown in this table.

[c] European Maritime Fisheries Fund (EMFF) receipts of €6 million are currently suspended under Union Priority 3.2 by the EU Commission and are due to release pending compliance of ex-ante conditionality. Therefore, this amount is not included in the figure above.

[d] EMFF receipts of €8.672 million are held in a suspense account (EU advances) in accordance with public financial procedures pending the Department meeting the conditions of the EMFF reserve review undertaken in July 2019. Funds will then be released to appropriations-in-aid.

6.2 Overpayments

	2018 €000	2017 €000
Scheme overpayments at 1 January	1,087	2,556
Adjustment for early retirement scheme	(7)	(35)
Overpayments raised in the year	20,260	8,985
Corrections	(3,355)	(1,065)
Recoveries	(15,522)	(8,680)
Write-offs (note 6.3)	(182)	(674)
Scheme overpayments at 31 December	**2,281**	**1,087**

6.3 Write-offs

	2018 €	2017 €
Schemes overpayments:		
Early retirement from farming	—	30,521
Afforestation schemes	41,758	82,295
Rural environment protection scheme	96,277	406,658
Miscellaneous EU premia and area based schemes	36,391	18,536
Miscellaneous Vote premia	7,965	136,055
	182,391	674,065
Customers:		
Dispute in relation to administration of scheme	14,827	—
Customers no longer trading	18,475	—
Aquaculture licences expired/surrendered and not renewed	28,061	20,167
Veterinary inspection fees unpaid by companies no longer in business	—	502
Other reasons	2,035	5,048
	63,398	25,717

6.4 Compensation and legal costs

Legal cost paid during the year are categorised as follows:

	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by: employees of the Department	14	46	223	143	412	238
Claims by members of the public	16	2	270	569	841	2,212
		48	**493**	**712**	**1,253**	**2,450**

6.5 Food aid donations

The World Food Programme – Ireland Strategic Partnership Agreement 2019 – 2021, was signed by World Food Programme (WFP) Executive Director and the Department in December 2018. This agreement outlined increased support for WFP throughout this period, subject to annual budget appropriations by Dáil Éireann. The three-year agreement outlined a minimum of €20 million in multilateral contributions per year, with the three-year total allocated under the agreement at least €70 million.

This allocation is made in continued support of the current strategic objectives of the World Food Programme, namely:

- to end hunger, by protecting access to food
- to improve nutrition
- to achieve food security
- to support implementation of Sustainable Development Goals (the 'SDG')
- to partner for SDG results.

The Executive Director of WFP wrote to the Department to ask if Ireland would consider an early disbursement of the 2019 allocation. The Department agreed to an early payment of €19 million of the 2019 allocation, with payment being made on 20 December 2018, this amount is included in prepayments in the statement of financial position.

The Food Aid Convention is the main international agreement on food aid provision and serves as both a best practice code of conduct and an annual food aid commitment. Aid donated under the Convention is held by the World Food Programme and used to provide aid in emergency situations. Ireland's contribution to the Food Aid Convention in 2018 was €4.259 million (2017: €4.587 million).

6.6 Ex-gratia payments

Ex-gratia payments totalling €2.751 million were made to 108 animal welfare organisations (2017: €2.560 million).

Ex-gratia payments totalling €5,000 were made to four livestock societies to set up and/or maintain pedigree breeding programmes.

Ex-gratia payments of €5,000 each were made to four employees as compensation following mediation.

An ex-gratia payment of €4,000 was made to the Chairman of the Farm Welfare Advisory Council.

An ex-gratia payment of €5,000 was made to a farmer as compensation under the Scrapie scheme.

An ex-gratia payment of €250,000 was made to the Irish Equine Centre as support towards the costs associated with achieving and maintaining reference laboratory status.

Ex-gratia payments were made to a number of organisations towards the cost of running various agricultural shows as follows:

	2018	**2017**
	€	€
Irish Shows Association Ltd	82,500	82,500
Macra na Feirme	75,000	84,000
Irish Countrywomen's Association	9,000	9,000
Irish Country Markets Ltd	6,000	6,000
Irish Draught Horse Society	4,000	—
Agricultural Science Association	2,000	2,000
Bunclody Sheep Dog National Trials	—	4,000

6.7 Deferred surrender

Deferred surrender comprises savings of €22 million in capital expenditures in the following subheads.

A.2	Programme A administration	€0.34 million
B.2	Programme B administration	€0.27 million
B.5	Development of agriculture and food (farm)	€4.4 million
B.10	Forestry and bio energy	€10.5 million
C.4	Development and promotion of agriculture and food (non farm)	€6.49 million

Note 7 Horse and Greyhound Racing Fund

Account of receipts and payments for the year ended 31 December 2018

	2018 €000	2017 €000
Balance at 1 January	—	—
Receipts (subhead C.7)	80,000	80,000
Payments		
Horse Racing Ireland	64,000	64,000
Bord na gCon	16,000	16,000
Balance at 31 December	—	—

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

Property	Area (Hectares)
Cork	
Haulbowline Island (including bridge and access road)	45.7
Blood testing laboratory, Model Farm Road	—
Regional veterinary laboratory, Model Farm Road	—
Lands, Model Farm Road	2.8
Land Commission non-agricultural land, Annagannihy	56.5
Forest plot, Ballyhooley	1.0
Forest plot, Ballyhoura	1.6
Forest plot, Ballynoe	29.7
Forest plot Bandon	1.4
Forest plot, Doneraile	1.1
Forest plot, Dunmanway	0.8
Forest plot, Killavullen	0.1
Forest plot, Killeagh	7.0
Forest plot, Kilworth	0.8
Forest plot, Newmarket	1.5
Forest plots, Banteer	6.2
Forest plots, Dunhallow	6.5
Forest plots, Kinalea	5.9
Forest plots, Roscarberry	11.0
Donegal	
Potato testing centre, Raphoe	78.0
Forest plot, Ardara	6.5
Forest plot, Letterkenny	0.2
Dublin	
Forest plot, Killakee	0.7
Galway	
Land Commission non-agricultural lands	
Kilcooley	1.7
Kylenalmelly	1.3
Sylaun	1.7
Rosmore	3.2
Meelickmore	12.4
Lands, Teagasc College, Athenry	14.0
Forest plot, Ballinaninch	60.7
Forest plot, Oughterard	7.0
Kerry	
Land Commission non-agricultural land, Glanlea	4.0
Forest plot, Kenmare	0.2
Forest plot, Killorglin	28.6
Kildare	
Stacumny Cottage, Backweston	—
Lands, Backweston	150.0

Property	Area (Hectares)
Kilkenny	
Regional Veterinary Laboratory, Kilkenny	—
Lands, Kildalton Teagasc College, Pilltown	18.0
Laois	
Forest plot, Durrow	2.2
Leitrim	
Forest plot, Dowra	0.4
Limerick	
Dairy Science Laboratory, Limerick	—
Regional Veterinary Laboratory, Limerick	—
Forest plots, Adare	3.0
Mayo	
Land Commission non-agricultural land, Ballymacrah	12.1
Forest plot, Foxford	3.0
Offaly	
Land Commission non-agricultural lands	
Clorhane	8.2
Ballyegan	44.7
Forest plot, Tullamore	2.5
Roscommon	
Land Commission non-agricultural lands	
Cloonakillig	0.7
Cloonshanvill	33.0
Cloonfad	2.9
Cloonboley	4.9
Cloonacolly	21.6
Cleaheen	0.6
Mallynahouna	5.0
Cloonroughan	21.9
Termon More	55.3
Tonrevagh	10.8
Cloonchambers	18.4
Clonree	25.7
Moor	32.6
Lissergool	5.3
Forest plots, Lough Key	32.0
Sligo	
Regional Veterinary Laboratory, Sligo	—
Forest plot, Benbulbin	0.5
Forest plots, Collooney	1.3

Property	Area (Hectares)
Tipperary	
Forest plot, Clogheen	1.3
Forest plot, Clonmel	3.2
Forest plot, Rear Cross	0.5
Forest plots, Carrick-on-Suir	2.5
Forest plots, Kilsheelan	1.9
Westmeath	
Regional Veterinary Laboratory, Athlone	—
Forest plots, Castlepollard	0.2
Forest plot, Lough Ennel	14.5
Wexford	
Forest plot, Forth	4.8
Forest plots, Gorey	11.1
Wicklow	
Forest plot, Shelton	0.2
Forest plots, Avonmore	1.0
Forest plots, Enniskerry	4.0
Forest plots, Glendalough	7.6
Forest plots, Saggart	1.4
Forest plot, Glen of Imaal	3.0

Property at Fishery Harbours

In addition, land and buildings at six fishery harbour centres are vested in the Minister. They are accounted for separately in the Fishery Harbours Fund account.

Appendix B Accounts of Bodies and funds under the aegis of the Department of Agriculture, Food and the Marine

The following table lists the bodies and funds under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Aquaculture Licences Appeals Board	2017	19 Dec 2018	27 Feb 2019	13 May 2019
Bord Bia	2017	28 Jun 2018	25 Jul 2018	16 Oct 2018
Bord na gCon	2017	29 Jun 2018	2 Jul 2018	19 Jul 2018
Bord Iascaigh Mhara	2017	15 Jun 2018	29 Jun 2018	27 Sep 2018
Coillte Teoranta [a]	2017	26 Mar 2018	20 Apr 2018	30 Apr 2018
European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Maritime Fisheries Fund – Irish Operations	2017	21 Dec 2018	3 Jan 2019	14 Mar 2019
Fishery Harbour Centres Fund	2017	21 Dec 2018	3 Jan 2019	19 Jun 2019
Horse Racing Ireland	2017	25 Oct 2018	9 Nov 2018	28 Jan 2019
Irish National Stud Company Ltd [b]	2017	22 Mar 2018	26 Mar 2018	13 Jun 2018
Marine Institute	2017	17 Dec 2018	17 Jan 2019	14 May 2019
National Milk Agency [c]	2017	29 Mar 2018	29 Jun 2018	23 Oct 2018
Sea Fisheries Protection Authority	2017	17 Aug 2018	17 Sep 2018	18 Oct 2018
Teagasc	2017	21 Jun 2018	25 Jun 2018	18 Jul 2018
The Public Trustee of Ireland	2017	11 Jun 2018	14 Jun 2018	11 Jul 2018

Notes

[a] Coillte, as a self-financing commercial state body, is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 31 of the Forestry Act 1988 under which it was established.

[b] Irish National Stud Company Ltd is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 25 of the National Stud Act, 1945 under which it was established.

[c] National Milk Agency is not audited by the C&AG; the company's annual report and accounts are laid before the Houses of the Oireachtas in accordance with Section 18 of the Milk (Regulation of Supply) Act 1994.

Appropriation Account 2018

Vote 31

Transport, Tourism and Sport

Introduction

As Accounting Officer for Vote 31, I am required each year to prepare the Appropriation Account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Transport, Tourism and Sport, including certain services administered by that Office, for payment of certain grants and certain other services.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2018 out of unspent 2017 appropriation, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €4.814 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Receipts from Local Government Fund

Up to the end of 2017, funding was provided by the Department of Housing Planning and Local Government from the Local Government Fund to this Department in relation to the provision of public roads and/or public transport. In accordance with a transfer of functions between Ministers as decided by the Government, Motor Tax receipts ceased being transferred to the Local Government Fund on 1 January 2018. Such receipts are now payable to the Minister for Transport, Tourism and Sport and are then passed directly to the Exchequer. As a consequence, a contribution to this Vote is no longer received as an appropriation-in-aid from the Local Government Fund. The Exchequer grant to this Vote has been increased to compensate for this change.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Depreciation

The Department's policy is to depreciate assets from the date of purchase with no depreciation provided in the year of disposal. Depreciation is charged at the following rates

- land and buildings — no depreciation
- furniture and fittings —10%
- office equipment — 20%
- motor vehicles — 20%
- specialist equipment — 20%

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Assurance on shared services

The Accounting Officer for shared services has provided me with a letter outlining the progress made in the development of the audit assurance process. This letter addresses the framework of governance and controls in place and includes the reports of audits conducted into the operation of controls within the shared services environment.

I rely on this letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

I have fulfilled my responsibilities in relation to the requirements of the Employee Services Management Agreement (ESMA) between this Department and the National Shared Service Office for the provision of payroll and human resource shared services.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Finance Division of the Department has been certified as compliant with ISO: 9001:2008 standard and has had certification extended for a further year up to February 2020, with respect to its management procedures.

Enhancing controls over local and regional roads grant payments

Expenditure under Subhead B3 includes grants of €434 million for the improvement and maintenance of local and regional roads. The Department is responsible for the grant programme but between 2009 and 2013 the National Roads Authority (NRA, now Transport Infrastructure Ireland - TII) assumed responsibility for administering the grants on behalf of the Department. TII's control procedures included the monitoring of progress on road improvement works by the TII's engineers and inspectors.

In 2013, TII indicated that it was no longer in a position to undertake this work. The Department resumed responsibility for these grants in 2014 but for administrative efficiency it uses the Authority, as agent, to issue the payments to the local authorities. The Department's Road Division conducts administrative checks on expenditure but up to 2017, project inspections were not undertaken.

Following the appointment of two Engineering Inspectors and the assignment of a Senior Advisor, a programme of project/grant programme inspections under the Principal Advisor's direction has been in operation since early 2018. There has also been increased oversight of the appraisal of project proposals and regional and local road maintenance and improvement programmes. The Department continues to work with local authorities and the Road Management Office (the local authority shared service) with a view to ensuring that the data on the MapRoad pavement management system is as accurate and consistent as possible. In this context, the Department has produced a Pavement Survey Standard for Regional and Local Roads for use in road pavement management by local authorities. This standard requires local authorities to carry out a visual Pavement Surface Condition Index (PSCI) survey on regional, local primary and local secondary roads every two years, and every five years for local tertiary roads.

Enhancing oversight arrangements

Total funding provided to bodies under the aegis of the Department was €1,850 million in 2018. In 2017, the Department's Internal Audit made a number of recommendations in relation to the overarching arrangements in place with regards to the corporate governance of State Agencies under the aegis of the Department.

Following this, the Department initiated a review of its oversight arrangements with its agencies and that review concluded with the approval by the Management Board in May 2018 of a new Framework Oversight Plan. Among the key enhancements introduced under the Framework Oversight Plan are

- Clarification of Departmental roles and responsibilities in relation to agency oversight.
- Introduction of formal reporting structures to the Management Board giving a 'whole of Department' perspective on compliance of the Department's agencies with their reporting responsibilities under the Code of Practice for the Governance of State Bodies. Reports to the Management Board on the commercial agencies and non-commercial agencies were presented in July 2018 and September 2018, respectively.
- Improved access to financial expertise in assisting with monitoring and oversight arrangements. During 2018, the Department seconded a Financial Advisor to review the agencies' reports on an ongoing basis.
- Dissemination of a standard template to assist Line Divisions in developing performance delivery agreements (PDAs) with agencies. PDAs are in place for all applicable agencies.

The development and implementation of the new Framework Oversight Plan has satisfactorily addressed the issues identified in 2017 and both the Management Board and the Internal Audit Unit are assured in respect of the measures now put in place.

Ensuring the timely replacement of Córas Iompair Éireann (CIE) Board members

During 2018 the Department's Internal Audit made a recommendation that CIE Board member vacancies should be anticipated and planned to ensure there are no resource and skills shortages.

Following on from this recommendation the Department streamlined and amalgamated the recruitment of ten Board members of CIE and its subsidiaries into one recruitment drive which was managed by the Public Appointments Service. The advertisement for the recruitment of these ten Board members was in addition to the thirteen appointments made by the Minister to CIE and its subsidiaries during 2018.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

The register is reviewed and updated by the Management Board three times a year, with the other quarter dedicated to system maintenance and improvement. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. In 2018, the Department complied with the guidelines with the exception of one contract to the value of €60,872. Details of this contract are included in my annual return in respect of Circular 40/02. This contract related to the commissioning of a review into the Oversight Search and Rescue (SAR) Aviation Operations in Ireland following a safety recommendation from the Air Accident Investigation Unit. This review culminated in a report which assisted in the development and the adoption of a new Search and Rescue Plan for Ireland.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Graham Doyle
Accounting Officer
Department of Transport, Tourism and Sport

18 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 31 Transport, Tourism and Sport

Opinion on the appropriation account

I have audited the appropriation account for Vote 31 Transport, Tourism and Sport for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 31 Transport, Tourism and Sport for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Transport, Tourism and Sport and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 31 Transport, Tourism and Sport

Appropriation Account 2018

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Civil aviation				
	Original	28,127			
	Supplementary	1,500			
			29,627	28,142	25,285
B	Land transport				
	Original	1,660,507			
	Deferred surrender	1,645			
	Supplementary	34,330			
			1,696,482	1,691,046	1,475,083
C	Maritime transport and safety				
	Original	95,966			
	Deferred surrender	1,100			
	Supplementary	1,700			
			98,766	90,909	87,286
D	Sports and recreation services				
	Original	111,380			
	Deferred surrender	7,500			
	Supplementary	2,620			
			121,500	118,558	107,762
E	Tourism services				
	Original	133,805			
	Deferred surrender	705			
	Supplementary	3,350			
			137,860	134,270	123,692

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
	Gross expenditure				
	Original	2,029,785			
	Deferred surrender	10,950			
	Supplementary	43,500			
			2,084,235	**2,062,925**	**1,819,108**
	Deduct				
F	**Appropriations-in-aid**		**24,477**	**26,347**	**379,243**
	Net expenditure				
	Original	2,005,308			
	Deferred surrender	10,950			
	Supplementary	43,500			
			2,059,758	**2,036,578**	**1,439,865**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €18,366,000 of unspent allocations in respect of the capital elements of subheads A.3, B.5, B.6, B.7, B.8, C.3, D.3, D.4, E.6 and E.7 was carried forward to 2019.

	2018	2017
	€	€
Surplus	23,179,599	13,212,200
Deferred surrender	(18,366,000)	(10,950,000)
Surplus to be surrendered	**4,813,599**	**2,262,200**

Graham Doyle
Accounting Officer
Department of Transport, Tourism and Sport

18 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		2,018,315	1,784,530
Pay		30,726	28,133
Non pay		13,884	6,445
Gross expenditure		**2,062,925**	**1,819,108**
Deduct			
Appropriations-in-aid		**26,347**	**379,243**
Net expenditure		**2,036,578**	**1,439,865**
Changes in capital assets			
Purchases cash	(2,919)		
Disposals cash	39		
(Profit)/loss on disposals	(39)		
Depreciation	3,935		
		1,016	(729)
Changes in net current assets			
Increase in closing accruals	(1,546)		
Decrease in stock	102		
		(1,444)	405
Direct expenditure		**2,036,150**	**1,439,541**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		18,019	16,766
Notional rents		3,757	3,785
Net programme cost		**2,057,926**	**1,460,092**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 31 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	148	120
Vote 12 Superannuation and Retired Allowances	12,608	12,289
Vote 13 Office of Public Works	4,814	3,901
Vote 18 National Shared Services Office	52	58
Central Fund - Ministerial pensions	397	398
	18,019	**16,766**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	**11,598**	**14,423**
Current assets			
Bank and cash	2.3	18,819	8,381
Stocks	2.4	1,100	1,202
Prepayments		2,410	888
Other debit balances	2.5	764	1,131
Total current assets		23,093	11,602
Less current liabilities			
Accrued expenses		2,568	2,592
Other credit balances	2.6	1,386	1,643
Net Exchequer funding due	2.7	18,197	7,869
Total current liabilities		22,151	12,104
Net current assets/(liabilities)		**942**	**(502)**
Net assets		**12,540**	**13,921**
Represented by:			
State funding account	2.1	**12,540**	**13,921**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			13,921	13,597
Disbursements from the Vote				
Estimate provision	Account	2,059,758		
Deferred surrender	Account	(18,366)		
Surplus to be surrendered	Account	(4,814)		
Net vote			2,036,578	1,439,865
Expenditure (cash) borne elsewhere	1		18,019	16,766
Non cash expenditure – notional rent	1		3,757	3,785
Capital asset adjustments-land & buildings	2.2		(1,809)	—
Net programme cost	1		(2,057,926)	(1,460,092)
Balance at 31 December			**12,540**	**13,921**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Specialist equipment	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2018	2,470	23,390	445	15,409	23,639	65,353
Additions	179	595	47	782	1,316	2,919
Transfer out [a]	(948)	—	—	—	—	(948)
Adjustment [b]	(861)	—	—	—	—	(861)
Reclassification	—	(75)	—	—	75	—
Disposals	—	(3,064)	(12)	(436)	—	(3,512)
Cost or valuation at 31 December 2018	840	20,846	480	15,755	25,030	62,951
Accumulated depreciation						
Opening balance at 1 January 2018	—	20,202	367	11,003	19,358	50,930
Depreciation for the year	—	1,162	55	1,455	1,263	3,935
Disposals	—	(3,064)	(12)	(436)	—	(3,512)
Cumulative depreciation at 31 December 2018	—	18,300	410	12,022	20,621	51,353
Net assets at 31 December 2018	**840**	**2,546**	**70**	**3,733**	**4,409**	**11,598**
Net assets at 31 December 2017	2,470	3,188	78	4,406	4,281	14,423

Notes
[a] The assets transferred out relate to Coast Guard units and radio stations transferred to the OPW.
[b] The adjustment is related to land which is owned by the Commissioners of Irish Lights (€464,000) and a correction in respect of duplicate entries on the fixed asset register identified following a year-end review.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	18,555	8,213
Commercial bank accounts	264	168
	18,819	**8,381**

Motor Tax bank account

The Department holds a bank account to allow for the collection and allocation of Motor Tax and the transfer of the proceeds to the Exchequer. No moneys due to or paid from the vote are transmitted through this bank account. The amount held at the end of 2018 is €16,784 and is not included in the account (2017: €Nil).

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery and office supplies	—	23
IT consumables	84	73
Specialised consumables (Irish Coast Guard)	1,016	1,106
	1,100	**1,202**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
OPW agency services	632	323
Pensions recoverable	—	790
Other	132	18
	764	**1,131**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax and Universal Social Charge	478	659
Pay Related Social Insurance	232	297
Professional Services Withholding Tax	87	64
Value Added Tax	370	203
Relevant Contract Tax	107	55
Pension charges	49	62
Extra Exchequer receipts	—	166
	1,323	1,506
Other	63	137
	1,386	**1,643**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	4,814	2,262
Deferred surrender	18,366	10,950
Exchequer grant undrawn	(4,983)	(5,343)
Net Exchequer funding due	**18,197**	**7,869**
Represented by:		
Debtors		
Bank	18,819	8,381
Debit balances: suspense	764	1,131
	19,583	9,512
Creditors		
Due to State	(1,323)	(1,506)
Credit balances: suspense	(63)	(137)
	(1,386)	(1,643)
	18,197	**7,869**

2.8 Commitments

Global commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	246,111	297,280
Non capital grant programmes	114	—
Capital grant programmes	113,664	148,621
Total of legally enforceable commitments	**359,889**	**445,901**

Commitments under procurement subheads

	2018	2017
	€000	€000
Search and rescue helicopter services	212,114	273,358
Airports	22,571	6,798
Vehicle/driving licencing	10,298	13,601
Climate Change Unit	469	—
Air Accident Investigation Unit	—	263
Information technology	105	148
Strategic research	67	35
Coast Guard services	487	3,077
	246,111	**297,280**

Non-capital grant commitment

	2018	2017
	€000	€000
Opening balance	—	—
Grants paid in year	(29)	—
New grant commitments	143	—
Grants cancelled	—	—
Closing balance	**114**	—

Capital grant commitment

	2018	2017
	€000	€000
Opening balance	148,621	119,493
Grants paid in year	(39,976)	(45,641)
New grant commitments	6,726	75,011
Grants cancelled	(1,707)	(242)
Closing balance	**113,664**	**148,621**

Major capital projects

	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend 2018	Expected total spend 2017
	€000	€000	€000	€000	€000
Smarter Travel Areas	22,750	492	—	23,242	23,250
Pairc Uí Chaoimh	25,126	3,374	1,500	30,000	30,000

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	188	920

2.10 Contingent liabilities

The Department is involved in a number of legal cases. The Department cannot predict the outcome of such cases.

During 2018, the Department paid legal settlement costs of €6,656,720 relating to a long running legal case, Smith v Meade. The case relates to the legal requirement to have motor insurance, and the State agreed to a settlement, following an interpretive ruling in the case by the Court of Justice of the European Union. Further costs to finalise the settlement are expected to be in the region of €1.2 million and these cover legal costs incurred by FBD Insurance due to proceedings in the High Court, Court of Appeal, Supreme Court and European Court of Justice.

Note 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances		32,456	30,726	28,133
ii	Travel and subsistence		1,177	1,346	1,271
iii	Training and development and incidental expenses				
	Original	2,273			
	Supplementary	7,000			
			9,273	9,020	1,993
iv	Postal and telecommunications services		519	360	378
v	Office equipment and external IT services		1,584	1,498	1,666
vi	Office premises expenses		564	579	497
vii	Consultancy services and value for money and policy reviews		599	1,081	640
			46,172	**44,610**	**34,578**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €32.456 million, outturn: €30.726 million

The outturn was lower than the estimate in 2018 due to longer than anticipated lead in times for recruitment and emerging challenges in recruitment and retention of staff, in particular our professional and technical staff, in the face of competitive pressures in the wider labour market.

iii *Training and development and incidental expenses*

Estimate provision: €2.273 million, outturn: €9.02 million

The outturn in 2018 was significantly higher than the original estimate and the 2017 outturn due to the inclusion of the costs of a legal settlement of €6,656,720. The settlement related to a long running legal case (Smith v Meade). These costs were provided for by way of a supplementary estimate during 2018.

iv *Postal and telecommunications services*

Estimate provision: €519,000, outturn: €360,000

The decrease of €159,000 on expenditure on postal and telecommunications services was due to lower than expected postal and telecommunications costs. No single factor has led to an outturn lower than the estimate. The outturn for 2018 is in line with the outturn in 2017.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €599,000, outturn: €1.081 million

The increase on expenditure on consultancy services and value for money policy reviews was due to a greater demand for a wide variety of consultancy services. In all 44 different companies were contracted for consultancy services in 2018, with the highest single payment being €140,343 for a review of capacity needs at State Airports.

Programme A Civil aviation

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.1	Administration - pay		3,547	3,380	2,813
A.2	Administration - non pay		732	795	644
A.3	Regional airports				
	Original	13,650			
	Supplementary	1,500			
			15,150	15,460	13,213
A.4	Miscellaneous aviation services		10,198	8,507	8,615
			29,627	**28,142**	**25,285**

Significant variations

Overall, the expenditure in relation to Programme A was in line with the original estimate. However, within Programme A there were two significant variations.

A.3 Regional airports

Estimate provision: €13.65 million, outturn: €15.46 million

In recent years, funding to support operational activities at regional airports was met through DPER approved virements in unspent capital under A.3. As the capital allocation was fully utilised in 2018, there was no capacity to meet historical levels of support for operational costs within the original estimate amount of €13.65 million. Accordingly, additional funds were sought to maintain existing levels of support for operational activities at regional airports, thus resulting in a higher outturn than estimated in 2018. The majority of this operational funding focuses on supporting wage costs for the provision of essential safety and security services, such as air traffic control, police, customs and fire fighting, which provide no economic return to the airport.

A.4 Miscellaneous aviation services

Estimate provision: €10.198 million, outturn: €8.507 million

Overall the expenditure for miscellaneous aviation services was €1.691 million lower than provided due to a combination of factors. Ireland is a member of the Eurocontrol en-route charging scheme. In common with most Eurocontrol member states, Ireland exempts certain classes of flights from payment of the en-route charge. The Department refunds the costs incurred by the IAA in providing these air navigation services from moneys provided by the Exchequer, in accordance with Section 45(1)(c) of the Irish Aviation Act 1993. The underspend in 2018 of €800,000 arose as fewer flights by exempt classes of aircraft took place, resulting in a lower than estimated requirement to reimburse the IAA. Ireland's contribution to Eurocontrol's general budget, our subscriptions to the International Civil Aviation Organisation (ICAO) and our subscriptions to the European Civil Aviation Conference (ECAC) are calculated on the basis of formulae which include variables that are not fully clear until during the year. This gives rise to slight variations in outturns. In 2018 the variation between estimate and outturn was €700,000. Finally, the cost of two aviation insurance policies were €200,000 less than profiled.

Programme B Land transport

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration - pay		12,460	11,676	10,691
B.2	Administration - non pay				
	Original	2,532			
	Supplementary	7,000			
			9,532	9,403	2,449
B.3	Road improvement/maintenance				
	Original	908,853			
	Supplementary	18,730			
			927,583	930,418	787,534
B.4	Road safety agencies and expenses		5,116	5,216	5,236
B.5	Vehicle and driver licencing expenses		19,400	19,821	15,727
B.6	Smarter travel and carbon reduction		5,500	697	—
B.7	Public service provision payments				
	Original	300,363			
	Deferred surrender	100			
	Supplementary	3,000			
			303,463	295,573	278,648
B.8	Public and sustainable transport				
	Original	400,545			
	Deferred surrender	1,545			
	Supplementary	5,600			
			407,690	408,585	368,908
B.9	Public transport agencies and expenses		5,660	9,599	5,836
B.10	Miscellaneous services		78	58	54
			1,696,482	**1,691,046**	**1,475,083**

Significant variations

Overall, the expenditure in relation to Programme B was €28.894 million higher than originally estimated including the deferred surrender, representing a variance of 1.7%. The variance was mainly due to the following.

B.2 Administration - non pay

Estimate provision: €2.532 million, outturn: €9.403 million

The outturn in 2018 was significantly higher than the original estimate and the 2017 outturn due to the inclusion of the costs of a legal settlement of €6,656,720. The settlement related to a long running legal case (Smith v Meade). These costs were provided for by way of a supplementary estimate during 2018.

B.3 Road improvement/maintenance

Estimate provision: €908.853 million, outturn: €930.418 million

Grants are provided under Subhead B.3 to Transport Infrastructure Ireland (TII) for the construction, operation and maintenance of national roads and to local authorities for the maintenance, renewal and improvement of regional and local roads. Grants are also provided for TII's administration and general expenses. Due to the impact on the national, regional and local road network of a series of severe weather events, additional funding was allocated by way of supplementary estimate to TII and local authorities to assist with necessary repairs and winter operations; funding was also made available to facilitate the restocking of central salt stocks after exceptional demand due to severe weather.

B.6 Smarter travel and carbon reduction

Estimate provision: €5.5 million, outturn: €697,000

This subhead funds a number of specific measures that support research into carbon-reduction possibilities in transport, trial new technologies in the area, or promote the uptake of lower-emitting transport options. The Carbon Reduction Programme involves a small, specialised set of initiatives, it complements the broader effort to mitigate/reduce national green-house gas emissions through the considerable multi-annual Exchequer support for expanding and sustaining public transport capacity by investing in infrastructure and subventing public transport services. The Carbon Reduction Programme involves measures that are typically innovative and associated with emerging technologies and research which can take time to develop, establish and gain acceptance. Despite steady progress in 2018 in developing or introducing a number of new measures under the Programme, the drawdown of funding in the year was low at €697,000. This was largely attributable to timing factors associated with longer roll-out or slower take-up of some measures than was initially expected. These measures are now progressing in 2019. €2.2 million was vired to D5 for construction of Phase 2 of the National Indoor Arena, to facilitate completion of the project ahead of schedule.

B.9 Public transport agencies and expenses

Estimate provision: €5.66 million, outturn: €9.599 million

The €3.939 million increased expenditure in 2018 supported the NTA in meeting its increased administration costs at a time when its programme of work has grown as a result of the substantial expansion of public transport infrastructure investment that is planned under Project Ireland 2040, and enabled the Authority to break-even in the year.

Programme C Maritime transport and safety

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
C.1	Administration – pay		12,900	12,291	12,097
C.2	Administration - non pay		2,738	2,891	2,772
C.3	Maritime administration and Irish Coast Guard				
	Original	80,242			
	Deferred surrender	1,100			
	Supplementary	1,700			
			83,042	75,638	72,332
C.4	Miscellaneous services		86	89	85
			98,766	**90,909**	**87,286**

Significant variations

Overall, the expenditure in relation to Programme C was €6.157 million lower than originally estimated including the deferred surrender, representing a variance of 6%. The variance was mainly due to the following.

C.3 *Maritime administration and Irish Coast Guard*

Estimate provision: €81.342 million, outturn: €75.638 million

Overall, the expenditure for Maritime administration and Irish Coast Guard was €5.704 million lower than provided because of a number of issues. There was a less than anticipated increase in the monthly standing and flying hour charges in the Search and Rescue helicopter contract leading to an underspend of €800,000. The Commissioner of Irish Lights contingency of €2.4 million was not required. Planning delays on the building programme of Coast Guard stations (primarily the new builds of Westport and Greystones) mean that €3 million capital will be carried into 2019. In addition to the under spend, there was an excess spend on Irish Coast Guard operational costs of €500,000.

Programme D Sports and recreation services

			2018		2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
D.1	Administration - pay		1,947	1,844	1,688
D.2	Administration - non pay		397	434	387
D.3	Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)				
	Original	41,510			
	Deferred surrender	7,500	49,010	33,949	33,775
D.4	Grants for provision and renovation of swimming pools		4,200	1,377	5,522
D.5	Sport Ireland (part funded by National Lottery)				
	Original	58,326			
	Supplementary	2,620	60,946	75,954	61,840
D. 6	Dormant accounts funding for sports measures		5,000	5,000	4,550
			121,500	**118,558**	**107,762**

Significant variations

Overall, the expenditure in relation to Programme D was €322,000 lower than originally estimated including the deferred surrender, representing a variance of 0.3%. The variance was mainly due to the following.

D.3 *Grants for sporting bodies and provision of sports and recreational facilities (part funded by National Lottery)*

Estimate provision: €49.01 million, outturn: €33.949 million

The shortfall of €15.061 million was due to the fact that general drawdowns under the Sport Capital Programme were significantly behind schedule as drawdowns are demand led and difficult to profile. This is because of delays by sporting bodies in finalising the legalities required to protect the State's investment; delays by sporting bodies in obtaining full planning permission; capacity issues in the construction industry and in specialist sports construction sectors, and challenges in raising the required own funding to make up the difference between the grant allocated and the total project costs. €12 million was vired to D5 for construction of Phase 2 of the National Indoor Arena, to facilitate completion of the project ahead of schedule and €2.5 million capital will be carried into 2019.

D.4 *Grants for provision and renovation of swimming pools*

Estimate provision: €4.2 million, outturn: €1.377 million

The shortfall of €2.823 million arose as there was a delay with retention drawdown for Loughlinstown. Construction and completion works at Lucan, Buncrana and Edenderry are still ongoing.

D.5 *Sport Ireland (part funded by National Lottery)*

Estimate provision: €58.326 million, outturn: €75.954 million

Part of the increase of €17.628 million relates to a €14.2 million capital virement (€2.2 million and €12 million from subheads B.6 and D.3 respectively) for construction of Phase 2 of the National Indoor Arena. The €14.2 million of planned investment was brought forward to facilitate completion of the project ahead of schedule. €2.62 million was provided to Sport Ireland as a supplementary estimate for high performance sport and other programme expenditure. An additional €1.3 million was provided to Sport Ireland in 2018 to ease current expenditure pressures in 2019, including support for National Governing Bodies' high performance programmes, participation programmes, field sport programmes and events.

Programme E Tourism services

			2018		2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
E.1	Administration - pay		1,602	1,536	844
E.2	Administration - non pay		317	361	193
E.3	Fáilte Ireland				
	Original	62,117			
	Supplementary	850			
			62,967	62,616	59,201
E.4	Tourism Ireland Limited - grant for administration and general expenses		14,786	15,301	14,601
E.5	Tourism Marketing Fund				
	Original	37,853			
	Supplementary	2,500			
			40,353	41,788	36,403
E.6	Tourism product development		13,480	9,413	12,450
E.7	Greenways				
	Original	3,650			
	Deferred surrender	705			
			4,355	3,255	—
			137,860	**134,270**	**123,692**

Significant variations

Overall, the expenditure in relation to Programme E was €240,000 lower than originally estimated including the deferred surrender, representing a variance of 0.2%. The variance was mainly due to the following.

E.5 Tourism marketing fund

Estimate provision: €37.853 million, outturn: €41.788 million

The outturn in 2018 was significantly higher than the original estimate due to the funding of extra marketing campaigns to give a solid foundation in delivering growth in Tourism in 2019. The main marketing campaigns funded were ‘Call of the Wild’ campaign, Data-driven Digital Marketing, Ireland’s Ancient East ‘Vikings’ campaign and Tourism Marketing Fund. These costs were covered by way of a Supplementary estimate and a virement during 2018.

E.6 Tourism product development

Estimate provision: €13.48 million, outturn: €9.413 million

The funding in this subhead supports tourism product development through targeted capital investment in attractions and other tourism infrastructure. By providing the type and quality of experience that our visitors are seeking, this investment improves the international competitiveness of our overall tourism offering and helps support and grow tourism in a sustainable manner. Fáilte Ireland makes this investment through a combination of large and small grants schemes, direct investment and strategic partnerships with other public bodies. With regard to the latter, such partnerships include but are not limited to support for improvements to outdoor activity infrastructure and investment in assets of the OPW and the National Parks and Wildlife Service. Although some investments planned for 2018 were commenced and substantial progress made, not all projects progressed to the point that the entire budget for the project was needed in the year of account. Fáilte Ireland will continue to work on those projects in 2019 with their key partners. Given that these programmes and projects are progressing and will require the full allocation on completion during 2019, a capital carryover of €4.1 million has been approved for that purpose

E.7 Greenways

Estimate provision: €4.355 million, outturn: €3.255 million

Overall the expenditure was €1.1 million lower than provided. The shortfall of €1.1 million was due to planning issues on a section of the Galway to Dublin greenway, therefore spend was lower than anticipated. Waterford and Tipperary were reallocated funds which were not drawn down by year end but will be carried into 2019 to complete that investment.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimate provision	Realised	Realised
		€000	€000	€000
Administration				
1	Receipts from pension-related deduction on public service remuneration	3,694	3,903	3,548
Civil aviation				
2	Irish Aviation Authority refund of subscriptions to international organisations	7,095	6,285	5,911
3	Irish Aviation Authority recoupment of rents, etc.	394	394	394
4	Irish Aviation Authority payment for associated costs	2,391	2,938	2,036
Land transport				
5	Road transport licence fees	700	872	1,140
6	Receipts from Local Government Fund	—	—	345,500
7	Miscellaneous land transport receipts	4,688	5,637	14,970
Maritime transport and safety				
8	Receipts under the Merchant Shipping and Wireless Telegraphy Act 1919	450	580	537
Tourism services				
9	Tourism Ireland pension receipts	175	311	257
Sports services				
10	Sport Ireland pension receipts	90	86	91
11	Dormant accounts	4,500	5,000	4,551
Miscellaneous receipts				
12	Miscellaneous receipts	300	341	308
	Total	**24,477**	**26,347**	**379,243**

Significant variations

Overall, appropriations-in-aid were €1.87 million higher than the estimate. Explanations for the variances are as follows.

1 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €3.694 million, outturn: €3.903 million

The increase of €209,000 was due to increased recruitment within the Department which resulted in increased pension related deductions.

2 *Irish Aviation Authority refund of subscriptions to international organisations*

Estimate provision: €7.095 million, outturn: €6.285 million

The Department pays annual subscription fees to International Organisations e.g. Eurocontrol, and recoups the costs from the Irish Aviation Authority (IAA). Such costs were less than anticipated in the year, as reflected in subhead A4, and the amounts recouped were commensurately lower, in line with our agreement with IAA.

4 *Irish Aviation Authority payment for associated costs*

Estimate provision: €2.391 million, outturn: €2.938 million

The Department recoups certain costs from the Irish Aviation Authority for insurance, salaries, travel and subsistence costs etc. where these relate to policy areas such as air navigation policy and air safety policy. The increase of €547,000 was due to the upward revision of the amount requested from the IAA for 2018 and recoupment of an additional €350,000 received in 2018 in respect of 2017 costs. The Department will work with the Department of Public Expenditure and Reform to reflect a higher expected receipts in future years.

5 *Road Transport licence fees*

Estimate provision: €700,000, outturn: €872,000

Due to the upturn in the economy, applications and associated fees for licences and renewals were greater than anticipated.

7 *Miscellaneous land transport receipts*

Estimate provision: €4.688 million, outturn: €5.637 million

Miscellaneous land transport receipts include €935,000 from the Special EU Programmes Body for ERDF funding in respect of projects funded under the Interreg VA Programme, Measure 3.1.

9 *Tourism Ireland pension receipts*

Estimate provision: €175,000, outturn: €311,000

Tourism Ireland pension receipts were up as the pension scheme rules were amended increasing the level of pension contributions payable by Tourism Ireland staff.

11 *Dormant accounts*

Estimate provision: €4.5 million, outturn: €5 million

Reimbursement by the National Treasury Management Agency from the Dormant Accounts Fund in respect of sports measures paid from the expenditure provision under Subhead D6.

4.2 Extra Exchequer receipts

	2018 €000	2017 €000
Balance at 1 January	166	—
Shannon Development rents [a]	11	11
Sports capital grant refunds [b]	31	31
Receipt from Bus Éireann for school transport [c]	156	166
EU receipt for CCRP (City Centre Re-signalling Project) [d]	441	2,565
Road Safety Authority pension contributions and notional service [e]	478	467
Dividend by Dublin Airport Authority [f]	37,400	29,100
EU receipt for funding of research into Intelligent Transport Systems and Service [g]	45	—
EU receipt for multimodal travel information services [h]	72	—
Transferred to the Exchequer	(38,800)	(32,174)
Balance at 31 December	**—**	**166**

Notes

[a] Rents collected by the Shannon Airport Authority (SAA) on behalf of the Minister.

[b] Grant funding returned to the Vote because, following an examination by the Department, it concluded that the funding was drawn down in 2006 in contravention of the terms and conditions of the Sports Capital Programme.

[c] Receipt from Bus Éireann for school transport relates to a depreciation charge paid for the use of Bus Éireann vehicles for various routes.

[d] Moneys received from Innovation and Networks Executive Agency of the European Commission in relation to the City Centre Re-signalling Project (CCRP). The CCRP is a central element of the upgrading of rail services to allow for further capacity enhancement within the Greater Dublin Area and the delivery of the overall DART expansion programme. This work will accommodate an additional five train paths per direction per hour (up from 12 at present to 17) in the critical city centre area.

[e] The Department acts as the intermediary in making the annual pay-over of the pension contributions deducted from RSA staff. These pay-overs are made to the Department of Public Expenditure and Reform.

[f] Dividend received in respect of shareholding in Dublin Airport Authority for the 2017 financial year.

[g] EU receipt for funding of research into Intelligent Transport Systems (ITS) and Service as part of the TN-ITS GO project. This ITS project aims to develop software which can pick up changes in road attributes which will be delivered to digital mappers. The purpose of the programme is to lead to having real time traffic information for all those involved in traffic management including satnav providers and road users.

[h] The money received is to support a project undertaken by the NTA as part of a programme support action for the implementation of Union-wide multimodal travel information services on the TEN-T network. The purpose of the project is to enable Ireland as a member state of the EU to provide data for all public transport in the NeTEx specification through the national access point at www.data.gov.ie

5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end		
Department	557	486
Agencies		
Commission for Aviation Regulation	18	18
Fáilte Ireland	341	339
Medical Bureau of Road Safety	37	34
National Transport Authority	97	83
Commission for Railway Regulation	14	15
Road Safety Authority	389	326
Tourism Ireland	160	146
Transport Infrastructure Ireland	254	255
Sport Ireland	40	36
	1,907	**1,738**

5.2 Pay

Department staff only	**2018**	**2017**
	€000	**€000**
Pay	27,022	24,782
Higher, special or additional duties allowance	535	475
Other allowances	595	552
Overtime	574	554
Employer's PRSI	2,000	1,770
Total pay[a]	**30,726**	**28,133**

Note [a] The total pay figure is distributed across subheads A.1, B.1, C.1, D.1, E.1

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	110	49	21,805	26,374
Other allowances	82	1	35,422	25,083
Overtime	101	15	21,690	21,378
Extra remuneration in more than one category	56	45	44,574	41,505

5.4 Other remuneration arrangements

One retired civil servant in receipt of a civil service pension was re-engaged on a fee basis at a total cost of €35,230. Pension abatement rules were applied as appropriate.

5.5 Payroll overpayments

There were 45 individual overpayments at the year-end totalling €54,215 compared with 78 individual overpayments in 2017 (totalling €56,982). Recovery plans are in place for all of the €54,215 overpayments.

Two overpayment recovery plans, in respect of two individuals, to the value of €2,533 were transferred to the Department in the year.

6. Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs of the Department	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by :						
Employees	1	—	70	46	116	—
Members of the public	3	—	1,720	4,976	6,696	398
		—	**1,790**	**5,022**	**6,812**	**398**

6.2 National Lottery funding

Total expenditure of €109.9 million (€95.6 million in 2017) under subheads D.3 and D.5 was part funded by the National Lottery.

A full list of payments to grantees under subhead D.3 is available on the Department's website, www.dttas.ie

6.3 EU funding

The outturn shown in subhead B.8 Public and sustainable transport includes payment in respect of activities which are co-financed from the ERDF. Estimates of expenditure and actual outturns are as follows

	2018		2017
	Estimate	Outturn	Outturn
	€000	€000	€000
Subhead description			
B.8 Public and sustainable transport	2,261	420	—

6.4 Pensions recoverable

At 31 December 2017, the vote ledger included a debit balance of €790,000 in other debit balances as the amount recoverable in respect of pension payments made by the Department and not yet recouped from Vote 12 for the period 2002 to 2014. Post 2014, a process change resulted in all pension payments being made through Vote 12 thus nullifying any requirement for recoupments.

An extensive examination of the €790,000 balance has resulted in the compilation of detailed supporting evidence in respect of €568,000, being an amount that could have been refunded from Vote 12 in 2015. A further €41,000 was identified as a mis-posting. The origin of the balance of €181,000 cannot be readily identified due to the passage of time. The balances of €568,000 and €181,000 have now been eliminated via a charge to the Administration – non pay subhead in 2018.

Appendix A Accounts of bodies and funds under the aegis of the Department of Transport, Tourism and Sport

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Bus Éireann	2017	4 Apr 2018	11 Apr 2018	5 Sep 2018
Bus Átha Cliath	2017	4 Apr 2018	11 Apr 2018	5 Sep 2018
CIE Tours International	2016	30 Jun 2017	9 Jan 2018	5 Sep 2018
Commission for Aviation Regulation	2017	6 Jul 2018	25 Jul 2018	4 Sep 2018
Commission for Railway Regulation	2017	21 Dec 2018	2 Jan 2019	15 Mar 2019
Coras Iompair Éireann (CIE)	2017	4 Apr 2018	10 Apr 2018	27 Apr 2018
Dublin Airport Authority	2017	28 Mar 2018	5 Apr 2018	25 Apr 2018
Dublin Port Company	2017	29 Mar 2018	6 Apr 2018	26 Jul 2018
Galway Harbour Company	2017	4 May 2018	5 May 2018	26 Jul 2018
Iarnrod Éireann	2017	4 Apr 2018	26 Jun 2019	8 Jul 2019
Irish Aviation Authority	2017	23 Mar 2018	26 Mar 2018	17 Apr 2018
Marine Casualty Investigation Board	2017	29 Jun 2018	19 Jul 2018	21 Nov 2018
Medical Bureau of Road Safety	2017	12 Dec 2018	8 Jan 2019	28 Mar 2019
National Tourism Development Authority – Fáilte Ireland	2017	29 Jun 2018	10 Jul 2018	3 Oct 2018
National Transport Authority	2017	22 Jun 2018	2 Jul 2018	4 Sep 2018
New Ross Port Company	2017	9 Aug 2018	9 Aug 2018	4 Oct 2018
Port of Cork	2017	19 Apr2018	20 Apr 2018	26 Jul 2018
Port of Waterford Company	2017	12 Mar 2018	9 Apr 2018	26 Jul 2018
Road Safety Authority	2017	30 Jul 2018	4 Dec 2018	17 Jan 2019
Shannon Foynes Port Company	2017	5 Apr 2018	20 Apr 2018	26 Jul 2018
Shannon Group	2017	28 Mar 2018	9 Apr 2018	26 Apr 2018
Sport Ireland	2017	21 Dec 2018	9 Jan 2019	15 Mar 2019
Tourism Ireland	2017	13 Jul 2018	30 Jul 2018	3 Oct 2018
Transport Infrastructure Ireland	2017	28 Jun 2018	1 Aug 2018	10 Oct 2018

Appropriation Account 2018

Vote 32

Business, Enterprise and Innovation

Introduction

As Accounting Officer for Vote 32, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Business, Enterprise and Innovation, including certain services administered by that Office, for the payment of certain subsidies and grants, and for the payment of certain grants under cash-limited schemes.

The expenditure outturn is compared with the sum granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €39.716 million is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, €27.6 million will be carried over for spending in 2019 and €12.116 million will be surrendered to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Assurance on shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of payroll and human resource shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Procurement compliance

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department complied with the guidelines with the exception of five contracts entered into to the value of €340,825, which were listed in my annual return in respect of Circular 40/2002. For two of the contracts while the procurement process was delayed, the new contracts are commencing Q1 and Q2 2019 respectively. For another contract the relevant OGP framework had experienced legal challenges throughout 2018, consequently the Department is engaging with the OGP in order to address its procurement requirements. For another contract additional works were required that were not foreseen at the outset of the project. And finally a contract was in place for room rental and with regard to same OPW are in the process of securing alternative accommodation which is expected to be in place by early 2020.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. The work of internal audit is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Dr Orlaigh Quinn
Accounting Officer
Department of Business, Enterprise and Innovation

28 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 32 Business, Enterprise and Innovation

Opinion on the appropriation account

I have audited the appropriation account for Vote 32 Business, Enterprise and Innovation for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 32 Business, Enterprise and Innovation for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Business, Enterprise and Innovation and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

13 September 2019

Vote 32 Business, Enterprise and Innovation

Appropriation Account 2018

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Jobs and Enterprise Development				
	Original	433,120			
	Supplementary	(10,739)			
			422,381	392,272	403,932
B	Innovation				
	Original	356,098			
	Supplementary	10,740			
			366,838	368,697	375,101
C	Regulation		81,742	76,001	71,799
	Gross expenditure				
	Original	870,960			
	Supplementary	1			
			870,961	**836,970**	**850,832**
	Deduct				
D	**Appropriations-in-aid**		**52,000**	**57,725**	**52,542**
	Net expenditure				
	Original	818,960			
	Supplementary	1			
			818,961	**779,245**	**798,290**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €27.6 million of unspent allocations in respect of the capital elements of Subhead A.5 & B.4 were carried forward to 2019.

	2018	2017
	€	€
Surplus	39,715,758	8,251,873
Deferred surrender	(27,600,000)	—
Surplus to be surrendered	**12,115,758**	**8,251,873**

Dr Orlaigh Quinn
Accounting Officer
Department of Business, Enterprise and Innovation

28 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		802,046	819,570
Pay		26,095	23,410
Non pay		8,829	7,852
Gross expenditure		**836,970**	**850,832**
Deduct			
Appropriations-in-aid		**57,725**	**52,542**
Net expenditure		**779,245**	**798,290**
Changes in capital assets			
Purchases cash	(2,210)		
Depreciation	1,783		
Loss on disposals	3		
		(424)	107
Changes in net current assets			
Increase in closing accruals	2,201		
Decrease in stock	17		
		2,218	1,786
Direct expenditure		**781,039**	**800,183**
Expenditure borne elsewhere			
Net allied services expenditure (cash) (note 1.1)		24,044	24,411
Notional rents (non-cash)		2,857	2,580
Net programme cost		**807,940**	**827,174**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 32 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	97	96
Vote 12 Superannuation and Retired Allowances	18,786	18,274
Vote 13 Office of Public Works	4,711	5,549
Vote 18 National Shared Services Office	101	66
Vote 20 Garda Síochána	—	78
Central Fund - Ministerial pensions	349	348
	24,044	**24,411**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	7,523	6,999
Current assets			
Bank and cash		12,549	8,023
Stocks	2.3	231	248
Prepayments		1,504	1,888
Accrued income		571	661
Other debit balances	2.4	909	726
Total current assets		15,764	11,546
Less current liabilities			
Accrued expenses		1,113	797
Deferred income		3,880	2,469
Other credit balances	2.5	3,822	4,930
Net Exchequer funding due	2.6	9,636	3,819
Total current liabilities		18,451	12,015
Net current (liabilities)/assets		(2,687)	(469)
Net assets		**4,836**	**6,530**
Represented by:			
State funding account	2.1	**4,836**	**6,530**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			6,530	8,285
Disbursements from the Vote				
Estimate provision	Account	818,961		
Deferred surrender	Account	(27,600)		
Surplus to be surrendered	Account	(12,116)		
Net vote			779,245	798,290
Fit-out costs and furniture provided by OPW			100	138
Expenditure (cash) borne elsewhere	1.1		24,044	24,411
Non cash expenditure – notional rent			2,857	2,580
Net programme cost	1		(807,940)	(827,174)
Balance at 31 December			**4,836**	**6,530**

2.2 Capital assets

	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	35,053	3,834	788	39,675
Additions	500	115	1,695	2,310
Brought into use in year	135	—	(135)	—
Disposals	(53)	(160)	—	(213)
Cost or valuation at 31 December 2018	35,635	3,789	2,348	41,772
Accumulated depreciation				
Opening balance at 1 January 2018	29,244	3,432	—	32,676
Depreciation for the year	1,715	68	—	1,783
Depreciation on disposals	(51)	(159)	—	(210)
Cumulative depreciation at 31 December 2018	30,908	3,341	—	34,249
Net assets at 31 December 2018	**4,727**	**448**	**2,348**	**7,523**
Net assets at 31 December 2017	5,809	402	788	6,999

2.3 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	157	180
IT supplies	56	50
Cleaning materials	18	18
	231	**248**

2.4 Other debit balances

at 31 December		2018	2017
	€000	€000	€000
Advances to OPW		109	159
Miscellaneous debit balances		575	420
Recoupable expenditure			
– Travel	72		
– Shared services	153		
		225	147
		909	**726**

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	1,466	1,320
Pay Related Social Insurance	56	582
Local Property Tax	—	11
Professional Services Withholding Tax	82	103
Value Added Tax on intra EU acquisitions	79	127
	1,683	2,143
Share of patent renewal fees payable to the European Patents Office	1,618	1,474
Staff pay-overs	81	621
Extra Exchequer receipts	—	190
Employers pension liability	40	170
Recoupable salaries	142	190
Other miscellaneous balances	258	142
	3,822	**4,930**

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	12,116	8,252
Deferred surrender	27,600	—
Exchequer grant undrawn	(30,080)	(4,433)
Net Exchequer funding due	**9,636**	**3,819**
Represented by:		
Debtors		
Bank and cash	12,549	8,023
Other debit balances	909	726
	13,458	8,749
Creditors		
Due to State	(1,683)	(2,143)
Other credit balances	(2,139)	(2,787)
	(3,822)	(4,930)
	9,636	**3,819**

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments [a]		
Procurement of goods and services [b]	148,454	39,952
Non-capital grant programmes	1,241	—
Grant programmes [b]	1,471,877	1,405,444
Total of legally enforceable commitments	**1,621,572**	**1,445,396**

Notes
[a] Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.
[b] The analysis of the total 2017 commitment figure has been restated between procurement and grant commitments.

Major capital commitments

Capital grants involving total expenditure of €10 million or more is shown separately in the major capital commitments table.

	Cumulative expenditure to 31 December 2017[a]	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017[a]
	€000	€000	€000	€000	€000
Agency commitments					
IDA Ireland (A5)	62,530	19,166	155,030	236,726	157,000
Enterprise Ireland (A7)	303,951	33,891	131,964	469,806	431,102
Science Foundation Ireland (B4)	251,240	53,685	164,027	468,952	451,444
Enterprise Ireland (B4)	23,320	9,337	7,439	40,096	40,096
Department commitments					
Programme for Research in Third Level Institutions (PRTLI) (B5)	148,730	4,456	2,784	155,970	155,970
INTERREG (A10)	1,426	1,031	18,543	21,000	21,000
	791,197	**121,566**	**479,787**	**1,392,550**	**1,256,612**

Note
[a] Excludes projects completed by end 2017.

Significant variations

Where the programme spend has increased/decreased by more than €500,000 from 2017 to 2018, an explanation is provided as follows:

IDA Ireland (A5): increase €79.7 million

Fit-out of IDA HQ commenced 2018 with an expected spend of €15.7 million. Eight grants to IDA clients were approved totalling €94 million, while two grant commitments with a value of €30 million were cancelled.

Enterprise Ireland (A7): increase €38.7 million

The increase principally relates to an increase in the value of five existing project commitments of €15.9 million and two new projects of €22.4 million.

Science Foundation Ireland (B4): increase €17.5 million

The increase principally relates to one new project in 2018 creating a commitment of €20.6 million and a decrease in the value of three existing project commitments amounting to €2.9 million.

2.8 Matured liabilities

	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year-end	301	375

2.9 Contingent liabilities

The Credit Guarantee Scheme (CGS) which became operational in 2012, provides a State guarantee through the Department to accredited lenders (Allied Irish Banks, Bank of Ireland and Ulster Bank Ireland) of 75 % on eligible loans or performance bonds to viable micro, small and medium-sized enterprises (SMEs). The guarantee is paid by the State (the 'guarantor') to the lender on the unrecovered outstanding principal balance on a scheme facility in the event of a borrower defaulting on the scheme facility repayments.

Capita Asset Services were the operator and manager of the CGS since it was launched in late 2012. In October 2016, following on from a Government decision on the issue, the Strategic Banking Corporation of Ireland became the new operator of the CGS.

A revised CGS was made by statutory instrument in 2017. This revised scheme was launched in July 2018. At 31 December 2018, a total of €66 million loans outstanding was covered by the CGS loan fund. In the event of default by an SME, the accredited lender makes a claim in relation to the unrecovered principle balance. The maximum exposure for the Department in relation to loans outstanding at 31 December 2018 is a total of €4 million.

SMEs availing of the scheme pay a premium of 2% per annum which is returned to the Department (see Note 4) and claims against the guarantee are paid to participating lenders and are paid out of subhead A9. The amounts paid to SBCI to operate the scheme are also paid out of this subhead.

A summary of receipts and payments related to this scheme (including the original and revised frameworks) are set out below.

	2018		2012-2018	
	€000	**€000**	**€000**	**€000**
Receipts in relation to premiums paid by SMEs		524		2,120
Scheme expenditure				
Payments to SBCI scheme administration	(398)		(2,098)	
Claims paid	(250)		(745)	
Total cost of scheme		(648)		(2,843)
Net cost of scheme		(124)		(723)

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	26,253	26,095	23,411
ii	Travel and subsistence	647	863	646
iii	Learning and development and incidental expenses	1,100	1,660	1,045
iv	Postal and telecommunications services	300	408	273
v	Office equipment and external IT services	4,010	3,958	4,062
vi	Office premises expenses	980	745	630
vii	Consultancy services and value for money and policy reviews	1,100	1,108	1,079
viii	Advertising and information resources	250	87	116
		34,640	**34,924**	**31,262**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and +/- €100,000).

ii *Travel and subsistence*

Estimate provision: €647,000, outturn: €863,000

The increase of €216,000 on travel and subsistence expenditure was due to additional travel expenditure arising from the need to service an increased number of EU and international meetings in areas such as Brexit, trade etc.

iii *Learning and development and incidental services*

Estimate provision: €1.1 million, outturn: €1.66 million

The excess of €560,000 was due to a number of factors including two payments made in full settlement of claims by two employees following cases taken against the Department. In addition, increased business activity across various business units primarily in terms of Brexit preparedness and the 'Future Jobs' agenda, resulted in a number of events being undertaken, and costs incurred. Further increased staff numbers across the Department also gave rise to increased expenditure relating to training and administration costs.

iv *Postal and telecommunications services*

Estimate provision: €300,000, outturn: €408,000

The excess spend of €108,000 is due to the higher than expected cost of datalines for the offices of the Department.

viii *Advertising and information resources*

Estimate provision: €250,000, outturn: €87,000

The allocation was not drawn down in full because of the demand for advertising and publicity events. There was an underspend of €60,000 on statutory advertising and publicity expenditure and an underspend of €103,000 on promotional projects due to lower demand to meet the business needs of the sections.

Programme A Jobs and Enterprise Development

				2018	2017
			Estimate provision	Outturn	Outturn
			€000	€000	€000
A.1	Administration – pay		9,192	9,268	8,184
A.2	Administration – non-pay		2,582	2,856	2,339
A.3	Agency legacy pensions		41,240	38,912	39,541
A.4	Inter Trade Ireland		8,125	8,125	7,960
A.5	IDA Ireland		180,780	161,780	175,731
A.6	NSAI – grant for administration and general expenses		6,224	6,157	5,794
A.7	Enterprise Ireland				
	Original	146,550			
	Supplementary	(24,400)			
			122,150	111,220	115,114
A.8	Local enterprise development				
	Original	32,931			
	Supplementary	470			
			33,401	33,416	32,655
A.9	Temporary Partial Credit Guarantee Scheme				
	Original	500			
	Supplementary	160			
			660	648	871
A.10	Matching funding for INTERREG				
	Original	3,000			
	Supplementary	(1,969)			
			1,031	1,031	1,426
A.11	Subscriptions to international organisations, etc.		1,840	1,840	—
A.12	Commissions, committees and special inquiries		1	—	—
A.13	Legal costs and other services		155	19	317
A.14	Future Growth Loan Scheme				
	Original	—			
	Supplementary	15,000			
			15,000	17,000	—
—	*Brexit Loan Fund*		—	—	14,000
			422,381	**392,272**	**403,932**

Significant variations

Overall, the expenditure in relation to Programme A was €40.848 million lower than (originally) provided. This was due mainly to the following

A.3 *Agency legacy pensions*

Estimate provision: €41.24 million, outturn: €38.912 million

The outturn was €2.328 million less than estimated due to a number of factors including

- a number of former staff not claiming their preserved benefits due in 2018
- fewer claims by County Councils than what had been budgeted for former CEB pensioners
- claims from other public-sector bodies in respect of service transferred under the public-sector transfer network were fewer than expected
- fewer than expected spouse pension benefits claimed.

A.5 IDA Ireland

Estimate provision: €180.78 million, outturn: €161.78 million

The outturn was €19 million less than the estimate due to delays delivering on contractually committed properties and grants. These commitments carry over into 2019 and will be funded in part from the deferred surrender of capital monies unspent this year.

A.7 Enterprise Ireland

Estimate provision: €146.55 million, outturn: €111.22 million

The outturn was €35.33 million less than originally provided due to additional contribution by Enterprise Ireland (EI) to its own capital programme, a slower than expected drawdown on its Regional Enterprise Development Fund, delays in receiving grant claims and delays in the drawdown from its Seed and Venture Capital Programme. EI's additional contribution to its capital programme was a result of unanticipated increase in the own resource income that it generated in 2018.

A.9 Temporary Partial Credit Guarantee Scheme

Estimate provision: €500,000, outturn: €648,000

The €500,000 budget is to cover claims under the Scheme and operator costs for the year. As operator of the Credit Guarantee Scheme, the Strategic Banking Corporation of Ireland is required to hold insurance. The excess of €148,000 arose primarily due to two large settlement claims by the financial institutions under the Scheme during 2018.

A.10 Matching funding for INTERREG

Estimate provision: €3 million, outturn: €1.031 million

Accurate forecasting for INTERREG payments can be problematic because it is a multiannual (seven-year) programme and Special EU Programmes Body (SEUPB, the managing authority for the programme) are working with different accounting years that do not match up. More specific difficulties have arisen due to delays in commencing progress under the present programme.

A.13 Legal costs and other services

Estimate provision: €155,000, outturn: €19,000

It is prudent vote management to provide some level of contingency funding in the event that any unforeseen costs arise during the year. As it happened, the actual level of contingency expenditure was considerably less than had been estimated.

A.14 Future Growth Loan Scheme

Estimate Nil, outturn: €17 million

The Future Growth Loan Scheme was established on foot of a funding agreement in late 2018 between the European Investment Fund and DBEI acting in conjunction with the Department of Agriculture, Food and Marine, Department of Finance and the Strategic Banking Corporation of Ireland. The Fund will provide low cost loans for terms of between 8-10 years to SMEs to enable them to strategically invest in a post-Brexit environment. Of the total exchequer funding of €62 million for the Scheme, €37 million is the estimated contribution to be provided by the DBEI and €25 million is the contribution by the Department of Agriculture, Food and the Marine. This funding will be leveraged to a loan fund of up to €300 million by way of Strategic Banking Corporation of Ireland and European Investment Fund guarantee mechanisms. The initial tranche in 2018 of DBEI's contribution to the Scheme amounted to €17 million.

Programme B Innovation

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
B.1	Administration – pay		6,828	6,933	6,285
B.2	Administration – non pay		2,489	2,657	2,455
B.3	Patents Office		3,004	2,899	2,847
B.4	Science and Technology Development Programme				
	Original	308,631			
	Supplementary	8,740			
			317,371	317,362	316,387
B.5	Programme for Research in Third Level Institutions (PRTLI)				
	Original	14,300			
	Supplementary	2,000			
			16,300	18,300	26,400
B.6	Subscriptions to international organisations, etc.		20,685	20,543	20,727
B.7	Commissions, committees and special inquiries		1	—	—
B.8	Legal costs and other services		160	3	—
			366,838	**368,697**	**375,101**

Significant variations

Overall, the expenditure in relation to Programme B was €12.599 million higher than (originally) provided. This was mainly due to the following

B.4 Science and Technology Development Programme

Estimate provision: €308.631 million, outturn: €317.362 million

The original allocation for this subhead was increased by an additional supplementary estimate of €8.74 million. This additional funding was needed to provide funding for the acquisition of critically needed research infrastructure for projects.

B.5 Programme for Research in Third Level Institutions (PRTLI)

Estimate provision: €14.3 million, outturn: €18.3 million

Additional funding of €4 million was used to discharge outstanding liabilities owed under cycle 5 of the PRTLI Programme.

B.8 Legal costs and other services

Estimate provision: €160,000, outturn: €3,000

It is prudent vote management to provide some level of contingency funding in the event any unforeseen costs arise during the year. However, only very modest expenditure was incurred in 2018.

Programme C Regulation

		2018 Estimate provision €000	2018 Outturn €000	2017 Outturn €000
C.1	Administration – pay	10,233	9,894	8,941
C.2	Administration – non pay	3,316	3,316	3,058
C.3	Workplace Relations Programme	18,104	17,554	17,372
C.4	Grants for trade union education and advisory services – cash-limited	900	900	900
C.5	Health and Safety Authority - grant for administration and general expenses	19,275	19,075	18,372
C.6	Trade union amalgamations	60	—	182
C.7	Office of the Director of Corporate Enforcement	5,057	3,702	3,014
C.8	Competition and Consumer Protection Commission	12,226	11,457	9,765
C.9	Personal Injuries Assessment Board	112	42	151
C.10	Consumer support	47	44	45
C.11	Companies Registration Office and Registry of Friendly Societies - grant for administration and general expenses	7,875	7,130	7,106
C.12	Irish Auditing and Accounting Supervisory Authority	2,105	1,234	1,216
C.13	Subscriptions to international organisations, etc.	1,320	1,116	1,198
C.14	Commissions, committees and special inquiries	256	79	111
C.15	Legal costs and other services	856	458	368
		81,742	**76,001**	**71,799**

Significant variations

Overall, the expenditure in relation to programme C was €5.741 million lower than (originally) provided. This was due to small savings across a number of subheads, as follows

C.3 Workplace Relations Programme

Estimate provision: €18.104 million, outturn: €17.554 million

The underspend of €550,000 was due to a number of factors including the following

- an underspend in relation to the Labour Court of €240,000 due to the late filling of a number of vacancies that arose during the year
- with the establishment of the WRC in October 2015, the EAT (Employment Appeals Tribunal) ceased to accept new claims and appeals. These historic cases have been put on hold by one or both parties due to proceedings in the Higher Courts, which has constrained the EAT in concluding same, resulting in an underspend in 2018.

C.7 Office of the Director of Corporate Enforcement

Estimate provision: €5.057 million, outturn: €3.702 million

There was an underspend of €677,000 on pay due to a number of staff retirements and delays in replacing staff that transferred out of the ODCE. In addition, in the non-pay allocation for the year, there was an underspend of €678,000, relating to the legal costs associated with case work. The costs arising during the year in this respect were less than anticipated although some will fall to be paid in 2019.

C.8 Competition and Consumer Protection Commission

Estimate provision: €12.226 million, outturn: €11.457 million

The underspend of €769,000 was due to a number of factors including an underspend of €1.544 million on pay which was principally due to difficulty filling vacancies and a number of seconded staff returning to their parent body. This underspend was offset by some degree by an excess of expenditure of €1.275 million in general, non-pay administration costs and settlement of two significant legal cases. In addition, there was an underspend of €500,000 on non-pay levy functions of the Commission. The CCPCs financial services function is financed by a levy imposed on regulated fund service providers and this was not drawn down due to the carryover to 2018 of a significant surplus of levy funds collected in 2017 as permitted by the relevant legislation (Central Bank Reform Act 2010).

C.9 Personal Injuries Assessment Board

Estimate provision: €112,000, outturn: €42,000

The Department reimburses PIAB for pension payments and pension lump sum payments for their retired staff. The underspend of €70,000 arose as a result of a delay in processing the final reimbursement of the year, resulting instead in it being paid in 2019.

C.11 Companies Registration Office and Registry of Friendly Societies

Estimate provision: €7.875 million, outturn: €7.13 million

The overall underspend of €745,000 was made up of €445,000 in pay and €300,000 in non-pay.

The pay underspend was due to delays in filling vacancies arising from staff retirements and re-assignments.

The non-pay underspend was due to a number of factors including

- delay in the implementation of the register for the beneficial ownership project until 2019, resulting the budget of €100,000 being unspent in 2018
- on IT software and maintenance there was an underspend of €100,000
- the Refresh Project in 2018 had an underspend of €100,000.

C.12 Irish Auditing and Accounting Supervisory Authority

Estimate provision: €2.105 million, outturn: €1.234 million

The estimate was based on IAASA having a full complement of staff to carry out its statutory functions. However, delays were experienced in recruiting certain grades of staff in 2018 which resulted in a saving of €871,000 on the subhead.

C.13 Subscriptions to international organisations, etc.

Estimate provision: €1.32 million, outturn: €1.116 million

The contribution for membership to the International Labour Organisation is paid for in Swiss Francs and a weak exchange rate against the Euro resulted in savings.

C.14 *Commissions, committees and special inquiries*

Estimate provision: €256,000, outturn: €79,000

The underspend of €177,000 arose due to

- €80,000 underspend from reduced activity by Joint Labour Committees; costs were therefore significantly reduced with underspends on the costs associated with the work of the JLCs
- an underspend of €40,000 in the Company Law Review Group as it was only reconstituted in July 2018 with a consequent drop in the number of plenary and subcommittee meetings
- a further underspend of €57,000 through miscellaneous savings by Business Regulation Group, Sales Law Review Group, Future of Work Initiative (EAT research projects) and Company Law Inquires.

C.15 *Legal costs and other services*

Estimate provision: €856,000, outturn: €458,000

The estimate is a contingency for potential legal costs across a number of areas in the Department and its Offices. The underspend was due to lower than anticipated costs in the case of the WRC Law, Company Law, PIAB, ODCE and Health and Safety Technical Support.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
Employment Rights and Industrial Relations				
1	Receipts from the Social Insurance Fund	300	379	—
2	Employment permit fees	10,000	10,761	7,670
3	Employment agency licences	315	396	378
4	WRC fixed penalty notices	30	16	7
5	WRC court award costs	22	15	19
Insurance and Company Law				
6	Companies Registration Office	16,500	19,189	19,560
7	Registry of Friendly Societies	50	43	57
Trade, Competition and Market Rights				
8	Receipts under the Trade Marks Act 1963 and Patents Act 1964	8,700	9,858	9,353
9	Occasional trading licences	1	—	—
10	Competition and Consumer Protection Commission	412	550	535
11	Merger notifications	400	752	576
Other				
12	ODCE legal	50	8	9
13	Miscellaneous	200	998	713
14	Enterprise policy [a]	3,810	3,568	3,189
15	Competition and Consumer Protection Commission [b]	2,100	1,591	1,130
16	PIAB pay and superannuation	1,650	1,189	1,207
17	HSA superannuation	720	176	481
18	Temporary Loan Guarantee Scheme	500	524	584
19	Expert Group on Future Skills Needs	490	460	343
20	Receipts from pension-related deduction on public service remuneration	5,750	7,252	6,731
	Total	**52,000**	**57,725**	**52,542**

Notes [a] Enterprise policy shows amounts received from current and former enterprise agencies in relation to staff pension contributions. The agencies are Intertrade Ireland, IDA, EI, SFI and the former SFADCO.

[b] Receipts under this line are in part-recoupment of the expenditure under subhead C.8.

Significant variations

Overall, appropriations- in-aid were €5.725 million more than the estimate. Explanations for variances are set out below.

2. *Employment permit fees*

Estimate provision: €10 million, outturn: €10.761 million

There was an increase of approximately 18% on the total number of permits issued and a 27% in applications received compared to 2017. The demand from industry in meeting skills shortages from permit applicants continues to grow as industry grows.

6. *Companies Registration Office*

Estimate provision: €16.5 million, outturn: €19.189 million

The variation in 2018 from the estimated income is due to a combination of reasons but principally due to record numbers of new company incorporations, combined with a higher level of compliance from existing companies on the Register.

8. *Receipts under the Trade Marks Act 1963 and Patents Act 1964*

Estimate provision: €8.7 million, outturn: € 9.858 million

The increase of €1.158 million is primarily due to fee income from the renewal of European Patent applications being greater than anticipated.

10. *Competition and Consumer Protection Commission (CCPC)*

Estimate provision: €412,000, outturn: €550,000

The increase of €138,000 is due to modest increased activity in a number of areas, including

- applications for credit intermediary authorisation
- court cost recoveries
- monitoring activity undertaken by the CCPC.

11. *Merger notifications*

Estimate provision: €400,000, outturn: €752,000

The income in this area depends on the number of merger notifications that are made to the CCPC in the year. It is not possible to anticipate the number of mergers in any one year. Merger activity was greater than anticipated in 2018.

13 *Miscellaneous*

Estimate provision: €200,000, outturn: €998,000

Miscellaneous receipts by their nature are difficult to estimate. One factor in particular that gave rise to the increase in miscellaneous income related to the INTERREG programme in 2018. The Department received a total of €878,000 by way of reimbursement of INTERREG expenditure. Expenditure under the INTERREG Programme (Subhead A10) was previously reimbursed (at the rate of 85%) from the European Regional Development Fund to the Department of Finance. The Department of Finance decided that as and from 2018 reimbursement under the INTERREG Programmes should be paid directly to government departments.

14. *Enterprise policy*

Estimate provision: €3.81 million, outturn: €3.568 million

The enterprise policy income is made up of pension contributions from a number of the Department's current and former enterprise agencies. The shortfall of €242,000 in receipts in 2018 is due to a greater than anticipated number of staff leaving or retiring, with new staff appointed under the Single Pension Contribution Scheme, which is paid directly to the Department of Public Expenditure and Reform.

15. *Competition and Consumer Protection Commission (CCPC)*
Estimate provision: €2.1 million, outturn: €1.591 million

The shortfall of €540,000 on the non-pay side is due to the fact that this amount of the estimate was not drawn down mainly due to the carrying forward of a significant surplus of levy funds collected in 2017. The legislation providing for the imposition of levies by the CCPC (Central Bank (Reform) Act 2010) provides for the carrying forward of any deficit or surplus from one year into the next. There was a surplus on the pay side of €31,000 due to additional recruitment to replace staff of Central Bank that returned to the Bank.

16. *PIAB pay and superannuation*
Estimate provision: €1.65 million, outturn: €1.189 million

The shortfall of €461,000 arose due to a number of factors including the fact that the estimate included receipts from the single pension scheme which were, actually, as required, paid directly to the Department of Public Expenditure and Reform.

17. *HSA superannuation*
Estimate provision: €720,000, outturn: €176,000

The shortfall arose due to the HSA remitting less than expected superannuation contributions to DBEI in 2018 as it experienced several retirements during the year. The superannuation contributions were retained to finance the retirees lump sums, in line with the agreement in place with DBEI.

20. *Receipts from pension — related deduction on public services remuneration*
Estimate provision: €5.75 million, outturn: €7.252 million

The estimate reflected an increase from 2017, notwithstanding this, the numbers employed both by the Department and its agencies have increased significantly resulting in a larger than planned outcome.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	190	1
Local Enterprise Offices — current [a]	89	187
Local Enterprise Offices — capital	2	3
National Standards Authority of Ireland – current	—	31
IDA Ireland – current	—	331
IAASA — excess payroll recoupment [b]	180	190
Miscellaneous	8	1
Transferred to the Exchequer	(469)	(554)
Balance at 31 December	**—**	**190**

Notes [a] Local Enterprise Offices — current: This relates to unused pay and non-pay funds drawn down under subhead A.8 in 2017.
[b] IAASA — excess payroll recoupment: This relates to the recoupment of IAASA payroll payments by the Department in excess of the Exchequer's liability to IAASA in 2017.

4.3 Employment and training levy

The Employment and Training Levy, set at 1% of an individual's total income (with some exceptions), was abolished with effect from 6 April 1999. The Department of Business, Enterprise and Innovation from time to time receives amounts relating to historical payments of the levy. The Employment and Training Levy is collected by the Office of the Revenue Commissioners and is paid over to the Department of Business, Enterprise and Innovation. The moneys are in turn paid over to the Exchequer.

Statement of payments made in accordance with Section 25(1) of the Labour Services Act 1987.

	2018	2017
	€	€
Received from Revenue Commissioners	—	373,333
Paid into the Exchequer	—	373,333

Note 5 Staffing and Remuneration

5.1 Employee Numbers (full time equivalents)

	2018	2017
Number of staff at year end		
Department and Offices:		
Department	499	476
Patents Office	43	42
WRC	175	165
ODCE	39	34
CRO	106	110
	862	827
Agencies [a]	1,543	1,461
	2,405	**2,288**

Note [a] Includes employees of the Personal Injuries Assessment Board, a non-commercial State agency that is not in direct receipt of Exchequer funding.

5.2 Pay - Department, Offices and Agencies

	2018 €000	2017 €000
Pay	157,074	146,293
Higher, special or additional duties allowance	867	1,395
Other allowances	2,535	445
Overtime	436	446
Employer's PRSI	9,196	9,617
Total pay	**170,108**	**158,196**

Note The remuneration arrangements refer to the pay element of Subheads A.1, A.4, A.5, A.6, A.7, A.8, B.1, B.3, B.4, C.1, C.3, C.5, C.7, C.8, C.11 and C.12.

5.3 Department

	2018 €000	2017 €000
Pay [a,b]	43,514	40,593
Higher, special or additional duties allowance	705	632
Other allowances	905	445
Overtime	282	285
Employer's PRSI	2,915	2,580
Total pay [c]	**48,321**	**44,535**

Notes
[a] Includes pension payments to 25 former members of Labour Court, the Competition Authority and the National Consumer Agency (now known as the Competition and Consumer Protection Commission).
[b] Excludes fees paid to office holders who are not employees of the Department eg. adjudicators.
[c] Total pay includes administration pay (A.1, B.1 and C.1) and the pay elements of the Offices of the Department (B.3, C.3, C.7 and C.11). The amount included for pay in Note 1 refers to administrative subheads only.

5.4 Allowances and overtime payments - Department staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	107	16	44,088	43,788
Other allowances	76	13	95,675	151,679
Overtime	119	7	12,119	15,272
Extra remuneration in more than one category	26	13	45,225	21,805

5.5 Agencies

The agencies included here are the Competition and Consumer Protection Commission, Enterprise Ireland, Health and Safety Authority, Industrial Development Authority, National Standards Authority Ireland, Intertrade Ireland, Irish Auditing and Accounting Supervisory Authority and Science Foundation Ireland.

The pay expenditure of the agencies is not a direct financial transaction of the Department and as such the Department does not hold detailed pay and allowance information in respect of agency staff. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

	2018	2017
	€000	€000
Pay	113,560	105,700
Higher, special or additional duties allowance	162	763
Other allowances	1,630	—
Overtime	154	161
Employer's PRSI	6,281	7,037
Total pay	**121,787**	**113,661**

5.6 Allowances and overtime payments - Agency staff

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	43	4	34,977	29,031
Other allowances	261	12	33,662	58,997
Overtime	63	4	24,862	26,027
Extra remuneration in more than one category	8	2	25,393	28,928

5.7 Other remuneration arrangements

A company car is provided to the CEO of Enterprise Ireland.

A total of €27,060 was paid to one retired civil servant in 2018, who was re-engaged to provide legal services in 2018. Appropriate procedures were in place with regard to payments to retired staff in accordance with Section 53 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Payroll overpayments

Payroll and human resources services are provided by the National Shared Services Office. Based on reports provided by the National Shared Services Office, overpayments at year end were estimated at €256,243 (80 cases) (2017 €162,722, 62 cases). 23 cases have recovery plans in place with arrangements being made to commence repayment plans for the remaining cases.

Two overpayment recovery plans in respect of 2 individuals to the value of €1,914 were transferred to the Department during 2018.

5.9 Severance/redundancy

During 2018, two staff members received severance payments due to changes of Ministers to the Department. These severance payments totalled €18,271.

Note 6 Miscellaneous

6.1 EU funding

In addition to grants from the Vote, the Patents Office and the following bodies under the aegis of the Department received EU aid directly in 2018 as shown below:

Subhead	Description	2018 Outturn €	2017 Outturn €
B.3	Patents Office	243,557	154,678
B.4	Science Foundation Ireland	328,008	763,506
B.4	Enterprise Ireland	909,290	824,849
C.5	Health and Safety Authority	6,916	—
		1,487,771	**1,743,033**

Note The outturn shown in subheads A.8, B.4 and B.5 under Note 3, includes payments in respect of activities which are co-financed from the ERDF.

6.2 Commissions, committees and special inquiries

	Year of establishment	2018 Outturn €	2017 Outturn €
Permanent/open-ended			
Joint Labour Committees	1946	7,169	11,913
Company Law Review Group	2000	59,447	80,990
The Future of Work Initiative	2017	1,260	17,339
Sales Law Review Group	2009	72	356
Departmental Audit Committee	2004	5,400	—
Business Regulation Group	2006	11,287	—
		84,635	**110,598**

6.3 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees against:						
Department	2	1	57	141	199	8
Claims by members of the public against:						
Workplace Relations Commission	—	—	—	—	—	156
Employment rights	—	—	—	—	—	3
Employment Appeals Tribunal	—	—	—	—	—	19
Labour Court	1	—	308	—	308	155
Employment permits	2	—	107	—	107	12
Companies Registration Office	1	—	58	—	58	—
	6	**1**	**530**	**141**	**672**	**353**

6.4 Late payment penalties

	2018 €	2017 €
Interest and compensation	2,693	12,209

Appendix A Accounts of bodies and funds under the aegis of the Department of Business, Enterprise and Innovation

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
IDA Ireland	2017	25 May 2018	28 May 2018	18 Jun 2018
National Standards Authority of Ireland	2017	20 Jun 2018	21 Jun 2018	27 Jun 2018
Enterprise Ireland	2017	26 Jun 2018	29 Jun 2018	5 Jul 2018
Science Foundation Ireland	2017	25 May 2018	21 Jun 2018	18 Jul 2019
Health and Safety Authority	2017	19 Dec 2018	11 Jan 2019	22 Jan 2019
Competition and Consumer Protection Commission	2017	17 Dec 2018	23 Jan 2019	28 Jan 2019
Personal Injuries Assessment Board	2017	11 Jun 2018	27 Jun 2018	3 Jul 2018
Irish Auditing and Accounting Supervisory Authority	2017	15 Jun 2018	27 Aug 2018	31 Aug 2018

Appropriation Account 2018

Vote 33

Culture, Heritage and the Gaeltacht

Introduction

As Accounting Officer for Vote 33, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Culture Heritage and the Gaeltacht, including certain services administered by that Office, and for payment of certain subsidies and grants.

The expenditure outturn is compared with the sums
a) granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
b) provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangement established by section 91 of the Finance Act 2004.

A surplus of €2.102 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and Notes 1 to 7 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Asset valuations

Certain historic properties such as national parks, and heritage assets such as artefacts and manuscripts, have not been valued.

Depreciation

Land is not depreciated. Buildings are depreciated at 2% per annum on a straight-line basis. Plant and Machinery, Office and IT equipment and furniture and fittings are depreciated on a straight-line basis over their estimated useful life, as per the following annual rates:

- Plant and Machinery, furniture and fittings — 10%
- Office and IT equipment — 20%.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Department and the Financial Shared Service Centre of the Department of Justice and Equality.

I rely on a letter of assurance from the Accounting Officer for the Justice and Equality Vote and the Accounting Officer for Shared Services that the appropriate controls are exercised in the provision of shared services to my Department.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action and
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- Procedures for all key business processes have been documented
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability, and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

In total, four supply arrangements were reported under Circular 40/02 in 2018 with a total value of €412,729. These are broken down as follows

- Two contracts to a value of €124,419 related to contracts where normal tendering procedures were not appropriate. One of these contracts (€58,419) related to the provision of services and turf supplies to the Department where there was only one organisation with the relevant expertise, knowledge, skills and experience in this area to supply these goods and services. For the other contract (€66,000), it was considered that there was only one organisation with the requisite capacity, skills and experience to deliver the extensive nationwide programme that were required in relation to certain Culture night publicity and events.

- Two contracts to a value of €288,310 were extended beyond the original contract date in specific circumstances and steps have been taken to ensure that new contracts are now in place for these services.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I, and the Audit Committee have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board (MB) on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the MB, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Katherine Licken
Accounting Officer
Department of Culture, Heritage and the Gaeltacht

26 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 33 Culture, Heritage and the Gaeltacht

Opinion on the appropriation account

I have audited the appropriation account for Vote 33 Culture, Heritage and the Gaeltacht for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 33 Culture, Heritage and the Gaeltacht or the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Culture, Heritage and the Gaeltacht and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Tax relief on film production

Chapter 18 of my report on the accounts of the public services for 2018 examines tax relief on film production, in respect of which the Department has responsibilities.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 33 Culture, Heritage and the Gaeltacht

Appropriation Account 2018

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
Programme expenditure				
A	Arts, culture and film	167,301	163,334	158,958
B	Heritage	47,146	49,258	51,337
C	Irish language, Gaeltacht and islands			
	Current year provision	48,567		
	Deferred surrender	700		
		49,267	48,499	47,955
D	North-South co-operation	39,945	41,220	41,356
	Gross expenditure			
	Current year provision	302,959		
	Deferred surrender	700		
		303,659	**302,311**	**299,606**
	Deduct			
F	**Appropriations-in-aid**	**4,200**	**5,654**	**5,468**
	Net expenditure			
	Current year provision	298,759		
	Deferred surrender	700		
		299,459	**296,657**	**294,138**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €700,000 of unspent allocations in respect of the capital elements of Subhead C.3 was carried forward to 2019.

	2018	2017
	€	€
Surplus	2,801,863	3,844,590
Deferred surrender	(700,000)	(700,000)
Surplus to be surrendered	**2,101,863**	**3,144,590**

Katherine Licken
Accounting Officer
Department of Culture, Heritage and the Gaeltacht
26 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		264,776	264,460
Pay		32,645	30,091
Non pay		4,890	5,055
Gross expenditure		**302,311**	**299,606**
Deduct			
Appropriations-in-aid		**5,654**	**5,468**
Net expenditure		**296,657**	**294,138**
Changes in capital assets			
Purchases cash	(2,239)		
Depreciation	1,280		
Disposals cash	7		
		(952)	(2,867)
Changes in net current assets			
Increase in closing accruals	1,773		
Increase in stock	(21)		
		1,752	33,682
Direct expenditure		**297,457**	**324,953**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		20,235	16,688
Notional rents		775	733
Net programme cost		**318,467**	**342,374**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 33 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	60	30
Vote 12 Superannuation and Retired Allowances	10,257	10,822
Vote 13 Office of Public Works	9,153	4,937
Vote 18 National Shared Service Office	91	121
Vote 24 Justice and Equality - Financial Shared Services Centre	503	608
Central Fund – Ministerial pensions	171	170
	20,235	**16,688**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	**60,504**	**59,552**
Current assets			
Bank and cash	2.3	3,217	6,183
Stocks	2.4	343	322
Prepayments		1,826	3,122
Accrued income		117	94
Other debit balances	2.5	2,595	383
Total current assets		8,098	10,104
Less current liabilities			
Accrued expenses		1,097	597
Other credit balances	2.6	4,155	5,027
Net Exchequer funding due	2.7	1,657	1,539
Total current liabilities		6,909	7,163
Net current assets		1,189	2,941
Net assets		**61,693**	**62,493**
Represented by:			
State funding account	2.1	**61,693**	**62,493**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			62,493	93,279
Disbursements from the Vote				
Estimate provision	Account	299,459		
Deferred surrender	Account	(700)		
Surplus to be surrendered	Account	(2,102)		
Net vote			296,657	294,138
Expenditure (cash) borne elsewhere	1.1		20,235	16,688
Non-cash expenditure –notional rent	1		775	733
–fixed asset			—	29
Net programme cost	1		(318,467)	(342,374)
Balance at 31 December			**61,693**	**62,493**

2.2 Capital assets

	Land and buildings	Plant and machinery	Office and IT equipment[a]	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	56,136	8,160	9,951	4,370	78,617
Additions	1,509	153	542	35	2,239
Transferred out	—	—	(1)	—	(1)
Disposals	—	(403)	(158)	(94)	(655)
Cost or valuation at 31 December 2018	57,645	7,910	10,334	4,311	80,200
Accumulated depreciation					
Opening balance at 1 January 2018	1,547	6,204	8,601	2,713	19,065
Depreciation charge for the year	373	375	437	95	1,280
Depreciation on transfers	—	—	(1)	—	(1)
Depreciation on disposals	—	(402)	(158)	(88)	(648)
Cumulative depreciation at 31 December 2018	1,920	6,177	8,879	2,720	19,696
Net assets at 31 December 2018	**55,725**	**1,733**	**1,455**	**1,591**	**60,504**
Net assets at 31 December 2017	54,589	1,956	1,350	1,657	59,552

Note [a] The Department of Housing, Planning and Local Government provide an ICT managed service for Heritage Division ICT assets on behalf of the Department of Culture, Heritage and the Gaeltacht. These are recorded on the Department of Housing, Planning and Local Government asset register. The Department has prepared a schedule of assets in the event that the transfer of assets is required in the future.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	3,058	5,989
Commercial bank accounts [a]	159	194
	3,217	**6,183**

Note [a] The commercial bank account balance includes €119,423 in 2018 (2017: €172,120) in respect of a commercial bank account operated by the Department of Justice and Equality – Financial Shared Services.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Building material and small plant	87	90
Fuels and fertilisers	28	23
Stationery	27	32
Equipment consumables	6	3
Janitorial supplies and first aid	11	9
IT consumables	57	37
Miscellaneous	55	62
Livestock	72	66
	343	**322**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Environment Fund	1,354	256
Office of Public Works	54	69
Aran LIFE [a]	84	—
Other debit suspense items	1,103	58
	2,595	**383**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	438	483
Pay Related Social Insurance	262	295
Professional Services Withholding Tax	220	283
Relevant Contracts Tax	—	4
Value Added Tax	157	256
Pension deductions	14	13
	1,091	1,334
Crowley Bequest Fund (Note 7.2)	207	321
Aran LIFE [a]	—	506
Kerry LIFE [a]	1,196	647
Raised bog LIFE project [a]	1,448	2,006
Other	213	213
	4,155	**5,027**

Note [a] The LIFE programme is the EU's funding instrument supporting environment, nature conservation and climate action projects through the EU. The general objective of LIFE is to contribute to the implementation, updating and development of EU environmental policy and legislation by co-financing pilot or demonstration projects with European added value.

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	2,102	3,144
Deferred surrender	700	700
Exchequer grant undrawn	(1,145)	(2,305)
Net Exchequer funding due	**1,657**	**1,539**
Represented by:		
Debtors		
Bank and cash	3,217	6,183
Debit balances: suspense	2,595	383
	5,812	6,566
Creditors		
Due to State	(1,091)	(1,334)
Credit balances: suspense	(3,064)	(3,693)
	(4,155)	(5,027)
	1,657	**1,539**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Turf Compensation Scheme	22,625	24,247
Islands	19,398	17,825
Gaeltacht support schemes	4,794	3,192
ACCESS cultural development grants	5,669	6,220
Irish language support schemes	6,532	6,250
Other arts capital projects	16,550	13,573
Cork Event Centre	11,000	11,000
Natural Heritage (National Parks and Wildlife Service)	888	1,198
European city of culture	14,100	—
Culture Ireland grants	3,257	1,234
Other grants	2,139	34
Procurement of goods and services	1,746	570
Total of legally enforceable commitments	**108,698**	**85,343**

Significant variations

An explanation is provided below where a commitment has increased or decreased by more than €500,000 from 2017 to 2018.

Subhead

Turf Compensation Scheme

As this scheme commenced in 2011, the remaining number of years for which applicants are to be paid is falling year on year.

Islands

The increase of €1.573 million in the commitments figure reflects the awarding of new contracts for the provision of transport services to the Islands.

Gaeltacht support schemes

The increase of €1.602 million in commitments is mainly due to additional funding sanctioned under Scéim na gCúntóirí Teanga and Acadamh na hOllscolaíochta Gaeilge.

ACCESS cultural development grants

The reduction of €551,000 in commitments is mainly due to the fact that Kilkenny County Council drew down substantial funding during 2018 in relation to the Butler Gallery.

Other arts capital projects

The increase of €2.977 million in commitments is mainly due to the roll out of the new National Creativity Fund grant scheme in 2018.

European city of culture

The Department committed to €14.1 million expenditure in relation to the European city of culture event taking place in Galway City in 2020.

Culture Ireland grants

The increase of €2.023 million in commitments is mainly due to grants approved in the Autumn 2018 grant round in respect of events taking place in 2019.

Other grants

The increase of €2.105 million in commitments is mainly due to the introduction of new measures to further support the language planning process.

Procurement of goods and services

The increase of €1.176 million in commitments is mainly due to additional funding in respect of bog conservation measures.

2.9 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	21	28

2.10 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	31,225	32,645	30,091
ii	Travel and subsistence	1,428	1,154	1,216
iii	Training and development and incidental expenses	987	785	792
iv	Postal and telecommunications services	610	361	491
v	Office equipment and external IT services	1,986	1,855	1,886
vi	Office premises expenses	775	735	670
vii	Consultancy services and value for money and policy reviews	100	—	—
		37,111	**37,535**	**35,146**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iv *Postal and telecommunications services*

Estimate provision: €610,000, outturn: €361,000

The saving arose due to administrative efficiencies arising from the prudent management of postal and telecommunication services.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €100,000, outturn: €Nil

The saving was due to a policy to keep such expenditure to a minimum in light of budgetary pressures.

Programme A Arts, culture and film

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	6,560	6,498	5,990
A.2	Administration – non-pay	1,368	1,376	1,337
A.3	Payments to match resources generated by the National Archives	40	38	32
A.4	General expenses of the National Archives and National Archives Advisory Council	1,616	1,224	1,162
A.5	General expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (note 7.1)	12,570	12,837	11,711
A.6	Regional museums, galleries, cultural centres and projects	11,550	10,937	10,222
A.7	Cultural infrastructure and development	10,400	7,449	7,407
A.8	Culture Ireland	4,000	4,136	3,682
A.9	An Chomhairle Ealaíon (part funded by National Lottery)	68,213	68,213	65,150
A.10	General expenses of the National Museum of Ireland	13,546	13,546	12,881
A.11	General expenses of the National Library of Ireland	7,563	7,563	7,293
A.12	Irish Film Board	18,022	18,022	16,987
A.13	General expenses of the National Gallery of Ireland	10,002	10,002	9,394
A.14	European City of Culture	1	650	—
A.15	Decade of Centenaries 1912 – 1922	850	843	5,710
A.16	Cork Event Centre	1,000	—	—
		167,301	**163,334**	**158,958**

Significant variations

Overall, the expenditure in relation to Programme A was €3.967 million lower than originally provided. This was mainly due to the following.

A.4 General expenses of the National Archives and National Archives Advisory Council

Estimate provision: €1.616 million, outturn: €1.224 million

The saving of €392,000 relative to the estimate provision was due mainly to the National Archives Project not progressing as quickly as originally anticipated

A.6 Regional museums, galleries, cultural centres and projects

Estimate provision: €11.55 million, outturn: €10.937 million

The saving of €613,000 relative to the estimate provision was due to a number of projects not progressing as quickly as originally planned.

A.7 Cultural infrastructure and development

Estimate provision: €10.4 million, outturn: €7.449 million

The saving of €2.951 million relative to the estimate provision was due to a number of projects not progressing as quickly as originally planned including the Wexford Arts Centre and the Cultural Digitisation Scheme.

A.14 European City of Culture

Estimate provision: €1,000, outturn: €650,000

Funding was transferred from other subheads with sanction of the Department of Public Expenditure and Reform to meet emerging spending on this subhead in 2018.

A.16 Cork Event Centre

Estimate provision: €1 million, outturn: €Nil

The saving of €1 million relative to the estimate provision was due to the contracting authority not being in a position to finalise the construction contract during 2018. As a result, no capital funding drawdown was required during the year

Programme B Heritage

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	19,653	21,386	19,748
B.2	Administration – non pay	2,696	1,585	1,839
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	6,377	6,472	5,904
B.4	Built heritage	3,038	2,868	2,947
B.5	Natural heritage (National Parks and Wildlife Service)	11,982	13,959	17,104
B.6	Irish Heritage Trust	400	400	400
B.7	Built Heritage Jobs Leverage Scheme	2,000	1,973	3,281
B.8	Peatlands restoration and management	1,000	615	114
		47,146	**49,258**	**51,337**

Significant variations

Overall, the expenditure in relation to Programme B was €2.112 million higher than originally provided. This was mainly due to the following.

B.2 Administration – non pay

Estimate provision: €2.696 million, outturn: €1.585 million

The saving of €1.111 million relative to the estimate provision arose from lower than anticipated expenditure in the areas of Office Equipment and IT. Expenditure in these areas is actively monitored to ensure that costs are minimised

B.4 Built heritage

Estimate provision: €3.038 million, outturn: €2.868 million

The saving of €170,000 relative to the estimate provision was due to a number of work projects not progressing as quickly as originally planned.

B.5 Natural heritage (National Parks and Wildlife Service)

Estimate provision: €11.982 million, outturn: €13.959 million

The additional expenditure of €1.977 million, which was transferred from other subheads with sanction of the Department of Public Expenditure and Reform, allowed the Department of Culture, Heritage and the Gaeltacht to invest more in bog conservation measures, in the context of progress on raised bogs and the continued extension of measures in relation to blanket bogs and national heritage area bogs, as well as meeting commitments under the Cessation of Turf Cutting Compensation Scheme.

B.8 Peatlands restoration and management

Estimate provision: €1 million, outturn: €615,000

The saving of €385,000 relative to the estimate provision was due to restoration measures proposed on some sites for 2018 not progressing as originally anticipated.

Programme C Irish language, Gaeltacht and Islands

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
C.1	Administration – pay		3,898	3,478	3,172
C.2	Administration – non-pay		1,125	1,023	1,017
C.3	Gaeltacht support schemes		8,712	8,180	8,465
C.4	Irish language support schemes (part funded by National Lottery)		4,582	4,230	4,014
C.5	An Coimisinéir Teanga		738	747	729
C.6	Údarás na Gaeltachta - administration		9,237	9,637	8,958
C.7	Údarás na Gaeltachta - current programme expenditure		3,350	3,350	3,250
C.8	Údarás na Gaeltachta - grants for projects and capital expenditure on premises		7,000	7,638	8,957
C.9	Islands				
	Original	7,275			
	Deferred surrender	700	7,975	8,211	7,964
C.10	20 year strategy for the Irish language 2010 – 2030		2,650	2,005	1,429
			49,267	**48,499**	**47,955**

Significant variations

Overall, the expenditure in relation to Programme C was €768,000 lower than originally provided. This was mainly due to the following.

C.3 Gaeltacht Support Schemes

Estimate provision: €8.712 million, outturn: €8.180 million

The saving of €532,000 relative to the estimate provision was due to a number of projects not progressing as quickly as originally planned.

C.4 Irish language support schemes (part funded by National Lottery)

Estimate provision: €4.582 million, outturn: €4.23 million

The saving of €352,000 relative to the estimate provision was due to a capital project Scéim na n-Ionad Gaeilge Lasmuigh den Ghaeltacht not progressing as planned.

C.8 Údarás na Gaeltachta - grants for projects and capital expenditure on premises

Estimate provision: €7 million, outturn: €7.638 million

Funding was transferred from other subheads with sanction of the Department of Public Expenditure and Reform allowing the Department to invest in more projects in Údarás na Gaeltachta.

C.10 20 year strategy for the Irish language 2010 – 2030

Estimate provision: €2.650 million, outturn: €2.005 million

The saving of €645,000 relative to the estimate provision was due to the advancing of language plans to implementation stage taking longer than originally anticipated.

Programme D North-South co-operation

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
D.1	Administration – pay	1,114	1,283	1,181
D.2	Administration – non-pay	697	906	862
D.3	An Foras Teanga	14,028	13,325	13,508
D.4	Waterways Ireland	24,106	25,706	25,805
		39,945	**41,220**	**41,356**

Significant variations

Overall, the expenditure in relation to Programme D was €1.275 million higher than originally provided. This was mainly due to the following.

D.2 Administration – non pay

Estimate provision: €697,000, outturn: €906,000

The excess of €209,000 relative to the estimate provision arose from higher than anticipated expenditure in the areas of Office Premises Expenses and IT External Services.

D.3 An Foras Teanga

Estimate provision: €14.028 million, outturn: €13.325 million

The saving of €703,000 relative to the estimate provision arose due to a number of projects not progressing as quickly as originally planned, favourable currency exchange movements and anticipated pension lump sums not materialising in 2018.

D.4 Waterways Ireland

Estimate provision: €24.106 million, outturn: €25.706 million

The additional expenditure of €1.6 million, which was transferred from other subheads with sanction of the Department of Public Expenditure and Reform, allowed Waterways Ireland to effect critical infrastructure developments as well as navigation management projects.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	National Archives	40	38	34
2	Miscellaneous receipts	880	1,274	1,225
3	Rents (including receipts from lettings of fishing rights etc.)	100	144	188
4	Services and charges at national parks and wildlife sites	457	1,283	1,228
5	Receipts from pension-related deduction on public service remuneration	2,723	2,915	2,793
	Total	**4,200**	**5,654**	**5,468**

Significant variations

Overall, appropriations-in-aid were €1.454 million more than the estimate. Explanations for variances are set out below.

2 *Miscellaneous receipts*

Estimate provision: €880,000, outturn: €1.274 million

The variance of €394,000 was due to higher than anticipated pension receipts from agencies.

4 *Services and charges at national parks and wildlife sites*

Estimate provision: €457,000, outturn: €1.283 million

The variance of €826,000 was due to higher than anticipated level of receipts in the national parks, reflecting good visitor numbers at these amenities.

5 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €2.723 million, outturn: €2.915 million

The variance of €192,000 was due to higher than anticipated pension related deduction receipts from agencies.

4.2 Extra Exchequer receipts

	2018	2017
	€000	€000
Balance at 1 January	2	4
Receipts from Gaeltacht loans	4	2
Transferred to Exchequer	(2)	(4)
Balance at 31 December	**4**	**2**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full-time equivalents)

	2018	2017
Number of staff at year end		
Department	615	619
Agencies	1,087	1,079
	1,702	**1,698**

5.2 Pay

	2018	2017
	€000	€000
Pay	73,989	69,037
Higher, special or additional duties allowance	62	56
Other allowances	1,105	1,011
Overtime	1,355	1,305
Employer's PRSI	6,646	5,929
Total pay	**83,157**	**77,338**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	45	4	12,743	12,494
Other allowances	598	21	19,585	19,585
Overtime	568	20	32,188	16,450
Extra remuneration in more than one category.	446	66	33,128	23,437

The details in relation to allowances and overtime payments relating to staff of bodies/ agencies are based solely on returns submitted by those bodies/agencies.

5.4 Other remuneration arrangements

Three retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €2,710. The payments made were consistent with the principles of the Public Service (Single Scheme and other Provisions) Act 2012.

5.5 Payroll overpayments

Overpayments at the year-end were €61,606 in respect of 28 individuals (2017: €44,275, 51 individuals). Of this, €15,597 have recovery plans in place in respect of five individuals (2017: €12,940, eleven individuals).

Note 6 Miscellaneous

6.1 National Lottery funding

Sub-head	Description	2018 Estimate €000	2018 Outturn €000	2017 Outturn €000
A.9	An Chomhairle Ealaíon (part funded by National Lottery)	68,213	68,213	65,150
B.3	Grant for An Chomhairle Oidhreachta (Heritage Council) (part funded by National Lottery)	6,377	6,472	5,904
C.4	Irish Language Support Schemes (part funded by National Lottery)	4,582	4,230	4,014
		79,172	**78,915**	**75,068**

A full list of grantees under subhead C.4 is available on the Department of Culture, Heritage and the Gaeltacht website.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by Department €000	Compensation awarded €000	Legal costs awarded €000	2018 Total €000	2017 Total €000
Claims by:						
employees of the Department	2	1	36	—	37	11
members of the public	11	9	122	20	151	226
		10	**158**	**20**	**188**	**237**

6.3 Loss of heritage assets

The investigation commenced in 2012 by An Garda Síochána in relation to the loss of a number of items held in private storage on behalf of the Department of Culture, Heritage and the Gaeltacht is ongoing. No adjustment has been made to the recorded figures in Note 2.2, pending the completion of the Garda investigation.

6.4 Cessation of Turf Cutting Compensation Scheme

In 2018, the Department made 2,806 payments (2017: 2,860) totalling €4,382,624 (2017: € 4,604,000) in respect of the Cessation of Turf Cutting Compensation Scheme. Of this, 373 payments totalling €612,366 were funded under Subhead B.5 Natural heritage (National Parks and Wildlife Service) (2017: 1,367 payments totalling €2,298,500). The remaining 2,433 payments totalling €3,770,258 were paid through a suspense account funded by the Environment Fund (2017: 1,493 payments totalling €2,305,500).

Note 7 Miscellaneous Accounts

7.1 Payments towards general expenses of the Irish Museum of Modern Art, Chester Beatty Library, National Concert Hall and the Crawford Gallery (Subhead A.5).

	2018	2017
	€000	€000
Payments		
Irish Museum of Modern Art	5,858	5,143
Chester Beatty Library	2,695	2,521
National Concert Hall	2,829	2,709
Crawford Gallery, Cork	1,455	1,338
	12,837	**11,711**

7.2 The Crowley Bequest Fund

The bequest was accepted by the State in 1997, to be used to undertake a project involving the listing, microfilming and publishing of records of the Chief Secretary's Office for the period 1815 – 1853. The charge on the fund represents conservation and salary costs associated with this project.

Accounts of receipts and payments for year ended 31 December 2018

	2018	2017
	€000	€000
Balance on 1 January	321	377
Receipts	—	50
Payments	(114)	(106)
Balance at 31 December	**207**	**321**

7.3 Statement of loans for Gaeltacht housing

Loans issued towards Gaeltacht housing under the Housing (Gaeltacht) Acts 1929 to 2001 and repayments thereof:

		2018	2017
	€000	€000	€000
Opening balance on 1 January		185	183
Annual penal interest accrued		4	4
Interest written off		(1)	—
Repayments			
Principal	(3)		
Interest	(1)	(4)	(2)
Closing balance on 31 December		**184**	**185**

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

The Department currently manages six national park locations, namely

Ballycroy National Park
The Burren National Park
Connemara National Park
Glenveagh National Park
Killarney National Park
Wicklow Mountains National Park

Appendix B Accounts of bodies and funds under the aegis of the Department of Culture, Heritage and the Gaeltacht

The following table lists the bodies under the aegis of the Department and where the Minister has an obligation to present financial statements. It indicates, as at end of March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Irish Museum of Modern Art	2017	19 Dec 2018	2 Jan 2019	—
Chester Beatty Library	2017	18 Jun 2018	15 Aug 2018	14 Nov 2018
National Concert Hall	2017	29 Jun 2018	13 Jul 2018	5 Oct 2018
Crawford Art Gallery	2017	16 Oct 2018	14 Nov 2018	17 Jan 2019
Arts Council	2017	26 Jun 2018	26 Jul 2018	12 Oct 2018
National Museum of Ireland	2017	4 Oct 2018	26 Nov 2018	14 Feb 2019
National Library of Ireland	2017	27 Nov 2018	14 Dec 2018	28 Feb 2019
Irish Film Board [a]	2017	13 Dec 2018	3 Feb 2019	—
National Gallery of Ireland	2017	21 Dec 2018	1 Feb 2019	—
The Heritage Council	2017	20 Dec 2018	1 Feb 2019	—
Údarás na Gaeltachta	2017	19 Dec 2018	21 Dec 2018	30 Jan 2019
Foras Teanga	2017	19 Dec 2018	—	—
Waterways Ireland	2017	28 Sep 2018	16 Nov 2018	18 Dec 2018
An Coimisinéir Teanga	2017	18 Dec 2018	4 Jan 2019	28 Feb 2019

Note [a] The name of the Irish Film Board was changed to Fís Éireann/Screen Ireland on 18 June 2018 under the Irish Film Acts 1980-2011 by way of S.I. No.182 of 2018.

Appropriation Account 2018

Vote 34

Housing, Planning and Local Government

Introduction

As Accounting Officer for Vote 34, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Housing, Planning and Local Government, including grants to Local Authorities, grants and other expenses in connection with housing, water services, miscellaneous schemes, subsidies and grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €13.165 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Transfer of Functions

Responsibility for three state bodies transferred from the Department of Justice and Equality to the Department of Housing, Planning and Local Government with effect from 1 January 2018 under the following Transfer of Departmental Administration and Ministerial Function Orders:

- Ordnance Survey Ireland Order 2017 (SI 573/2017)
- Property Registration Authority Order 2017 (SI 574/2017)
- Valuation Office and Valuation Tribunal Order 2017 (SI 575/2017).

Expenditure for Ordnance Survey Ireland is under the Vote 34 Planning programme, Subhead D.11 - Ordnance Survey Ireland. The other two bodies have their own Votes: Vote 23 - Property Registration Authority and Vote 16 – Valuation Office.

Responsibility for Motor Tax functions transferred from the Department of Housing, Planning and Local Government to the Department of Transport, Tourism and Sport with effect from 1 January 2018 (SI 601/2017).

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account except for the following:

Capital assets

Land is not depreciated. Other assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service on the following basis:

- buildings 5% per annum
- motor vehicles 20% per annum
- plant and machinery 10% per annum
- radar equipment 6.66% per annum.

All other assets are depreciated in line with the standard rates set out in Circular 24/2018.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Payroll and human resource services are provided to the Department on a shared service basis by the National Shared Services Office (Vote 18).

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Services Office for the provision of payroll and human resource shared services.

I rely on a letter of assurance from the Accounting Officer of the National Shared Services Office (Vote 18) that the appropriate controls are exercised in the provision of shared services to this Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- There are systems in place to safeguard assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a regular basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

The risk register is reviewed centrally and the high-level risks are reviewed on a regular basis by the Management Board. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and by the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant procurement guidelines. The Department complied with the guidelines with the exception of eight contracts (in excess of €25,000) totaling €770,842 (ex VAT), as set out below.

- A contract in relation to catering with a total value of €37,228 (ex VAT) and one cleaning contract with a total value of €28,600 (ex VAT). These contracts which were originally awarded with a competitive process, were rolled over pending the completion of a procurement process. The procurement process in relation to the cleaning contract has since been completed.
- A security contract with a total value of €143,583 (ex VAT) was entered into as an emergency measure to provide security relating to the erection of hoarding while maintenance/refurbishment works were being undertaken by the OPW at the Custom House. A competitive procurement process has since been completed.
- Three contracts with a total value of €131,431 (ex VAT) were awarded without a competitive process as a matter of urgency in relation to drafting and publication of Environmental Impact Assessment (EIA) Regulations and the conduct of urgent transboundary EIA consultations.
- Two contracts with a total value of €430,000 (ex VAT) were awarded without a competitive process to suppliers who had specialised expertise and previous experience in relation to issues arising on the proposed establishment of the Land Development Agency.

The Department has provided details of these exceptional contracts as part of information on thirteen contracts with a total value of €1,072,537 (ex VAT) that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Internal financial control issues

No weaknesses in internal control were identified in relation to 2018 that resulted in, or may result in, a material loss.

John McCarthy
Accounting Officer
Department of Housing, Planning and Local Government

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 Housing, Planning and Local Government

Opinion on the appropriation account

I have audited the appropriation account for Vote 34 Housing, Planning and Local Government for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 34 Housing, Planning and Local Government for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Housing, Planning and Local Government and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that a number of instances of non-compliance with national procurement rules occurred in respect of contracts that operated in 2018.

Funding of local authorities

Chapter 11 of my report on the accounts of the public services for 2018 deals with central government funding of local authorities.

Seamus McCarthy
Comptroller and Auditor General

17 September 2019

Vote 34 Housing, Planning and Local Government

Appropriation Account 2018

			2018	2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Housing				
	Original	1,828,199			
	Supplementary	120,000			
			1,948,199	1,983,676	1,323,164
B	Water services		1,201,784	1,174,017	326,037
C	Local government				
	Original	146,090			
	Supplementary	9,999			
			156,089	158,793	387,689
D	Planning				
	Original	63,033			
	Supplementary	1			
			63,034	49,774	32,266
E	Met Éireann		24,778	20,919	18,002
	Gross expenditure				
	Original	3,263,884			
	Supplementary	130,000			
			3,393,884	**3,387,179**	**2,087,158**
	Deduct				
F	**Appropriations-in-aid**		**63,266**	**69,726**	**64,129**
	Net expenditure				
	Original	3,200,618			
	Supplementary	130,000			
			3,330,618	**3,317,453**	**2,023,029**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**13,164,511**	**4,325,944**

John McCarthy
Accounting Officer
Department of Housing, Planning and Local Government

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		3,331,606	2,037,452
Pay		43,903	40,338
Non pay		11,670	9,368
Gross expenditure		**3,387,179**	**2,087,158**
Deduct			
Appropriations-in-aid		**69,726**	**64,129**
Net expenditure		**3,317,453**	**2,023,029**
Changes in capital assets			
Purchases cash	(2,417)		
Depreciation	952		
		(1,465)	(332)
Changes in net current assets			
Decrease in closing accruals	(14,522)		
Decrease in stocks	7		
		(14,515)	(43,926)
Direct expenditure		**3,301,473**	**1,978,771**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		24,580	23,496
Notional rents		3,136	3,015
Net programme cost		**3,329,189**	**2,005,282**

1.1 Net allied services expenditure

The Net allied services expenditure amount is made up of the following amounts in relation to Vote 34 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	560	423
Vote 12 Superannuation and Retired Allowances	22,424	21,606
Vote 13 Office of Public Works	1,402	1,260
Vote 18 National Shared Services Office	69	81
Central Fund – Ministerial pensions	125	126
	24,580	**23,496**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	**5,194**	**3,732**
Current assets			
Bank and cash	2.3	18,930	21,575
Stocks	2.4	149	156
Housing Agency revolving acquisitions fund	7.2	70,941	71,795
Prepayments		974	1,303
Accrued income		6,757	3,634
Other debit balances	2.5	1,077	648
Total current assets		98,828	99,111
Less current liabilities			
Accrued expenses		9,577	21,925
Deferred income		8,689	8,926
Other credit balances	2.6	20,001	20,834
Net Exchequer funding due	2.7	6	1,389
Total current liabilities		38,273	53,074
Net current assets		60,555	46,037
Net assets		**65,749**	**49,769**
Represented by:			
State funding account	2.1	**65,749**	**49,769**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			49,769	5,518
Disbursements from the Vote				
Estimate provision	Account	3,330,618		
Surplus to be surrendered	Account	(13,165)		
Net vote			3,317,453	2,023,029
Expenditure (cash) borne elsewhere	1.1		24,580	23,496
Non cash expenditure – notional rent	1		3,136	3,015
Asset transfers to other Departments	2.2		—	(7)
Net programme cost	1		(3,329,189)	(2,005,282)
Balance at 31 December			**65,749**	**49,769**

2.2 Capital assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
Gross assets	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Cost or valuation at 1 January 2018	668	298	23,553	2,631	787	27,937
Additions	—	53	1,112	12	1,237	2,414
Assets brought into use	—	—	124	—	(124)	—
Disposals[a]	—	(24)	(5,382)	(971)	—	(6,377)
Cost or valuation at 31 December 2018	668	327	19,407	1,672	1,900	23,974
Accumulated depreciation						
Opening balance at 1 January 2018	49	206	21,538	2,412	—	24,205
Depreciation for the year	12	27	843	70	—	952
Depreciation on disposals	—	(24)	(5,382)	(971)	—	(6,377)
Cumulative depreciation at 31 December 2018	61	209	16,999	1,511	—	18,780
Net assets at 31 December 2018[b]	**607**	**118**	**2,408**	**161**	**1,900**	**5,194**
Net assets at 31 December 2017	619	92	2,015	219	787	3,732

Notes

[a] Disposals in the normal course of business, on foot of rolling asset inventories carried out as part of the on-going management of the Department's assets.

[b] While responsibility for heritage functions transferred to the Department of Culture, Heritage and the Gaeltacht (DCHG) in 2011, this Department continued to record heritage ICT assets on its register until 2013, pending a comprehensive inventory of DCHG ICT assets. The Department of Housing, Planning and Local Government (DHPLG) completed this exercise in 2018 at DCHG heritage sites throughout all parts of the country. The inventory has identified 629 assets, some 380 of which are still recorded on the DHPLG asset register with a capitalised cost of €1.4 million. The DCHG have been asked to review the inventory and to confirm the date for transfer of these 380 assets. It is anticipated that these assets will be transferred to DCHG during 2019.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	18,799	20,541
Commercial bank account and cash balances	131	1,034
	18,930	**21,575**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Meteorological consumables	55	72
IT consumables	29	29
Stationery	49	47
Cleaning materials	6	2
Other	10	6
	149	**156**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable salary costs	117	118
Recoupable travel pass scheme	176	149
Recoupable travel costs	9	7
Imprests	4	6
Other debit suspense items	771	368
	1,077	**648**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	734	703
Pay Related Social Insurance	324	296
Value Added Tax	324	207
Professional Services Withholding Tax	79	24
Pension contributions	120	114
Voluntary surrender of pay	—	10
	1,581	1,354
Payroll deductions held in suspense	207	217
Urban Development Fund[a]	17,543	18,525
Other credit suspense items	670	738
	20,001	**20,834**

Note [a] See Note 7.1

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	13,165	4,326
Exchequer grant undrawn	(13,159)	(2,937)
Net Exchequer funding due	**6**	**1,389**
Represented by:		
Debtors		
Bank and cash	18,930	21,575
Debit balances: suspense	1,077	648
	20,007	22,223
Creditors		
Due to State	(1,581)	(1,354)
Credit balances: suspense	(18,420)	(19,480)
	(20,001)	(20,834)
	6	**1,389**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	1,190	332
Non-capital grant programmes	875,993	540,458
Capital grant programmes	1,024,676	882,433
	1,901,859	**1,423,223**

Non-capital grant programmes

	2018	2017
	€000	€000
Opening balance	540,458	335,069
Grants paid in year	(604,396)	(428,516)
New grant commitments	939,931	633,905
Closing balance	**875,993**	**540,458**

Capital grant programmes

	2018	2017
	€000	€000
Opening balance	882,433	292,700
Grants paid in year	(1,184,873)	(650,842)
New grant commitments	1,327,116	1,240,575
Closing balance	**1,024,676**	**882,433**

Major capital projects

Housing projects	Cumulative expenditure to 31 December 2017 €000	Expenditure in 2018 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2018 €000	Expected total spend lifetime of project 2017 €000
Construction					
Jointly funded[a]					
Priory Hall refurbishment, Donaghmede, Dublin 13:					
- Local Authority	10,288	—	—	10,288	10,288
- Department	13,489	3,764	20,660	37,913	37,913
	23,777	3,764	20,660	48,201	48,201
Rosemount Court, Dun Laoghaire-Rathdown:					
- Local Authority	1,628	3,785	—	5,413	1,628
- Department	3,918	2,288	304	6,510	10,295
	5,546	6,073	304	11,923	11,923
Fitzgerald Park, Dun Laoghaire-Rathdown:					
- Local Authority	1,300	2,429	—	3,729	1,300
- Department	1,805	2,826	1,723	6,354	8,783
	3,105	5,255	1,723	10,083	10,083
Racecourse Common, Lusk (Phase 2.1)[b]:					
- Local Authority	308	1,952	—	2,260	253
- Department	4,650	4,524	174	9,348	11,355
	4,958	6,476	174	11,608	11,608
St Aidan's, Brookfield, Tallaght:					
- Local Authority	71	4,193	—	4,264	71
- Department	3,900	8,745	2,913	15,558	21,224
	3,971	12,938	2,913	19,822	21,295
Ballyboden, Rathfarnham:					
- Local Authority	69	803	—	872	69
- Department	134	9,349	2,476	11,959	12,762
	203	10,152	2,476	12,831	12,831
St. Cuthbert's, Clondalkin (Phase 1) South Dublin:					
- Local Authority	18	60	—	78	—
- Department	—	1,449	10,683	12,132	—
	18	1,509	10,683	12,210	—

	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	€000	€000	€000	€000
Department funded					
Tullow Road, Carlow	—	—	11,995	11,995	11,995
Church Road, Cork City	5,807	5,351	831	11,989	11,990
Whites Street, Cork City	—	3,379	9,321	12,700	—
Deanrock, Togher, Cork City	2,419	3,550	11,260	17,229	—
Milleenacola, Bantry, Cork County	—	—	11,092	11,092	—
Radharc na Gréine, (Glasshouse Site), Monivea Road - (Phase 1), Galway City	—	1,832	16,538	18,370	—
Kilbride Lane, Bray, Wicklow	135	8,707	8,266	17,108	—
Cherry Orchard, Ballyfermot /Woodbank/Rathvilly	315	12,061	7,497	19,873	15,255
Total	**50,254**	**81,047**	**115,733**	**247,034**	**155,181**
Regeneration					
Dolphin House, Dublin 8:					
- Local Authority	1,490	—	—	1,490	1,490
- Department	11,917	10,694	1,746	24,357	25,507
	13,407	10,694	1,746	25,847	26,997
Cork Regeneration Phase 2, Knocknaheeny / Hollyhill, Cork City[c]	318	2,212	9,323	11,853	12,388
Lord Edward Street, Limerick	16,900	443	2,129	19,472	19,472
Southill Area Centre, Limerick	10,534	193	275	11,002	11,002
Total	**41,159**	**13,542**	**13,473**	**68,174**	**69,859**
Infrastructure					
South Docks, Cork City	241	324	11,065	11,630	11,625
Dodder Bridge, Dublin City	117	10	11,686	11,813	11,813
Cherrywood, Dun Laoghaire-Rathdown	9	118	11,265	11,392	11,392
Donabate Distributor Road, Fingal	512	3,339	6,769	10,620	11,625
Maynooth, Co Kildare	—	157	10,718	10,875	10,875
Adamstown, Co. Dublin	—	23	14,977	15,000	15,000
Total	**879**	**3,971**	**66,480**	**71,330**	**72,330**

Notes

[a] Some projects are funded jointly by the Department and by local authorities own funds from Local Property Tax retentions (80% of LPT receipts in a local authority area are retained locally). There is potential for the Department's commitments in subsequent years to be reduced if local authorities are in a position to use their own funds from Local Property Tax retention.

[b] The local authority element of the cumulative expenditure to 31 December 2017 figure of €308,000 includes an adjustment of €55,000 relating to 2016 that was inadvertently omitted from the 2017 appropriation account.

[c] The cumulative expenditure to 31 December 2017 figure of €318,000 comprises the 2017 expenditure of €148,000 plus additional 2016 expenditure of €170,000 that was inadvertently omitted from the 2017 appropriation account.

Significant variations

Cherry Orchard

The expected total spend in relation to the Cherry Hall project has increased by €4.62 million. 19 additional units were added to the scheme in July 2018, bringing the overall commitment on the scheme to €19.87 million.

St Aidan's, Brookfield, Tallaght

The 2017 expected total spend for this project included €1.47 million that related to a separate project being carried out on the same site. The 2018 expected total spend just relates to the single project of 85 housing units and this correction has resulted in a decrease of €1.47 million.

Dolphin House Regeneration

The expected total spend for this project has decreased by €1.15 million. This relates to the additional expenditure in 2016 of €1.15 million which was added to the overall total project commitment in 2017. The adjustment for the additional expenditure was correct in 2017 but it should not have been added to the overall total commitment, instead it should have been taken from the existing project figure. This has been corrected in 2018 by reducing the overall total project commitment by €1.15 million.

Cork Regeneration Phase 2

The expected total spend in relation to the Cork Regeneration Phase 2 project has decreased after receipt of the final tender.

Donabate Distributor Road

The expected total spend in relation to the Donabate Distributor Road project decreased by €1 million following receipt of a local authority tender report.

2.9 Matured liabilities

at 31 December	2018 €000	2017 €000
Estimate of matured liabilities not discharged at year end	56	53

2.10 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	46,771	43,903	40,338
ii	Travel and subsistence	1,171	1,195	1,180
iii	Training and development and incidental expenses	2,165	1,550	1,717
iv	Postal and telecommunications services	1,187	781	790
v	Office equipment and external IT services	10,557	7,122	4,916
vi	Office premises expenses	2,731	963	763
vii	Consultancy services and value for money and policy reviews	50	2	2
viii	Research (statistics and economics)	125	57	—
		64,757	**55,573**	**49,706**

Significant variations

Administration expenditure has been apportioned across the programmes, to present complete programme costings. The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iii *Training and development and incidental expenses*

Estimate provision: €2.165 million, outturn: €1.550 million

The saving of €615,000 on expenditure on training and development and incidental expenses was due to some planned meteorological training not taking place and the rollout of the new One Learning system which significantly reduced the cost of tendering for general IT and soft skill courses for the Department.

iv *Postal and telecommunications services*

Estimate provision: €1.187 million, outturn: €781,000

The saving of €406,000 on expenditure on postal and telecommunications services was due to a voice services project being deferred and these services generally being demand led and difficult to estimate.

v *Office equipment and external IT services*

Estimate provision: €10.557 million, outturn: €7.122 million

The saving of €3.435 million on expenditure on office equipment and external IT services was due to a number of projects, primarily the Aviation Modernisation and Automation Project (AMAP) which is being implemented by Met Éireann, not progressing as quickly as anticipated.

vi *Office premises expenses*

Estimate provision: €2.731 million, outturn: €963,000

The saving of €1.768 million on office premises expenses was due to a delay in some refurbishment works and efficiency savings on heat and lighting costs.

Programme A Housing

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration - pay		13,989	13,214	10,919
A.2	Administration - non pay		4,159	1,877	2,004
A.3	Local authority housing				
	Original	1,111,930			
	Supplementary	120,000			
			1,231,930	1,331,013	776,032
A.4	Voluntary and co-operative housing		257,756	259,238	151,152
A.5	Housing inclusion supports		132,655	150,688	118,305
A.6	Estate regeneration - social housing improvements		128,080	121,545	111,094
A.7	Private housing grants		53,000	49,244	44,537
A.8	Subsidies and allowances		4,600	2,839	3,406
A.9	Infrastructure Fund		75,000	6,888	1,604
A.10	Other services		47,030	47,130	104,111
			1,948,199	**1,983,676**	**1,323,164**

Significant variations

Overall, the expenditure in relation to Programme A was €155.477 million higher than (originally) provided. There was an underspend of €3.057 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €158.534 million, was mainly due to the following:

A.3 *Local authority housing*

Estimate provision: €1.112 billion, outturn: €1.331 billion

The subhead includes a supplementary estimate of €120 million, which was necessary due to significant momentum building up on the local authority housing capital programme. The increase in expenditure of €219.083 million (€99.083 million plus €120 million) relative to the original estimate provision of €1.112 billion was due to the following:

As part of delivery of the Rebuilding Ireland Action Plan, there was additional capital expenditure of €249 million by local authorities, primarily on new acquisitions under the Social Housing Investment Programme. Expenditure from subhead A.3 delivered 3,847 homes in 2018 compared to a target of 2,699 for the year.

Additional expenditure of €9 million was incurred under the Rental Accommodation Scheme (RAS) due to increasing rental costs.

Savings of €24.7 million arose under the Housing Assistance Payment (HAP) scheme because there was a higher than expected proportion of recipients outside of the Dublin area – therefore, at a lower cost; transfers from Rent Supplement to HAP in Dublin were slower than anticipated; and the exit rate from the scheme was higher than expected.

There were additional savings of €14.2 million under the Social Housing Current Expenditure Programme as there was lower than anticipated demand for new units to be leased under the scheme.

A.5 Housing inclusion supports

Estimate provision: €132.655 million, outturn: €150.688 million

The increase in expenditure of €18.033 million relative to the estimate provision was due to the following:

Additional expenditure of €23 million arose due to the increasing demands for homeless services such as the provision of emergency accommodation. For example, for the month of December 2018 a total of 9,753 individuals occupied the various housing authority funded emergency accommodation arrangements; the equivalent figure recorded in December 2017 was 8,587. Including preventions, a total of 5,135 adults exited homelessness into independent tenancies in 2018.

Savings of €4.9 million arose on traveller accommodation as progress on delivery was slower than anticipated.

A.6 Estate regeneration - social housing improvements

Estimate provision: €128.080 million, outturn: €121.545 million

The saving in expenditure of €6.535 million relative to the estimate provision was due to the following:

Savings of €29.1 million arose on the Vacant Repair and Leasing Initiative due to it being a demand led scheme and delivery under the scheme was lower than expected. The operation of the scheme was reviewed in the context of the general review of Rebuilding Ireland and a number of changes were made seeking to make it more attractive to owners to assist increased take up and delivery.

There was additional expenditure of €22.6 million in relation to regeneration projects due to significant ramping up of programme activity, including on large scale projects such as Dolphin House, Dublin and the Limerick regeneration programme.

A.7 Private housing grants

Estimate provision: €53 million, outturn: €49.244 million

The saving in expenditure of €3.756 million relative to the estimate provision was due to the private housing grant scheme being demand led and it being difficult to predict the precise level of funding drawdown. Individual grants ranged from €254 to €24,000 and there were over 9,400 grants paid in 2018.

A.8 Subsidies and allowances

Estimate provision: €4.6 million, outturn: €2.839 million

The saving in expenditure of €1.761 million relative to the estimate provision was due to a lower than anticipated number of eligible households under the Affordable Housing and Shared Ownership schemes.

A.9 Infrastructure Fund

Estimate provision: €75 million, outturn: €6.888 million

The estimate relates to the Local Infrastructure Housing Activation Fund (LIHAF), which is to provide public off-site infrastructure to relieve critical infrastructure blockages and accelerate the delivery of housing in key areas and development sites, and to the Serviced Sites Fund (SSF), which is to provide infrastructure on local authority land banks to facilitate the delivery of affordable housing.

The saving in expenditure of €68.112 million relative to the estimate provision was due to expenditure on the 30 LIHAF projects not materialising as quickly as expected. At the start of 2018, many of the LIHAF projects were at the design stage where costs are modest and involved mainly design and consultancy fees. Expenditure is expected to ramp up significantly in 2019 as projects move to the construction phase.

The SSF scheme was launched in June 2018 by issuing calls for proposals to local authorities and in December 10 projects were given approval. No costs were incurred in 2018 but drawdown is expected to accelerate in 2019. Savings arising were allocated to other housing programmes.

Programme B Water services

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration - pay	7,350	5,626	4,958
B.2	Administration - non pay	1,713	1,388	1,097
B.3	Water quality programme	22,457	13,747	11,823
B.4	Rural water programme	44,000	39,121	15,351
B.5	Foreshore	5,310	1,087	715
B.6	Irish Water	1,100,000	1,100,000	291,535
B.7	Local authorities	16,500	13,001	—
B.8	Lead remediation/developer provided infrastructure	4,000	47	132
B.9	Water Advisory Body	420	—	—
B.10	Other services	34	—	426
		1,201,784	**1,174,017**	**326,037**

Significant variations

Overall, the expenditure in relation to Programme B was €27.767 million lower than provided. €2.049 million of this related to administration expenditure and has already been explained and the balance of the variance, an underspend of €25.718 million, was mainly due to the following:

B.3 *Water quality programme*

Estimate provision: €22.457 million, outturn: €13.747 million

The saving in expenditure of €8.710 million relative to the estimate provision was due to the following:

Savings of €5.35 million arose due to slower than anticipated recruitment of the Catchment Assessment Team (35 scientists with a wide range of technical expertise) by the Local Authorities Waters Programme Office to implement Ireland's River Basin Management Plan 2018-2021 and to support ongoing activities relating to the EU Water Framework Directive in Ireland.

Additional savings of €1.23 million arose as the River Basin Management Plan that was published in April 2018 included an economic analysis of water use, which meant that a planned analysis and research programme on water use did not proceed. Also, planned expenditure on assistance with drafting an application for a LIFE Integrated Project on a water quality related theme did not materialise as it was covered by technical assistance funding received from the EU.

Further savings of €2.12 million arose on the EU INTERREG V (Environment Measures) programme because the project selection process did not take place until 2017 and therefore many of the projects were not at an advanced enough stage to draw down funding as anticipated in 2018.

B.4 Rural water programme

Estimate provision: €44 million, outturn: €39.121 million

The saving in expenditure of €4.879 million relative to the estimate provision was due to lower than anticipated expenditure on certain capital projects. The transition from the annual funding of rural water to the multi-annual programme 2016-2018 required significant changes to project prioritisation and evaluation systems and so certain projects did not progress as quickly as expected.

B.5 Foreshore

Estimate provision: €5.310 million, outturn: €1.087 million

The saving in expenditure of €4.223 million relative to the estimate provision was because initiatives to advance the implementation of the Marine Strategy Framework Directive did not proceed as planned and valuation costs and necessary contingencies were less than anticipated.

B.7 Local authorities

Estimate provision: €16.5 million, outturn: €13.001 million

The shortfall in expenditure of €3.499 million relative to the estimate provision was due to lower than anticipated requirement for recoupment of legacy water services loans held by local authorities and the varying finance costs of the loans. In addition, expenditure by local authorities on the operation of the Water Services Transition Office and in relation to work on water services asset transfers to Irish Water was less than expected.

B.8 Lead remediation/developer provided infrastructure

Estimate provision: €4 million, outturn: €47,000

The shortfall in expenditure of €3.953 million relative to the estimate provision was mainly due to the developer-provided water services infrastructure programme not proceeding as expected in 2018 following the conclusion of the successful pilot scheme in 2017. There were additional savings on the Domestic Lead Remediation Grant Scheme which is a demand-led scheme and expenditure is difficult to predict.

B.9 Water Advisory Body

Estimate provision: €420,000, outturn: Nil

The saving in expenditure of €420,000 relative to the estimate provision arose as the Water Advisory Body was not established until 1 June 2018 and the public appointment process relating to the final board members was not completed until December 2018.

Programme C Local Government

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
C.1	Administration - pay		6,873	9,225	8,572
C.2	Administration - non pay		1,649	2,288	1,605
C.3	Local Government Fund		124,800	124,800	365,300
C.4	Fire and emergency services		10,300	11,958	11,828
C.5	Franchise		2,223	585	81
C.6	Other services				
	Original	245			
	Supplementary	9,999			
			10,244	9,937	303
			156,089	**158,793**	**387,689**

Significant variations

Overall, the expenditure in relation to Programme C was €12.703 million higher than (originally) provided. There was an overspend of €2.991 million which related to administration expenditure and has already been explained and the balance of the variance, an underspend of €9.712 million, was mainly due to the following:

C.4 Fire and emergency services

Estimate provision: €10.3 million, outturn: €11.958 million

The increase in expenditure of €1.658 million relative to the estimate provision was due to a number of new fire stations and training centres advancing quicker than anticipated.

C.5 Franchise

Estimate provision: €2.223 million, outturn: €585,000

The Department's franchise function relates to policy and legislation concerning administrative aspects of the electoral system. Savings of €1.638 million relative to the estimate provision arose primarily because the bill of costs arising from a court order following a challenge to the 2012 Children Referendum was not finalised by the Chief State Solicitor's Office. In addition, the Electoral Register Modernisation Project did not progress as quickly as anticipated in 2018.

C.6 Other services

Estimate provision: €245,000, outturn: €9.937 million

This subhead includes a supplementary estimate of €9.999 million to support the severe weather related response, clean-up and remedial works by local authorities in the aftermath of Storm Emma in early 2018.

Programme D Planning

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
D.1	Administration - pay		6,298	3,767	2,207
D.2	Administration - non pay		1,823	434	538
D.3	An Bord Pleanála		17,244	17,514	16,960
D.4	Planning Tribunal		3,745	4,322	11,443
D.5	Office of the Planning Regulator		1,400	258	—
D.6	Planning policy		360	550	334
D.7	Forward planning		250	247	544
D.8	My Plan		210	121	142
D.9	Urban renewal/regeneration		10,000	—	—
D.10	Development contribution rebate scheme		6,000	6,685	—
D.11	Ordnance Survey Ireland [a]		15,593	15,593	—
D.12	Other services		110	29	98
D.13	Land Development Agency				
	Original	—			
	Supplementary	1			
			1	254	—
			63,034	**49,774**	**32,266**

Note [a] This subhead was accounted for in 2017 in Vote 24 Department of Justice and Equality. The 2017 expenditure was €15.593 million.

Significant variations

Overall, the expenditure in relation to Programme D was €13.259 million lower than (originally) provided. €3.92 million of this related to administration expenditure and has already been explained and the balance of the variance of €9.339 million was mainly due to the following:

D.4 Planning Tribunal

Estimate provision: €3.745 million, outturn: €4.322 million

The increase in expenditure of €577,000 relative to the estimate provision was because additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal. See Note 6.1 – Committees, Commissions and Special Inquiries for additional information.

D.5 Office of the Planning Regulator

Estimate provision: €1.4 million, outturn: €258,000

The saving in expenditure of €1.142 million relative to the estimate provision was because enactment of the Planning and Development (Amendment) Act 2018, which provides the statutory basis for the establishment of the Office of the Planning Regulator, was delayed and therefore no staff were assigned to the agency in 2018. It is expected that the Office of the Planning Regulator will be established in 2019.

D.6 Planning policy

Estimate provision: €360,000, outturn: €550,000

The increase in expenditure of €190,000 relative to the estimate provision was mainly due to unexpected costs in relation to two transboundary public consultation processes on proposed UK nuclear power plants (Hinkley Point C and Wylfa Newydd) and on drafting of Environmental Impact Assessment Regulations.

D.9 Urban renewal/regeneration

Estimate provision: €10 million, outturn: Nil

The saving in expenditure of €10 million relative to the estimate provision was because the Urban Renewal Scheme is to be revised following the announcement of Project Ireland 2040 in February 2018, which includes a new €2 billion Urban Regeneration and Development Fund (URDF) sharing many of the criteria of the originally envisaged Urban Renewal Scheme. Approvals for 88 projects under the URDF were announced in November 2018. The Urban Renewal Scheme will be redesigned to avoid duplication with the URDF.

D.10 Development contribution rebate scheme

Estimate provision: €6 million, outturn: €6.685 million

The rebate scheme applied to the Dublin and Cork local authority areas for housing developments which met certain eligibility criteria. It aimed to incentivise the supply of housing units at affordable prices. The increase in expenditure of €685,000 relative to the estimate provision was mainly due to higher output under the scheme than was anticipated; a total of 791 units were delivered under the scheme.

D.13 Land Development Agency

Estimate provision: Nil, outturn: €254,000

This was a new subhead created in 2018 as part of the supplementary estimate following the making of the establishment order for the new Land Development Agency (LDA) on 13 September 2018 (SI No. 352/2018). The 2018 expenditure was to support the LDA's initial start-up administrative and operational costs.

Programme E Met Éireann

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
E.1	Administration - pay	12,261	12,071	13,682
E.2	Administration - non pay	8,642	5,683	4,123
E.3	Subs to International Meteorological Organisations	3,000	3,000	197
E.4	Flood forecasting and warning service	875	165	—
		24,778	**20,919**	**18,002**

Significant variations

Overall, the expenditure in relation to Programme E was €3.859 million lower than provided. €3.149 million of this related to administration expenditure and has already been explained and the balance of the variance of €710,000 was mainly due to the following:

E.4 *Flood Forecasting and warning service*

Estimate provision: €875,000, outturn: €165,000

The saving in expenditure of €710,000 relative to the estimate provision was due to the establishment of a flood forecasting and warning service not progressing as quickly as anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Fees payable by local authorities, etc., for audit of their accounts	1,885	2,101	2,379
2	Receipt from the Social Insurance Fund in respect of premises occupied in connection with Social Insurance (Social Welfare (Consolidation) Act 2005)	741	741	741
3	Met Éireann receipts	10,530	10,094	11,293
4	Miscellaneous receipts	200	105	46
5	Foreshore receipts	2,100	1,460	2,233
6	OSI	390	380	—
7	Receipts from pension-related deduction on public service remuneration	47,420	54,845	47,437
		63,266	**69,726**	**64,129**

Significant variations

Overall, appropriations-in-aid were €6.46 million more than the estimate.

Explanations for variances are set out below:

1 *Fees payable by local authorities, etc., for audit of their accounts*

Estimate provision: €1.885 million, outturn: €2.101 million

The increase of €216,000 was because demands for audit fees are issued on an ongoing basis as audits are completed and income was higher than expected in 2018.

5 *Foreshore receipts*

Estimate provision: €2.1 million, outturn: €1.460 million

The shortfall of €640,000 was because foreshore receipts are difficult to predict reliably.

7 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €47.420 million, outturn: €54.845 million

The increase of €7.425 million was mainly due to outstanding 2017 pension-related deductions being received in 2018 and the timing of the 2018 receipts was quicker than anticipated. In 2017, there were difficulties in predicting the amount and timing of these receipts as it was the first time this subhead included pension-related deduction receipts in respect of over 27,000 local authority employees.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Irish Water - refund of unused 2017 subvention[a]	1,236	—
European Regional Development Funding	787	—
Payment under Pyrite Resolution Act 2013	306	664
Redemption of projects funded under the Voluntary Housing Capital Assistance Scheme[b]	298	1,390
Refund under Local Authority Social Housing Investment Programme (SHIP)	107	—
Residential Tenancies Board pension contributions	47	46
Refund of unspent prior year Local and Community Development Programme (LCDP) funding	—	175
Transfer to the Exchequer	(2,781)	(2,275)
Balance at 31 December	**—**	**—**

Notes

[a] The €1.236 million received is in respect of unused subvention from Irish Water which was remitted to the Department of Public Expenditure and Reform by the Department during the year. An additional €6.1 million in respect of the domestic water charge refund process was remitted directly to the Department of Public Expenditure and Reform by Irish Water.

[b] During 2018, €298,309 of Exchequer extra receipts that were surrendered to the Exchequer arose from the repayment of funds in respect of grants made in prior years under the Capital Assistance Scheme. Under the Capital Assistance Scheme, local authorities advanced loans to approved housing bodies (AHBs) to assist with capital costs. To qualify for these loans, the AHBs must provide housing for the elderly, homeless, people with disability, or other disadvantaged persons who had been identified as in need of housing.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end (full time equivalents)		
Department	719	656
Agencies[a]	592	373
	1,311	**1,029**

Notes [a] Includes An Bord Pleanála, Housing & Sustainable Communities Agency, Housing Finance Agency, Local Government Management Agency, Ordnance Survey Ireland and Residential Tenancies Board.

5.2 Pay

	2018	2017
Department staff	**€000**	**€000**
Pay	39,157	35,716
Severance/redundancy payments	—	41
Higher, special or additional duties allowance	303	257
Other allowances	1,674	1,611
Overtime	545	504
Employer's PRSI	2,746	2,364
Total pay[a]	**44,425**	**40,493**

Notes [a] The total pay figures are distributed across the programmes A to E.

5.3 Allowances and overtime payments [a]

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	85	11	20,597	18,038
Other allowances	134	73	27,060	28,021
Overtime	122	18	28,317	26,012
Extra remuneration in more than one category	101	77	45,755	39,755

Notes [a] The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to E. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual reports or directly from the agencies concerned

5.4 Other remuneration arrangements

Nine retired civil servants in receipt of a civil service pension were re-engaged on a fee basis at a total cost of €50,303. These payments were consistent with the principles of the Public Services (Single Scheme and other Provisions) Act 2012.

This account includes expenditure of €266,732 in respect of four officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department.

5.5 Payroll overpayments

Overpayments at the year-end were €30,716 in respect of 29 individuals (2017: €37,979, 35 individuals). Of this, €9,568 have recovery plans in place in respect of 8 individuals (2017: €13,577, 8 individuals).

An overpayment recovery plan, in respect of one individual, to the value of €1,767 was transferred to the Department of Housing, Planning and Local Government in the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of appointment	Cumulative expenditure to end 2018	2018 Expenditure	2017 Expenditure
		€000	€000	€000
Tribunal of inquiry into certain planning matters and payments	1997	135,540	4,322	11,443

Note Expenditure to the end of 2018 was €135.5 million. There will be further payments associated with the Tribunal of inquiry into certain planning matters and payments. Final costs cannot be determined at this point pending the determination of third party legal costs in respect of the period since 2002. On the basis of a Tribunal estimate and expenditure to the end of 2018, additional costs of some €12.5 million may arise, primarily relating to third party legal representation.

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by Department	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees	1	—	—	7	7	21
Claims by members of the public	3	—	—	431	431	639
		—	—	**438**	**438**	**660**

6.3 Late payment interest

	2018	2017
	€000	€000
Total of interest payments	3	4

6.4 National lottery funding

	2018		2017
	Estimate	Outturn	Outturn
	€000	€000	€000
Subhead			
A.4 Voluntary and cooperative housing	500	270	107
A.7 Private housing grants	7,508	7,508	6,859
	8,008	**7,778**	**6,966**

Details are available on the Department's website:
http://www.housing.gov.ie/corporate/finance/national-lottery-funding/national-lottery-funding

6.5 EU funding

The outturn shown in Subhead B.3. includes payments in respect of activities which are co-financed from the European Regional Development Fund. Estimates of expenditure and actual outturns were as follows:

	2018	2018	2017
	Estimate	Outturn	Outturn
	€000	€000	€000
Subhead			
A.6 Estate regeneration	—	—	4,122
B.3 Water quality programme	3,400	1,598	345
	3,400	**1,598**	**4,467**

Note 7 Fund Balances

7.1 Account of the Urban Development Fund

	2018	2017
	€000	€000
Opening balance	18,525	21,156
Receipts	—	—
Expenditure for the year	982	2,631
	17,543	**18,525**

The Urban Development Fund is a European Regional Development Fund (ERDF) programme to support integrated regeneration initiatives in designated urban centres. The scheme is operated by regional assemblies who are the managing authorities responsible for verifying eligible expenditure on approved projects. The Department makes funds available (on instruction by the managing authority and subject to the managing authority's verification) to reimburse local authorities on a matching funding basis. Applications for eligibility under the Fund were adjudicated on in December 2015 with the programme running for the period to the end of 2020. The credit balance in the Fund reflects pre-financing made available from the ERDF pending receipt of verified claims in respect of projects concerned.

7.2 Housing Agency Revolving Acquisitions Fund

	2018	2017
	€000	€000
Opening balance	71,795	6,741
Receipts from subhead A.10[a]	498	70,000
Total amount advanced at 31 December	72,293	76,741
Non-recoverable costs[b]	(1,397)	(3,055)
Transfers to local authorities	—	(1,899)
Rental income	45	8
Closing balance at 31 December	**70,941**	**71,795**

The Housing Agency Acquisitions Fund, which is a revolving fund, was established with the objective of acquiring some 1,600 units over the period to 2020 for social housing use.

Notes [a] The Housing Agency had pay cost savings from their state grant allocation. An additional €497,833 was allocated from these savings to the Fund to defray certain legal costs incurred.

The Housing Agency is using this Fund to acquire vacant properties from banks, investors and other owners of multiple property portfolios in areas with high levels of social housing demand. In doing this, the Agency is working in close consultation with local authorities to ensure that suitable properties are only purchased in areas where there is a demand for social housing.

The Agency sells the houses, at cost, to approved housing bodies in order to replenish the Fund. This programme will run until 2020 and, on completion of the programme, the Agency will refund the Department any closing balance of the Fund.

[b] Certain costs incurred by the Agency such as legal and professional fees and other housing acquisition costs are non-recoverable and therefore reduce the overall balance of the Fund. The figure for 2018 is after an adjustment of €146,000 for 2017 non-recoverable costs. The adjustment relates to acquisition, consultant and agency staff fees which were recorded under the Fund but should have been recorded under costs associated with the Agency's annual administration grant.

Appendix A Accounts of bodies and funds under the aegis of the Department of Housing, Planning and Local Government

The following table lists the bodies under the aegis of the Department in 2018 and where the Department has an obligation to present financial statements. It indicates, as at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
An Bord Pleanála	2017	29 Jun 2018	20 Jul 2018	28 Sep 2018
Ervia and Gas Networks Ireland	2017	28 Mar 2018	26 Apr 2018	14 Jun 2018
Housing Finance Agency	2017	27 Mar 2018	1 May 2018	22 Jun 2018
Housing and Sustainable Communities Agency[a]	2017	29 Jun 2018	3 Jul 2018	2 Oct 2018
Irish Water	2017	28 Mar 2018	26 Apr 2018	14 Jun 2018
Local Government Fund	2017	28 Jun 2018	28 Jun 2018	1 Aug 2018
Local Government Management Agency	2017	5 Apr 2018	24 May 2018	26 Jul 2018
Residential Tenancies Board	2017	17 Dec 2018	19 Dec 2018	16 Jan 2019
Ordnance Survey Ireland	2017	24 Dec 2018	23 Jan 2019	25 Mar 2019

Notes [a] Includes Pyrite Resolution Board.

Appropriation Account 2018

Vote 35

Army Pensions

Introduction

As Accounting Officer for Vote 35, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for retired pay, pensions, compensation, allowances and gratuities payable under sundry statutes to or in respect of members of the Defence Forces and certain other military organisations, etc., and for sundry contributions and expenses in connection therewith; for certain extra-statutory children's allowances and other payments and for sundry grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018 including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €481,095 was recorded for the year.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018 have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Financial Control Environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Maurice Quinn
Accounting Officer

25 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 35 Army Pensions

Opinion on the appropriation account

I have audited the appropriation account for Vote 35 Army Pensions for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 35 Army Pensions for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Defence and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 35 Army Pensions

Appropriation Account 2018

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	**Provision for Defence Forces' pension benefits**				
	Original	239,133			
	Supplementary	3,501			
			242,634	242,320	240,022
	Gross expenditure				
	Original	239,133			
	Supplementary	3,501			
			242,634	**242,320**	**240,022**
	Deduct				
B	**Appropriations-in-aid**		**5,000**	**5,167**	**5,265**
	Net expenditure				
	Original	234,133			
	Supplementary	3,501			
			237,634	**237,153**	**234,757**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**481,095**	**575,031**

Maurice Quinn
Accounting Officer

25 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018 €000	2017 €000
Programme cost	242,233	239,951
Pay	70	56
Non pay	17	15
Gross expenditure	**242,320**	**240,022**
Deduct		
Appropriations-in-aid	**5,167**	**5,265**
Net expenditure	**237,153**	**234,757**
Net allied services expenditure (note 1.1)	2,558	2,582
Net programme cost	**239,711**	**237,339**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 35 borne elsewhere in respect of the administration of pension benefits and other services.

	2018 €000	2017 €000
Vote 18 National Shared Services Office	1,144	1,258
Vote 36 Defence	1,414	1,324
	2,558	2,582

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Current assets			
Bank and cash		508	572
Other debit balances		—	7
Total current assets		508	579
Less current liabilities			
Other credit balances	2.2	29	5
Net Exchequer funding due	2.3	479	574
Total current liabilities		508	579
Net current assets		—	—
Net assets		**—**	**—**
Represented by:			
State funding account	2.1	**—**	**—**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			—	—
Disbursements from the Vote				
Estimate provision	Account	237,634		
Surplus to be surrendered	Account	(481)		
Net vote			237,153	234,757
Expenditure (cash) borne elsewhere	1.1		2,558	2,582
Net programme cost	1		(239,711)	(237,339)
Balance at 31 December			—	—

2.2 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Taxes payable	—	—
	—	—
Pension payments held in suspense	29	5
	29	**5**

2.3 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	481	575
Exchequer grant undrawn	(2)	(1)
Net Exchequer funding due	**479**	**574**
Represented by:		
Debtors		
Bank and cash	508	572
Debit balances: suspense	—	7
	508	579
Creditors		
Due to State	—	—
Credit balances: suspense	(29)	(5)
	479	**574**

Note 3 Vote Expenditure

Programme A Provision for Defence Forces' pension benefits

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.1	Administration – pay		70	87	71
A.2	Defence Forces (pensions) schemes and payments in respect of transferred service				
	Original	229,240			
	Supplementary	4,698			
			233,938	233,551	230,644
A.3	Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces				
	Original	9,200			
	Supplementary	(954)			
			8,246	8,317	8,857
A.4	Payments to spouses of veterans of the War of Independence				
	Original	300			
	Supplementary	(33)			
			267	262	335
A.5	Compensation payments				
	Original	223			
	Supplementary	(150)			
			73	74	74
A.6	Medical appliances and travelling and incidental expenses				
	Original	100			
	Supplementary	(60)			
			40	29	41
			242,634	**242,320**	**240,022**

Significant variations

Overall, gross expenditure was €3.187 million higher than the original estimate. A supplementary estimate of €4.698 million was required on Subhead A2 to cover the full projected cost of the retirement benefits – pensions and retirement lump sums – arising during 2018 and the superannuation costs of the increased numbers of military pensioners. This supplementary estimate of €4.698 million was partly offset by savings of €1.197 million arising on subheads A3, A4, A5 and A6, which are demand driven, giving a net requirement of €3.501 million.

A.2 Defence Forces (pensions) schemes and payments in respect of transferred service

Estimate provision: €229.24 million, outturn: €233.551 million

The increase in expenditure of €4.311 million relative to the estimate provision was due to a range of factors. The number of Defence Forces retirement pensioners rose from 11,970 at end-2017 to 12,104 at end-2018, continuing the underlying upward trend of previous years. Retirement benefits payable will vary depending on service, retiring rank and pensionable pay and many new retirees qualified for maximum retirement benefits. In 2018, some 75% of military personnel who retired with immediate entitlement to pension and retirement lump sum did so voluntarily, that is, before their maximum retirement age. As the numbers and rank mix varies from year to year, it is very difficult to accurately predict the exact numbers of such voluntary retirements and the potential benefits payable in any given year.

A.3 Wound and disability pensions, allowances and gratuities to or in respect of former members of the Defence Forces

Estimate provision: €9.2 million, outturn: €8.317 million

The variation is due to fewer than expected new disability pension and disablement lump sum awards coming into payment in 2018. Factors impacting on spend are the numbers and outcome of new disability pension applications. Because of its demand driven nature, it is difficult to predict expenditure in this subhead from year to year.

A.5 Compensation Payments

Estimate provision: €223,000, outturn: €74,000

The main ‘contingency’ element of this subhead provides for payment of special lump sum compensation by the Department of Defence for service-related deaths or disablement of members of the Defence Forces while serving overseas with the UN and certain other missions. There were no such payments in this category during 2018.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Contributions to Defence Forces Spouses' and Children's Pension Schemes	3,347	3,497	3,694
2	Contributions to Defence Forces Contributory (Main) Pensions Schemes	1,500	1,596	1,525
3	Recoveries of overpayments	40	68	36
4	Payments received in respect of transferred service	40	—	8
5	Miscellaneous	70	4	—
6	Receipts from pension-related deduction on public service remuneration	3	2	2
	Total	**5,000**	**5,167**	**5,265**

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	1	1

5.2 Pay

	2018	2017
	€000	€000
Pay	68	55
Employer's PRSI	2	1
Total pay	**70**	**56**

Notes The pay figure above includes the salary of one full time Department of Defence staff member (See Note 5.1) who provides administrative support to the Army Pensions Board and fees paid to two members of the Board in 2018 (only one of whom received such payments in 2017). These pay costs, and associated travel costs of €17,000, are charged to the A.1 subhead.

Currently there are 22.5 employees (FTEs) of the Department of Defence engaged solely in the administration of pensions and other related payments. Their remuneration, which amounts to some €900,000, is charged to Vote 36.

5.3 Retirement pension (annual) – average payments to retired Defence Forces personnel[a]

Category of pensioner	Number of pension recipients at year-end		Average individual payment (rounded)	
	2018	2017	2018	2017
			€	€
Retired officers	1,839	1,817	31,100	30,600
Retired NCOs and privates	8,779	8,648	16,750	16,600
Dependants and other[b]	1,865	1,905		
Totals	**12,483**	**12,370**		

Notes [a] Table 5.3 shows the total headcount for all categories of recipients from all subheads within Vote 35. Superannuation-type benefits by way of pension and gratuity (lump sum) payable to former members of the Permanent Defence Force and the dependants of deceased members account for some 95% of all military pensions' expenditure. Some retired personnel are in receipt of both a military retirement pension and a military disability pension, and similar payments are also payable to some spouses/children of deceased personnel: such dual recipients are counted only once for headcount purposes above. The average individual pension payment recorded for retired personnel is calculated by reference to total expenditure on retirement pensions as at year-end under Subhead A2.

[b] The average individual payment has not been recorded above under 'Dependants and other' as the amounts vary due to the different categories of recipients within this sub-group. The overall average dependants' superannuation-related pension for 1,418 recipients in 2018 was €9,200, broadly the same as in 2017.

5.4 Retirement gratuity (lump sum) – average payments where retiring on pension[a]

Category of pensioner	Number of recipients		Average individual payment (rounded)	
	2018	2017	2018	2017
New retirees on pension during the year			€	€
Officers	50	69	87,000	81,500
NCOs and privates	293	258	39,650	44,800
Totals	**343**	**327**		

Note [a] The level of pension and retirement gratuity varies with retiring rank, pensionable earnings, overall reckonable service, etc.

6 Miscellaneous

6.1 Payments in excess of entitlements

There were 53 overpayments outstanding at year end (2017: 55) amounting to €45,432, of which €24,324 relates to previous years. Overpayments of €56,955 came to light in 2018 of which €34,323 was recovered and €1,524 written off. Efforts are ongoing to recover outstanding amounts. The vast majority of these overpayments relate to the portion of pension paid in the period after the date of a pensioner's death, when the monthly payroll had already been processed for that month.

		2018	2017
	€	€	€
Opening balance		**48,458**	**50,423**
Identified overpayment in year		56,955	59,721
		105,413	110,144
Recouped			
Overpayments Identified 2018	34,323		
Overpayments Identified pre-2018	20,875	55,198	58,483
		50,215	51,661
Written off			
Overpayments Identified 2018	1,524		
Overpayments Identified pre-2018	3,259	4,783	3,203
Closing balance		**45,432**	**48,458**

6.2 Payments subject to Public Service pension abatement

Separately from the figures at 6.1 above, there were 20 other overpayments outstanding at year-end (2017:9), amounting to €52,950 (2017: €50,649). These were in respect of former members of the Defence Forces in receipt of military retirement pensions, who had subsequently taken up employment elsewhere in the public service. Such pensions are subject to the abatement provisions of Section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act. In each case, the pension overpayments arose due to delays on the part of the relevant public service employer in notifying the Department of Defence of the pensioner's re-employment. Overpayments of €13,446 came to light in 2018 in respect of 14 cases, of which, €8,535 was recovered. Of all the overpayment cases identified, recovery is complete in four cases and ongoing in thirteen cases. The Department of Defence is in ongoing correspondence in seven other cases.

		2018	2017
	€	€	€
Opening balance		**50,649**	**—**
Overpayments Identified in the year		13,446	72,365
		64,095	72,365
Recouped			
Overpayments Identified 2017	2,610		
Overpayments Identified 2018	8,535		
		11,145	21,716
Closing balance		**52,950**	**50,649**

Appropriation Account 2018

Vote 36

Defence

Introduction

As Accounting Officer for Vote 36, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office, for the pay and expenses of the Defence Forces, and for payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €17.05 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account except for the following.

Stock valuation

Military stocks are valued at average cost. Air Corps stocks are valued at purchase price. Departmental stocks are valued at their most recent purchase price. Military and Air Corps stocks include certain items that have been refurbished.

Capital assets

Capital assets include assets with a valuation of less than €1,000.

A schedule of land and buildings administered by the Department of Defence is shown in appendix A. These are used for Defence Forces purposes and include unique and dedicated properties. Land and buildings are not valued and are not included in capital assets (note 2.2).

Payments under certain programmes for the development of Defence Forces equipment, including the purchase of aircraft and the refurbishment of armoured personnel carriers, are recorded as prepayments until they are brought into use, at which stage they are recorded as capital assets.

Capital assets under development

Payments in respect of the development of buildings administered by the Department of Defence are included as part of Note 2.3 — Capital assets under development. When such projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as, in line with the policy noted above, land and buildings are not included in capital assets.

Depreciation

Military assets are depreciated to residual values at rates varying between 3% and 20% per annum using the straight line method.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of shared services of human resources and payroll.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place, including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non-compliance with procurement rules

The Department ensures that there is appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. 96 contracts, each relating to payments in excess of €25,000, with a total value of €20.8 million were listed in the Department's 2018 annual return in respect of Circular 40/2002.

These contracts primarily relate to expenditure with proprietary suppliers of specialist defensive and security related equipment for the Defence Forces. Procedures are in place to ensure that any such contracts are undertaken in accordance with the provisions of Circular 40/2002.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 36 Defence

Opinion on the appropriation account

I have audited the appropriation account for Vote 36 Defence for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 36 Defence for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Defence and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 36 Defence

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Defence policy and support, military capabilities and operational outputs	707,348	701,421	680,549
	Gross expenditure	**707,348**	**701,421**	**680,549**
	Deduct			
B	**Appropriations-in-aid**	**20,535**	**31,658**	**30,824**
	Net expenditure	**686,813**	**669,763**	**649,725**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**17,050,291**	**21,368,252**

Maurice Quinn
Accounting Officer
Department of Defence

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		678,193	658,228
Administration pay		17,652	17,161
Administration non pay		5,576	5,160
Gross expenditure		**701,421**	**680,549**
Deduct			
Appropriations-in-aid		**31,658**	**30,824**
Net expenditure		**669,763**	**649,725**
Changes in capital assets			
Purchases cash	(101,590)		
Depreciation	69,939		
Loss on disposals	2,922		
Disposals cash	15		
		(28,714)	(24,884)
Changes in assets under development			
Cash payments		(10,641)	(13,133)
Changes in net current assets			
Decrease in closing accruals	(3,680)		
Increase in stock	(9,013)		
		(12,693)	5,588
Direct expenditure		**617,715**	**617,296**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)	10,761		
Notional rents	1,607		
		12,368	11,672
Net programme cost		**630,083**	**628,968**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 36 borne elsewhere, and amounts borne on Vote 36 in respect of other services.

	2018	2017
	€000	€000
Vote 1 President's Establishment	(413)	(428)
Vote 2 Department of the Taoiseach	(82)	(91)
Vote 9 Revenue Commissioners	1	2
Vote 12 Superannuation and Retired Allowances	11,095	10,411
Vote 13 Office of Public Works	541	603
Vote 18 National Shared Services Office	911	825
Vote 35 Army Pensions	(1,414)	(1,324)
Central Fund – Ministerial pensions	122	123
	10,761	**10,121**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	549,538	474,247
Capital assets under development	2.3	2,993	10,248
		552,531	484,495
Current assets			
Bank and cash	2.4	3,718	5,213
Stocks	2.5	212,043	203,030
Prepayments	2.6	63,936	105,974
Accrued income		3,072	3,590
Other debit balances	2.7	5,076	4,839
Total current assets		287,845	322,646
Less current liabilities			
Accrued expenses		2,560	2,209
Deferred income		30	40
Other credit balances	2.8	4,371	6,381
Net Exchequer funding due	2.9	4,423	3,671
Total current liabilities		11,384	12,301
Net current assets		276,461	310,345
Net assets		**828,992**	**794,840**
Represented by:			
State funding account	2.1	**828,992**	**794,840**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			794,840	767,551
Disbursements from the Vote				
Estimate provision	Account	686,813		
Surplus to be surrendered	Account	(17,050)		
Net vote			669,763	649,725
Expenditure (cash) borne elsewhere	1.1		10,761	10,121
Non cash expenditure – notional rent	1		1,607	1,551
Transfers – capital assets under development	2.3		(17,896)	(5,140)
Net programme cost	1		(630,083)	(628,968)
Balance at 31 December			**828,992**	**794,840**

2.2 Capital assets

	Military equipment	Civil Defence equipment	Office furniture and IT equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	1,067,950	4,382	50,609	1,122,941
Additions	145,646	352	2,169	148,167
Disposals	(40,320)	(64)	(1,076)	(41,460)
Cost or valuation at 31 December 2018	1,173,276	4,670	51,702	1,229,648
Accumulated depreciation				
Opening balance at 1 January 2018	606,683	1,610	40,401	648,694
Depreciation for the year	66,257	366	3,316	69,939
Depreciation on disposals	(37,552)	(15)	(956)	(38,523)
Cumulative depreciation at 31 December 2018	635,388	1,961	42,761	680,110
Net assets at 31 December 2018	**537,888**	**2,709**	**8,941**	**549,538**
Net assets at 31 December 2017	461,267	2,772	10,208	474,247

Note The Department of Defence administers land (approx. 8,300 hectares) and buildings at some 58 different locations, as well as 19 properties outside of barracks which serve as married quarters. Land and buildings are not included in capital assets.

2.3 Capital assets under development

	Construction contracts
	€000
Amounts brought forward at 1 January 2018	10,248
Cash payments in year	10,641
Projects completed [a]	(17,896)
Amounts brought forward at 31 December 2018	2,993

Note: [a] As projects are completed, they are removed from capital assets under development. There is no transfer to the asset register as land and buildings are not included in capital assets.

2.4 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balance	3,252	8,938
Other bank and cash balances	466	473
Less orders outstanding	—	(4,198)
	3,718	**5,213**

Non vote bank accounts

There are 13 other bank accounts managed by Defence Forces personnel to administer the casual meals system in barracks. No funding from the vote is issued to these bank accounts. The amount held at the end of 2018 was €25,786 and this is not included in the account (2017: €41,813).

2.5 Stocks

at 31 December	2018	2017
	€000	€000
Military stocks		
Opening balance 1 January	201,840	206,190
Purchases during the year	44,709	33,733
Issues during the year	(33,941)	(34,455)
Write-offs, obsolete stock, etc.	(1,645)	(3,628)
	210,963	201,840
Other stocks		
Civil Defence	1,016	1,114
Stationery	17	19
IT consumables	47	57
	212,043	**203,030**

2.6 Prepayments

at 31 December	2018	2017
	€000	€000
Naval vessels construction	—	66,916
Armoured personnel carrier fleet maintenance and upgrade programme	30,466	25,000
Fixed wing utility aircraft	16,000	4,000
Other	17,470	10,058
	63,936	**105,974**

2.7 Other debit balances

at 31 December	2018	2017
	€000	€000
Payroll	4,268	4,186
Imprest	627	298
Cycle to work scheme	90	146
Overseas	67	67
Other suspense	24	142
	5,076	**4,839**

2.8 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Value Added Tax	3,953	5,959
Professional Services Withholding Tax	222	191
Income Tax	14	14
Relevant Contracts Tax	28	42
Pay Related Social Insurance	14	14
Pension contributions	12	43
	4,243	6,263
Payroll deductions held in suspense	3	88
Other credit suspense items	125	30
	4,371	**6,381**

2.9 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus appropriations to be surrendered	17,050	21,368
Exchequer grant undrawn	(12,627)	(17,697)
Net Exchequer funding due	**4,423**	**3,671**
Represented by:		
Debtors		
Bank and cash	3,718	5,213
Debit balances: suspense	5,076	4,839
	8,794	10,052
Creditors		
Due to State	(4,243)	(6,263)
Credit balances: suspense	(128)	(118)
	(4,371)	(6,381)
	4,423	**3,671**

2.10 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	8,686	5,699
Capital projects	74,777	119,544
	83,463	**125,243**

Note The figure of €83 million includes €60 million on the purchase of defensive equipment (including €23 million on the maintenance and upgrade programme for armoured personnel carriers and €27 million on the purchase of aircraft), €10 million on building works and €4 million on IT upgrades.

Major capital projects

Expenditure on projects where the total estimated cost will exceed €10 million.

Project	Cumulative expenditure to 31 December 2017 €000	Expenditure in 2018 €000	Project commitments in subsequent years €000	Expected total spend lifetime of project 2018 €000	Expected total spend lifetime of project 2017 €000
Naval vessels replacement programme and armament project	281,913	5,517	109	287,539	283,547
Maintenance and upgrade programme for armoured personnel carriers	25,000	20,132	22,868	68,000	68,000
IT infrastructure virtual desktop architecture project	6,512	2,017	4,271	12,800	12,800
Fixed wing utility aircraft	4,000	12,000	27,079	43,079	39,602

Significant variations

Project	Expected total spend 2018 €000	Expected total spend 2017 €000	Year on year increase €000
Naval vessels replacement programme and armament project [a]	287,539	283,547	3,992
Fixed wing utility aircraft [b]	43,079	39,602	3,477

Notes [a] The increase of €4 million in expected total spend is due to the provision of fuel/lubricants at handover, training, manuals and publications, spares that were provided with the vessels and additional agreed works, including works to bring the vessels in line with revised ship classification requirements.

[b] The increase of €3.5 million in expected total spend is due to an enhancement to the specification of the aircrafts' satellite systems.

2.11 Matured liabilities

at 31 December	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	463	655

2.12 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	18,800	17,652	17,161
ii	Travel and subsistence	650	597	657
iii	Training and development and incidental expenses	315	321	333
iv	Postal and telecommunications services	660	465	454
v	Office equipment and external IT services	2,875	2,923	2,672
vi	Office premises expenses	950	1,188	929
vii	Consultancy services and value for money and policy reviews	190	82	115
		24,440	**23,228**	**22,321**

Significant variations

The following note outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iv *Postal and telecommunications services*

Estimate provision: €660,000, outturn: €465,000

The underspend of €195,000 was due to lower than anticipated demand for telecommunications and postal services.

vi *Office premises expenses*

Estimate provision: €950,000, outturn: €1.188 million

The overspend of €238,000 was due to additional costs incurred in office refurbishment works.

vii *Consultancy services and value for money and policy reviews*

Estimate provision: €190,000, outturn: €82,000

The underspend of €108,000 was due to delays in the progression of two project based consultancy contracts.

Programme A Defence policy and support, military capabilities and operational outputs

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
A.1	Administration - pay	18,800	17,652	17,161
A.2	Administration – non- pay	5,640	5,576	5,160
A.3	Permanent Defence Force: pay	428,209	398,714	396,479
A.4	Permanent Defence Force: allowances	39,680	39,923	39,514
A.5	Reserve Defence Force: pay, etc.	2,150	1,574	1,383
A.6	Chaplains and officiating clergymen: pay and allowances	1,250	1,014	1,027
A.7	Defence Forces civilian support: pay and allowances, etc.	30,600	23,625	23,871
A.8	Defence Forces: capability development	56,000	77,131	72,632
A.9	Air Corps: equipment and support	16,860	17,519	16,354
A.10	Military transport	9,790	11,343	9,251
A.11	Naval Service: equipment and support	12,500	17,082	13,779
A.12	Barrack expenses and engineering equipment	13,180	14,050	12,512
A.13	Defence Forces built infrastructure: construction and maintenance	23,300	17,996	21,259
A.14	Defence Forces uniforms, clothing, equipment and catering	13,980	15,742	14,111
A.15	Defence Forces communications and IT	10,574	13,264	11,177
A.16	Military education and training	2,150	2,680	2,173
A.17	Defence Forces logistics and travel	3,200	3,779	3,197
A.18	Defence Forces medical and healthcare support	3,000	2,901	2,843
A.19	Lands	1,000	1,027	687
A.20	Equitation	900	1,037	905
A.21	Litigation and compensation costs	5,000	7,100	3,767
A.22	Miscellaneous expenditure	3,176	3,510	3,417
A.23	Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy	1,300	1,784	1,352
A.24	Civil Defence	4,240	4,229	4,919
A.25	Irish Red Cross Society	869	1,169	1,619
	Total	**707,348**	**701,421**	**680,549**

Significant variations

Overall, the expenditure in relation to Programme A was €5.927 million lower than provided. €1.212 million of this related to administration expenditure and has already been explained and the balance of the variance of €4.715 million was mainly due to the following:

A.3 Permanent Defence Force: pay

Estimate provision: €428.209 million, outturn: €398.714 million

The underspend of €29.495 million was due to higher than projected retirements and lower than projected recruitment in 2018, leading to lower than anticipated numbers of personnel serving in the PDF during the year.

A.5 Reserve Defence Force: pay, etc

Estimate provision: €2.15 million, outturn: €1.574 million

The underspend of €576,000 was due to lower than anticipated uptake of paid training by reservists.

A.6 Chaplains and Officiating clergymen: pay and allowances

Estimate provision: €1.25 million, outturn: €1.014 million

The underspend of €236,000 was due to lower than anticipated numbers of chaplains serving in 2018.

A.7 Defence Forces civilian support: pay and allowances, etc

Estimate provision: €30.6 million, outturn: €23.625 million

The underspend of €6.975 million was due to the fact that the number of civilian employees was less than provided for in the estimate due to lower than anticipated recruitment.

A.8 Defence Forces: capability development

Estimate provision: €56 million, outturn: €77.131 million

The overspend of €21.131 million was mainly due to the bringing forward of payments under the armoured personnel carrier upgrade programme and certain defensive equipment and ammunition contracts due to these programmes/contracts progressing more quickly than anticipated.

A.10 Military transport

Estimate provision: €9.79 million, outturn: €11.343 million

The overspend of €1.553 million was due to the requirement to purchase additional military vehicles and the greater than anticipated spend on spare parts. This overspend was partly offset by lower than anticipated fuel costs.

A.11 Naval Service: equipment and support

Estimate provision: €12.5 million, outturn: €17.082 million

The overspend of €4.582 million was due to higher than anticipated expenditure on fuel and fleet maintenance.

A.12 Barrack expenses and engineering equipment

Estimate provision: €13.18 million, outturn: €14.05 million

The overspend of €870,000 was due to a requirement for additional engineering and barrack service equipment. The overspend was partially offset by lower than expected utility costs.

A.13 Defence Forces built infrastructure: construction and maintenance

Estimate provision: €23.3 million, outturn: €17.996 million

The underspend of €5.304 million was due to progress in bringing key projects to construction stage being slower than anticipated.

A.14 Defence Forces uniforms, clothing, equipment and catering

Estimate provision: €13.98 million, outturn: €15.742 million

The overspend of €1.762 million was due to an increase in spending on operational and specialist uniforms and personal protective equipment. Savings on ordnance equipment partially offset this excess.

A.15 Defence Forces communications and IT

Estimate provision: €10.574 million, outturn: €13.264 million

The overspend of €2.69 million was due to the replacement of IT and communications equipment to support domestic and overseas operations and increased telecommunications costs.

A.16 Military education and training

Estimate provision: €2.15 million, outturn: €2.68 million

The overspend of €530,000 was due to a requirement for additional training courses and the purchase of additional training equipment.

A.17 Defence Forces logistics and travel

Estimate provision: €3.2 million, outturn: €3.779 million

The overspend of €579,000 was due to the increased freight costs associated with overseas operations in UNIFIL and UNDOF.

A.20 Equitation

Estimate provision: €900,000, outturn: €1.037 million

The overspend of €137,000 was due to the unplanned purchase of an additional horse for the Army Equitation School.

A.21 Litigation and compensation costs

Estimate provision: €5 million, outturn: €7.1 million

The overspend of €2.1 million arose due to a number of unpredictable variables, including the timing of court hearings, the progress of cases, and the number, value and timing of awards and settlements.

A.22 Miscellaneous expenditure

Estimate provision: €3.176 million, outturn: €3.51 million

The overspend of €334,000 was due to additional advertising and communications costs associated with the military recruitment campaign and also higher than expected overseas mission support costs. The excess was partly offset by reduced administrative costs.

A.23 Costs arising directly from Ireland's participation in the EU's Common Security and Defence Policy

Estimate provision: €1.3 million, outturn: €1.784 million

The overspend of €484,000 was primarily due to an unanticipated increase in the common costs for European Union Missions.

A.25 Irish Red Cross Society

Estimate provision: €869,000, outturn: €1.169 million

The overspend of €300,000 was mainly due to additional expenditure required to fund the Storm Eleanor Emergency Humanitarian Scheme for small businesses following severe weather and flooding, on foot of a Government decision.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Receipts from United Nations in respect of overseas allowances, etc.	4,313	14,004	12,949
2	Receipts from banks and other organisations	1,300	1,320	1,335
3	Receipts from occupation of official quarters	140	196	157
4	Receipts from rations on repayment	900	924	919
5	Receipts from other issues on repayment	20	25	25
6	Receipts for aviation fuel	40	30	37
7	Receipts on discharge by purchase	50	143	107
8	Lands and premises			
	(a) rents, etc.	462	436	455
	(b) sales	1,250	14	469
9	Sale of surplus stores	100	161	305
10	Refunds in respect of services of seconded personnel	50	92	48
11	Miscellaneous	300	667	832
12	Receipts from pension-related deduction on public service remuneration	11,610	13,646	13,186
	Total	**20,535**	**31,658**	**30,824**

Significant variations

Overall, Appropriations-in-aid were €11.123 million more than the estimate. Explanations for variances are set out below.

1 Receipts from United Nations in respect of overseas allowances, etc.

Estimate provision: €4.313 million, outturn: €14.004 million

The surplus of €9.691 million was due to higher than anticipated UN receipts in respect of pay and equipment costs. The timing of receipts from the UN is difficult to predict. See Note 6.1

8 Lands and premises

Estimate provision: €1.712 million, outturn: €450,000

The shortfall of €1.262 million was due to the sale of military property being later than projected.

11 Miscellaneous

Estimate provision: €300,000, outturn: €667,000

The surplus of €367,000 was mainly due to receipts in respect of training refunds, Emergency Aeromedical Support Services and the Employment Support Scheme.

12 Receipts from pension-related deduction on public remuneration

Estimate provision: €11.61 million, outturn: €13.646 million

The surplus of €2.036 million arose because pension-related deduction receipts are difficult to accurately estimate, particularly in the Defence Forces given the range of issues that can impact on the calculations, including enlistments, retirements, range of allowances, etc.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	—	—
Voluntary surrender of pay	8	3
Transferred to Exchequer	(8)	(3)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	9,737	9,982

5.2 Pay

	2018 €000	2017 €000
Pay	396,739	395,215
Higher, special or additional duties allowances	226	217
Overtime	416	408
Shift and roster allowance	219	215
Military and other allowances	33,951	33,963
Employer's PRSI	38,482	37,847
Total pay [a,b]	**470,033**	**467,865**

Notes: [a] The overall totals do not include the Office of the Ombudsman for the Defence Forces which accounts for four personnel and total pay of €226,751. This office produces a separate account.

[b] The total pay figures above exclude non-pay expenditure charged to some pay subheads.

5.3 Civil servants

	2018	2017
Number of staff at year end (full time equivalents)	**336**	**325**

	2018 €000	2017 €000
Pay	16,535	16,164
Higher, special or additional duties allowances	99	80
Overtime	102	88
Other allowances	49	56
Employer's PRSI	867	773
Total pay	**17,652**	**17,161**

Allowances and overtime payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties allowances	11	3	20,610	17,056
Overtime	66	—	9,829	9,656
Other allowances	20	—	8,538	16,116
Extra remuneration in more than one category	12	1	13,816	10,872

5.4 Civilian employees

	2018	2017
Number of staff at year end (full time equivalents)	**423**	**462**

	2018 €000	2017 €000
Pay	16,305	16,775
Higher, special or additional duties allowances	127	137
Overtime	314	320
Shift and roster allowance	219	215
Travel time allowance	485	506
Tool and other allowances	215	226
Employer's PRSI	1,805	1,862
Total pay	**19,470**	**20,041**

Allowances and overtime payments	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties allowances	69	—	8,016	8,787
Overtime	147	1	10,769	8,432
Shift and roster allowance	34	3	15,458	14,088
Travel time allowance	70	12	12,720	12,221
Tool and other allowances	268	—	3,235	3,235
Extra remuneration in more than one category	183	39	25,273	25,358

5.5 Permanent Defence Force (incl. Army Nursing Service and Chaplaincy)

	2018	2017
Number of staff at year end (full time equivalents)	**8,978**	**9,195**

	2018 €000	2017 €000
Pay and military service allowance	363,899	362,276
Overseas allowances	18,768	18,840
Security duty allowances	8,068	7,931
Border duty allowance	2,256	2,368
Patrol duty allowance	2,134	2,461
Miscellaneous allowances	1,976	1,575
Employer's PRSI	35,810	35,212
Total pay	**432,911**	**430,663**

Allowances	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Overseas allowances	1,990	864	55,000[a]	34,900
Security duty allowances	7,547	11	19,648	15,022
Border duty allowance	573	2	44,192[b]	32,401
Patrol duty allowance	716	0	9,195	9,750
Miscellaneous allowances	938	1	12,143	11,658
Extra remuneration in more than one category	2,960	950	39,252	34,953

Notes: [a] Resolution of claim
[b] Includes arrears from 2009 to 2017

5.6 Revenue settlement

In 2018, €36,038 was paid to the Revenue Commissioners by way of an unprompted voluntary disclosure relating to the provision of certain medical services to members of the Permanent Defence Force (PDF) in 2017.

In finalisation of the unprompted voluntary disclosure, the Department made a settlement payment to the Revenue Commissioners of €13,078,580 in February 2019 for 2011 to 2017. The settlement arises from tax liability on the provision of medical treatment and accommodation and certain allowances and arrangements. In relation to certain medical and accommodation issues, the liability ended from 1 January 2018 on foot of changes in the Finance Act 2018. Arrangements were also put in place to ensure tax compliance in respect of certain matters not included in the legislative changes.

In addition to the settlement of historical liabilities for 2011 to 2017 above, a payment of €72,763 was also made to the Revenue Commissioners in February 2019 in relation to statutory public hospital charges for the dependants of enlisted members of the PDF in 2018.

5.7 Other remuneration arrangements

A total of €391,119 was paid to twelve retired Defence Force personnel in receipt of Defence Force pensions, ranging from €11,697 to €69,422, who were re-employed on various duties during 2018. In addition, a total of €31,646, ranging from €452 to €6,030, was paid to fifteen retired public servants in receipt of public service pensions, who were re-employed on various duties during 2018. Appropriate procedures are in place with regard to payments to retired personnel in accordance with section 52 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

5.8 Seconded staff

This account includes expenditure of €86,068 in respect of two officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department.

5.9 Payroll overpayments

Overpayments at year-end were €162,198 (147 cases) of which €57,978 (69 cases) had recovery plans in place. Overpayments at year end 2017 were €90,623 (162 cases) of which €29,181 (44 cases) had recovery plans in place.

No overpayments were transferred from the Department of Defence to any other Department/Office in 2018.

5.10 Ex-gratia payments

A payment of €1,000 (net) was made to each of the 119 personnel serving with the 57 Infantry Group, UNDOF, based in Syria in the exceptional circumstances arising from the significant and unexpected delay in their repatriation to Ireland. The overall gross amount was €236,313.

5.11 Arbitration and conciliation

In 2018, costs of €2,294 were incurred in relation to seven arbitration and conciliation cases (2017: €590).

5.12 Medical treatment

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive.

6 Miscellaneous

6.1 Overseas missions

This account includes the sums indicated below in respect of the remuneration of military personnel serving with UN and EU peace support operations and various organisations, together with travel and subsistence and transportation costs.

	2018 €000	2017 €000
UN and EU missions:		
UNIFIL (Lebanon)	29,144	28,738
UNDOF (Golan Heights)	11,194	10,667
KFOR (Kosovo)	1,201	1,175
EUFOR (Bosnia Herzegovina)	529	600
Other UN and EU Missions	3,755	3,486
	45,823	44,666
Other:		
Military representatives and advisors	1,385	1,676
Battle Groups (German, UK and EU)	81	301
Organisation for Security and Co-operation in Europe	66	164
Mediterranean operations (Search and Rescue)	3,673	3,738
Total	**51,028**	**50,545**

Of the sum of €45.82 million for UN and EU missions, €5.48 million relates to missions, the full costs of which are borne by the State. The remaining €40.34 million relates to UNIFIL and UNDOF in respect of which arrangements for the reimbursement of certain costs have been agreed with the UN. The timings of reimbursements from the UN is dependent on various factors including the funding available to that organisation. The amount actually received from the UN by way of appropriations-in-aid in 2018 was €14 million, made up of €6.7 million for personnel costs and €7.3 million for equipment costs.

The amount outstanding at year end was €2.9 million (€1.2 million personnel costs and €1.7 million equipment costs).

6.2 Support for Defence Forces' representative associations

This account includes a total of €490,206 in respect of the remuneration of military personnel seconded to representative associations and certain related administrative costs.

6.3 Write-offs

	2018 €000	2017 €000
Damage to military vehicles	55	129

6.4 Compensation and legal costs

	Number of cases	Legal costs paid by the Department	Compensation awarded	Legal costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Employees of the Vote						
Personal injury cases	213	942	3,190	1,780	5,912	2,882
Administrative/employment related cases	22	31	400	420	851	448
Members of the public						
Personal injury	29	30	185	120	335	450
		1,003	**3,775**	**2,320**	**7,098**	**3,780**

The above figures relate to all cases where payment was made in 2018. These include cases that were settled in prior years, those settled in 2018 and those still open.

Appendix A Schedule of Land and Buildings

1. Vested in the Minister for Defence

Property	Area (Hectares)[a]
Clare	
Knockalisheen Camp	50.61
Cork	
Murphy Barracks, Ballincollig	0.89
Collins Barracks, Cork	24.22
Portion of Camp Field, Collins Barracks	—
Old Barracks & Graveyard, Fermoy	4.45
Fitzgerald Camp, Fermoy	0.40
RDF Premises, Kilcrohane	0.40
Michael Collins Memorial Plot, Béal na Bláth	0.004
RDF Premises, Skibbereen	0.20
RDF Premises, Mallow	0.03
Dublin	
Casement Aerodrome, Baldonnel including sewage plant on adjacent land	277.21
Esplanade, Collins Barracks	0.20
Site at Islandbridge, Dublin 8	0.40
Galway	
Oranmore Rifle Range	216.10
Springfield Water Supply to Oranmore Range	—
Dún Uí Mhaoilíosa, Galway	29.95
Kerry	
Ballymullen Barracks, Tralee	6.07
Fort Shannon, Tarbert	0.81
RDF Premises, Kilorglin	0.10
Kildare	
Curragh Camp and Lands	1,968.35
Curragh Lands – Kildare By-Pass	—
Nos. 2, 23, 78, 85 and 96 Orchard Park, Curragh	0.10
Magee Barracks, Kildare	1.99
Lands at Blackrath, Curragh	14.37

Note [a] Hectares stated are approximate. Most of the properties contain buildings thereon.

Property	Area (Hectares)[a]
Kilkenny	
Stephens' Barracks, Kilkenny	5.67
Louth	
Red Barns Rifle Range, Dundalk	5.46
Meath	
Gormanston Camp and Aerodrome	105.62
RDF Premises, Navan	0.20
Offaly	
Former Military Barracks, Birr	1.98
Roscommon	
Rifle Range, Carna	114.53
Tipperary	
Rifle Range, Kilcoran	5.46
Waterford	
Military Barracks, Waterford	0.28
Westmeath	
Columb Barracks, Mullingar	9.61
Custume Barracks, Athlone	5.26
Garrynafela Lands, Athlone	5.97
Wicklow	
Glen of Imaal Artillery Range	2,698.85
Coolmoney Camp and Lands	97.53
Rockbrae House and Lands, Bray	1.95
Range Warden's Post, Seskin	0.40

Note [a] Hectares stated are approximate. Most of the properties contain buildings thereon.

2. Vested in the Minister for Public Expenditure and Reform

Property	Area (Hectares)[a]
Clare	
RDF Premises, Ennis	0.10
Cork	
Kilworth Camp and Range	1,377.55
Portion at Kilworth Camp for provision of road services to NRA	10.69
Bere Island	91.05
Naval Base, Haulbowline[b]	33.99
Fort Davis, Whitegate	22.04
Fort Templebreedy, Crosshaven	14.97
Furious Pier, Castletownbere	—
Landing Pier, Cobh	—
Donegal	
Finner Camp, Bundoran	337.01
Dublin	
Cathal Brugha Barracks, Rathmines, Dublin 6	18.62
Nos. 17-28 Cathal Brugha Apartments, Rathmines, Dublin 6	0.27
McKee Barracks, Blackhorse Avenue, Dublin 7	18.21
64 McKee Park, Dublin 7	0.02
St. Bricin's Hospital, Dublin 7	3.24
Old School House, Arbour Hill, Dublin 7	—
2 Tomar Court, Arbour Hill, Dublin 7	0.01
Laois	
RDF Premises, Portlaoise	0.03
Limerick	
Sarsfield Barracks, Limerick	5.99
Louth	
Aiken Barracks, Dundalk	7.28

Notes
[a] Hectares stated are approximate. Most of the properties contain buildings thereon.
[b] Temporarily transferred to the Department of Agriculture, Food and the Marine for remedial work on the ISPAT site.

Property	Area (Hectares)[a]
Mayo	
Military Barracks, Castlebar	2.43
Roscommon	
Rifle Range, Cushla	56.25
Military Barracks, Boyle	0.20
Tipperary	
Military Barracks, Nenagh	1.20
Part of McCann Barracks, Templemore	0.16
Wexford	
Military Barracks, Wexford	0.40
Wicklow	
Kilbride Camp and Rifle Range	636.98

Note [a] Hectares stated are approximate. Most of the properties contain buildings thereon.

Appendix B Accounts of bodies and funds under the aegis of the Department of Defence

The following table lists the bodies and funds under the aegis of the Department where the Department has the obligation to present financial statements. It indicates, as at end of March 2019, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

Body/departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Ombudsman for the Defence Forces	2017	7 Sep 2018	4 Jan 2019	31 Jan 2019
Defence Forces Canteen Board	2017	28 Sep 2018	12 Oct 2018	3 Dec 2018

Appropriation Account 2018

Vote 37

Employment Affairs and Social Protection

Introduction

As Accounting Officer for Vote 37, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Vote for the Office of the Minister for Employment Affairs and Social Protection, for certain services administered by that Office, for payments to the Social Insurance Fund (SIF) and for certain grants.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €38.887 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Provision of agency services

The Department continues to act as a paying agent of the Department of Finance for the purpose of the discharge of the approved liabilities of the Waterford Crystal pensioners lump sum payments and Waterford Crystal ongoing pensions payments, under section 48B of the Pensions Act 1990 as inserted by section 4 of the Social Welfare and Pensions (No.2) Act 2014. Funding is drawn down by the Department from the Central Fund and transferred by the Department to the National Shared Services Office, who commenced processing the individual payments from October 2017. The amounts paid are reported in the Finance Accounts.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018 have been applied in the preparation of the account except for the following.

Recovery of overpayments

Recovery of debt in respect of general/income-support scheme overpayments is brought to account as follows.

- Cash and deduction recoveries received are brought to account on the date they are matched against the relevant debt holder. Unmatched recovery amounts are held in suspense and are brought to account as income with a corresponding reduction in debt on their identification. As Vote 37 is the dominant recipient of overpayment receipts, unmatched receipts are held in a Vote 37 suspense account pending resolution and subsequent posting to Vote 37 or SIF as appropriate.
- Cash and deduction recoveries in respect of the previous accounting years are treated as income of the current accounting year. Cash and deduction recoveries in respect of the current accounting year are netted off against the expenditure for the current accounting year.

Recognition of payments

Payments consist of those sums which come in the course of payment during the year. Sums are deemed to have come in the course of payment where the liability has been incurred, payment is due and the instruction for the payment (cheque or electronic funds transfer) has been effected on the relevant payment system. Cash welfare payments made through An Post are recognised upon disbursement. Where the normal due payment date falls on a bank holiday, it may be necessary to issue payments early. At year-end, payments issued early by electronic funds transfer by banks or early encashment by customers in post offices, which refer to the subsequent year, are normally recognised as prepayments.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Department and the National Shared Services Office for the provision of human resources and payroll shared service.

I rely on a letter of assurance from the Accounting Officer for the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to the Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Control of capital assets

During 2018, inventory checks were carried out at 45 of the Department's 355 locations, and an electronic inventory of the Department's networked IT hardware assets was compiled and reconciled back to the Department's fixed asset registers. The total value of the physical and electronic inventories reconciled to the asset registers in 2018 is €4.5 million (original cost). €405 million in assets is recorded on the Department's asset registers at the end of 2018. Further physical inventory checks are being planned. New IT asset management software was deployed in 2018.

Ongoing data cleansing of the asset register is in progress to ensure assets can be traced from the asset register back to a physical inventory or equivalent.

A multi-year plan to address asset identification including retirements and transfers, asset tagging and periodic inventories is to be implemented in 2019. The Department's financial system will be used to generate asset tags.

Debt reconciliations

The Department's debt and receipts accounting system (DRAS) allows for the automatic recording and posting of debt recovered in its local offices, from its receiving bank accounts and by way of deduction from the Department's payments to customers.

The DRAS debtor balance at 31 December 2018 was €474 million of which €399 million relates to Vote 37 and €75 million relates to the SIF. Also in 2018, €79 million was recovered via DRAS in respect of scheme overpayments of which €65 million was Vote related and €14 million was SIF related.

Since the introduction of DRAS in late 2014, the annual statements on internal financial control (SIFCs) have made reference to unresolved variances in regard to DRAS related debtors, amounts recovered and bank and cash balances. The Department has recently applied additional resources to this area and has made substantial progress in addressing these issues during 2018.

Variances may exist where related transactions are recorded on more than one accounting system e.g. DRAS, general ledger and bank statements. These variances arise mainly because of account mispostings, system error and timing differences. The DRAS reconciliation section is now identifying these differences as part of the routine reconciliation process and taking action to resolve issues where appropriate. This work will continue during 2019 and remain an integral part of the reconciliation process. Some system and business process changes are envisaged to reduce such occurrences in the future.

The position at 31 December 2018 compared to 2017 is as follows

- As a result of an improved reporting process in DRAS there is no variance (2017: €294,529) between the closing debtor balance as calculated by reference to reports from DRAS on the transactions in the account in the year, and the year-end debtor listing. A once off adjustment of €592,923 (Vote 37: €483,217, SIF: €109,706) was required to align the overpayment balance brought forward from the 2017 statutory accounts with the list of debtors on DRAS at 1 January 2018 (as detailed in Note 4.3 and Note 4 in the Vote 37 Appropriation Accounts and SIF for 2018 respectively).
- Recoveries managed by Central Debt Unit and recorded on DRAS have been fully reconciled to the Department's accounting system. There was no variance at the end of 2018 (2017: €104,170).

- There is a variance of €85,375 (2017: €178,704) between the balance on the bank statements for the Department's receiving bank accounts and the balance on the Department's accounting system. During 2018, pre-DRAS unidentified recoveries of €637,788 (recoveries that could not be identified with a specific PPSN) and which had been included in the bank variance at the end of 2017, were transferred to the unmatched recoveries suspense account in the Vote, in accordance with the Department's accounting policy for the treatment of such recoveries. Significant progress was made during 2018 on the resolution of other variances arising since the introduction of DRAS. The remaining variance of €85,375 is under investigation with a view to resolution in 2019.
- There is no variance between the Department's cash recovery office reports and the accounting system at the end of December 2018 (2017: €27,659). Variances will continue to be investigated and resolved as and when they arise.

Unmatched amounts

Overpaid customers sometimes make repayment with insufficient details to associate it with their outstanding debt. In some cases, the Department is constrained from identifying and matching these amounts to the customer by the lack of information supplied and also by the new General Data Protection Regulations introduced in May 2018. As at 31 December 2018, the total amount recorded on the Department's accounting system for unmatched overpayment recoveries is €3.2 million (2017: €2.8 million). As detailed above, an amount of €637,788 representing unidentified overpayment receipts which predate DRAS are now also included under this heading for 2018.

As the above investigations are nearing completion, the next substantial piece of DRAS related work can now commence. This involves (a) a reconciliation of unmatched customer receipts in suspense on DRAS with unmatched receipts on the Department's accounting system and (b) an age analysis of those receipts. The examination will commence during 2019 with a view to bringing to account, on a permanent basis, those amounts that have been fully investigated but remain unresolved.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

The Department has reported in the 40/02 return to the Department of Public Expenditure and Reform and the Office of the Comptroller and Auditor General fourteen contracts to the value of €2,037,029 that were not subject to a competitive procurement process, of which five contracts with a value of €590,320 are non-compliant.

Details of the contracts which are non-compliant are as follows

- One supply contract for €262,000 was necessary owing to tight project deadlines and technical system changes. Work has begun in preparing an RFT to regularise this procurement.
- One contract with a value of €159,000 was put in place due to a legal challenge to an Office of Government Procurement (OGP) framework. A procurement process has been completed and a new contract will be put in place shortly.
- One supply contract for €97,000 occurred with the increasing demand for Irish translation in the Department. A new contract through an OGP framework has been awarded in 2019.
- A contract for €37,320 has been extended until November 2019 to meet the business needs of the Department and receive best value for money.
- One contract with a value of €35,000 was extended to meet the Department's requirements and complete the necessary work. This is now complete.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the actions needed to mitigate risks and the business area responsible for the risk actions.

Ongoing monitoring and review

Formal procedures which have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in losses that require disclosure in the Appropriation Account.

John McKeon
Accounting Officer
Department of Employment Affairs and Social Protection

20 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 37 Employment Affairs and Social Protection

Opinion on the appropriation account

I have audited the appropriation account for Vote 37 Employment Affairs and Social Protection for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 37 Employment Affairs and Social Protection for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Employment Affairs and Social Protection and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Regularity of expenditure

Chapter 12 of my report on the accounts of the public services for 2018 relates to welfare payments in excess of entitlement included in the 2018 account for Vote 37. I consider the estimated level of irregular payment to be material.

Non-compliance with procurement rules

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2018.

Reporting on other matters arising from audit

Chapters 13 and 14 of my report on the accounts of the public services for 2018 examines how the Department measures the timeliness of claim processing and how the Department develops application forms for schemes in paper-based and online formats respectively.

Seamus McCarthy
Comptroller and Auditor General

24 September 2019

Vote 37 Employment Affairs and Social Protection

Appropriation Account 2018

	Estimate provision		2018 Outturn	2017 Outturn
	€000	€000	€000	€000
Programme expenditure				
Social assistance schemes, services, administration and payment to Social Insurance Fund				
Administration				
Original	536,200			
Deferred surrender	1,000			
Supplementary	21,000			
		558,200	541,396	520,906
Pensions				
Original	996,790			
Supplementary	23,710			
		1,020,500	1,020,260	994,740
Working age – income supports				
Original	2,581,485			
Supplementary	31,990			
		2,613,475	2,610,477	2,845,390
Working age – employment supports				
Original	805,965			
Supplementary	(12,945)			
		793,020	796,184	894,866
Illness, disability and carers				
Original	2,721,870			
Supplementary	68,080			
		2,789,950	2,781,217	2,566,772
Children				
Original	2,625,370			
Supplementary	(9,000)			
		2,616,370	2,611,287	2,603,327
Supplementary payments, etc.				
Original	568,965			
Supplementary	9,950			
		578,915	573,426	608,506
Subvention to the Social Insurance Fund		—	—	—

	Estimate provision		2018 Outturn	2017 Outturn
	€000	€000	€000	€000
Gross expenditure				
Original	10,836,645			
Deferred surrender	1,000			
Supplementary	132,785			
		10,970,430	**10,934,247**	**11,034,507**
Deduct				
Appropriations-in-aid				
Original	209,520			
Supplementary	(6,215)			
		203,305	**207,009**	**264,787**
Net expenditure				
Original	10,627,125			
Deferred surrender	1,000			
Supplementary	139,000			
		10,767,125	**10,727,238**	**10,769,720**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spend in the following year. €1 million of unspent allocations in respect of capital elements of subhead A. 2 (v) and (vi) was carried forward to 2019.

	2018	2017
	€	€
Surplus	39,887,039	21,019,255
Deferred surrender	(1,000,000)	(1,000,000)
Surplus to be surrendered	**38,887,039**	**20,019,255**

John McKeon
Accounting Officer
Department of Employment Affairs and Social Protection

20 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		10,392,851	10,513,601
Pay		295,329	293,330
Non pay		246,067	227,576
Gross expenditure		**10,934,247**	**11,034,507**
Deduct			
Appropriations-in-aid		**207,009**	**264,787**
Net expenditure		**10,727,238**	**10,769,720**
Changes in capital assets			
Purchases cash	(54,574)		
Depreciation	18,981		
Loss on disposal/ write-off	1		
		(35,592)	(16,210)
Changes in net current assets			
Decrease in closing accruals	(4,877)		
Decrease in stock	50		
		(4,827)	773
Direct expenditure		**10,686,819**	**10,754,283**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		79,881	70,312
Notional rents		14,019	13,437
Net programme cost		**10,780,719**	**10,838,032**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 37 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	492	365
Vote 12 Superannuation and Retired Allowances	64,741	56,846
Vote 13 Office of Public Works	13,959	12,860
Vote 18 National Shared Services Office	661	207
Central Fund – Ministerial pensions	28	34
	79,881	**70,312**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	152,062	116,470
Current assets			
Stocks	2.4	296	346
Prepayments	2.11	65,124	55,508
Other debit balances	2.5	204,961	167,647
Total current assets		270,381	223,501
Less current liabilities			
Bank and cash	2.3	170,842	147,107
Accrued expenses	2.12	52,830	48,091
Other credit balances	2.6	26,968	34,519
Net Exchequer funding due	2.7	7,151	(13,979)
Total current liabilities		257,791	215,738
Net current assets		12,590	7,763
Net assets		**164,652**	**124,233**
Represented by:			
State funding account	2.1	**164,652**	**124,233**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			124,233	108,796
Disbursements from the Vote				
Estimate provision	Account	10,767,125		
Deferred surrender	Account	(1,000)		
Surplus to be surrendered	Account	(38,887)		
Net Vote			10,727,238	10,769,720
Expenditure (cash) borne elsewhere	1.1		79,881	70,312
Non cash expenditure – notional rent	1		14,019	13,437
Net programme cost	1		(10,780,719)	(10,838,032)
Balance at 31 December			**164,652**	**124,233**

2.2 Capital assets

	Office equipment	Furniture and fittings	Assets under development	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	303,398	31,744	15,231	350,373
Additions	43,734	380	10,460	54,574
Disposals/ write-off [a]	(174)	(228)	—	(402)
Transfers	6,538	—	(6,538)	—
Cost or valuation at 31 December 2018	353,496	31,896	19,153	404,545
Accumulated depreciation				
Opening balance at 1 January 2018	206,059	27,844	—	233,903
Depreciation for the year	18,062	919	—	18,981
Depreciation on disposals/ write-off	(173)	(228)	—	(401)
Cumulative depreciation at 31 December 2018	223,948	28,535	—	252,483
Net assets at 31 December 2018	**129,548**	**3,361**	**19,153**	**152,062**
Net assets at 31 December 2017	97,339	3,900	15,231	116,470

Note [a] Disposals/write-off consist of furniture and equipment including franking machines, photocopiers, shredders, tables, chairs, etc.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
An Post advance balances [a]	142,290	115,381
PMG balances (overdraft)	(336,056)	(402,429)
Commercial bank and cash	22,924	139,941
	(170,842)	**(147,107)**

Note [a] As scheme paying agent, An Post is pre-funded by Vote 37 and the SIF to meet the Department's expenditure liabilities as they fall due. At the end of 2018, the combined balance held by An Post in respect of Vote 37 and the SIF was €235.2 million. The combined corresponding balance at the end of 2017 was €183.7 million.

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	268	318
IT consumables	28	28
	296	**346**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Advances to An Post for postage expenditure	1,007	1,007
Advances to OPW for office furniture, building and electrical work	475	354
Advances to Pobal	6,801	6,095
Scheme prepayments [a]	154,595	13,384
Other debit suspense	2,877	1,376
Due from SIF in respect of		
• Vote related receipts recovered through SIF	23,285	26,600
• payments by Vote on behalf of SIF	15,222	118,831
• imprest payments receivable from SIF	699	—
	204,961	**167,647**

Note [a] At 31 December 2018, there were prepayments for Vote schemes of €154.6 million of which €12.8 million were made via An Post and €141.8 million were made via bank electronic funds transfer.

2.6 Other credit balances

at 31 December	2018 €000	2017 €000
Amounts due to the State		
Income tax	3,574	3,021
Superannuation contributions	754	556
Pay Related Social Insurance	2,462	3,535
Value Added Tax	95	56
Professional Services Withholding Tax	1,890	3,219
Local property tax [a]	61	66
Extra Exchequer receipts	8	2
	8,844	10,455
Payroll deductions	2,106	2,666
Due to SIF in respect of		
• payments by SIF on behalf of Vote	11,549	13,128
• imprest payments received from SIF	448	3,010
Unmatched overpayment recoveries	3,209	2,849
Debt recovery on behalf of other EU countries	724	1,554
Other credit suspense items	88	857
	26,968	**34,519**

Note [a] Under Section 84 of the Finance (Local Property Tax) Act 2012, the Revenue Commissioners may direct the Department to make deductions from certain scheme payments in respect of liable persons for local property tax. The Department also make voluntary deductions of local property tax from some staff salaries. Amounts paid over to the Revenue Commissioners in 2018 were €669,000 and €408,700 respectively.

2.7 Net Exchequer funding due

at 31 December	2018 €000	2017 €000
Surplus to be surrendered	38,887	20,019
Deferred surrender	1,000	1,000
	39,887	21,019
Exchequer grant undrawn	(32,736)	(34,998)
Net Exchequer funding due	**7,151**	**(13,979)**
Represented by:		
Debtors		
Debit balances: suspense	204,961	167,647
Creditors		
Banks and cash	(170,842)	(147,107)
Due to State	(8,844)	(10,455)
Credit balances: suspense	(18,124)	(24,064)
	(197,810)	(181,626)
	7,151	**(13,979)**

2.8 Commitments

at 31 December	2018 €000	2017 €000
Global Commitments		
Procurement of goods and services	37,124	32,983
Capital projects	19,458	22,859
Total of legally enforceable commitments	**56,582**	**55,842**

2.9 Matured liabilities

at 31 December	2018 €000	2017 €000
Estimate of matured liabilities not discharged at year end	809	82

2.10 Contingent liabilities

The Department is involved in 86 legal cases which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

2.11 Prepayments

at 31 December	2018	2017
	€000	€000
Administration expenses	243	225
Office expenses	4,169	422
Programme advances/floats[a]	60,712	54,858
Miscellaneous expenses	—	3
	65,124	**55,508**

Note [a] Moneys paid to schemes and other organisations providing Community Employment, Jobs Initiative, Local Employment Services and Job Clubs by way of advances or floats for working capital. Advances are provided to Community Employment and Jobs Initiative schemes prior to commencement to cover initial expenses and are generally recouped within 12 months of issue. Floats are provided to Local Employment Services and Job Clubs to cover ongoing expenses and are reconciled on an ongoing basis with each payment made. This money relates to organisations as opposed to individual claimants.

2.12 Accrued expenses

at 31 December	2018	2017
	€000	€000
Administration expenses[a]	4,071	2,559
Office expenses	11,462	12,532
Consultancy expenses	83	167
Programme costs[b]	37,214	32,833
	52,830	**48,091**

Notes [a] Administration expenses include an amount of €637,000 payable to the Revenue Commissioners in respect of a special investigations unit allowance that was deemed taxable since 2013.

[b] Moneys owed to organisations providing Community Employment, Jobs Initiative and Local Employment Services on behalf of the Department. This money relates to organisations as opposed to individual claimants.

Note 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i.	Salaries, wages and allowances				
	Original	300,873			
	Supplementary	(1,000)			
			299,873	295,329	293,330
ii.	Travel and subsistence				
	Original	5,000			
	Supplementary	(500)			
			4,500	4,484	4,575
iii.	Training and development and incidental expenses				
	Original	17,517			
	Supplementary	(6,050)			
			11,467	9,506	10,501
iv.	Postal and telecommunications services		15,800	15,595	15,912
v.	Office equipment and external IT services				
	Original	46,190			
	Deferred surrender	500			
	Supplementary	4,229			
			50,919	47,340	41,727
vi.	Office premises expenses				
	Original	18,100			
	Deferred surrender	500			
	Supplementary	600			
			19,200	16,198	15,064
vii.	Consultancy services				
	Original	700			
	Supplementary	100			
			800	710	736
viii.	Payments for agency services				
	Original	119,820			
	Supplementary	21,321			
			141,141	139,024	126,325
ix.	eGovernment related projects				
	Original	12,200			
	Supplementary	2,300			
			14,500	13,210	12,736
			558,200	**541,396**	**520,906**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

iii *Training and development and incidental expenses*

Estimate provision: €17.517 million, outturn: €9.506 million

The underspend of €8.011 million relative to the estimate provision was because:

- Bank charges were €2.9 million lower than anticipated. Provision was initially made for all bank charges to be charged to the Vote. However, for accounting transparency and audit purposes, costs were apportioned between the Vote and the Social Insurance Fund.
- The original estimate contained a contingency of €2.3 million that was not required.
- €2.8 million of savings were achieved on various incidental expenses including staff training (€1 million), customer communications and advertising (€600,000), shared salaries (€300,000), hire of rooms (€300,000) and other costs (€600,000).

Programme A Social assistance schemes, services, administration and payment to Social Insurance Fund

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Administration					
A.1	Administration – pay				
	Original	300,873			
	Supplementary	(1,000)			
			299,873	295,329	293,330
A.2	Administration – non pay				
	Original	235,327			
	Deferred surrender	1,000			
	Supplementary	22,000			
			258,327	246,067	227,576
Pensions					
A.3	State Pension (Non-Contributory)				
	Original	996,790			
	Supplementary	23,710			
			1,020,500	1,020,260	994,740
Working Age – Income Supports					
A.4	Jobseeker's Allowance				
	Original	1,837,060			
	Supplementary	2,890			
			1,839,950	1,840,750	2,103,451
A.5	One-Parent Family Payment				
	Original	501,730			
	Supplementary	8,920			
			510,650	511,088	497,647
A.6	Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension				
	Original	13,180			
	Supplementary	1,120			
			14,300	14,263	14,226
A.7	Deserted Wife's Allowance				
	Original	1,120			
	Supplementary	60			
			1,180	1,192	1,434
A.8	Basic Supplementary Welfare Allowance Payments				
	Original	103,340			
	Supplementary	10,660			
			114,000	111,818	97,218
A.9	Farm Assist		74,135	73,819	78,182
A.10	Exceptional and Urgent Needs Payments				
	Original	36,420			
	Supplementary	7,380			
			43,800	42,305	38,083

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.11	Other Working Age – Income Supports				
	Original	14,500			
	Supplementary	960			
			15,460	15,242	15,149
Working Age – Employment Supports					
A.12	Community Employment Programme				
	Original	350,030			
	Supplementary	(1,980)			
			348,050	353,068	350,489
A.13	Rural Social Scheme				
	Original	51,045			
	Supplementary	(1,605)			
			49,440	50,033	44,408
A.14	Tús				
	Original	100,100			
	Supplementary	7,450			
			107,550	105,983	109,397
A.15	Jobs Initiative				
	Original	18,520			
	Supplementary	(1,650)			
			16,870	17,750	19,150
A.16	Back to Work Enterprise Allowance				
	Original	101,680			
	Supplementary	(10,230)			
			91,450	90,466	115,171
A.17	Youth Employment Support Scheme				
	Original	1,000			
	Supplementary	(750)			
			250	33	—
A.18	Back to Education Allowance				
	Original	72,950			
	Supplementary	6,250			
			79,200	78,687	93,860
A.19	Gateway				
	Original	470			
	Supplementary	(220)			
			250	212	3,496
A.20	Back to Work Family Dividend				
	Original	20,740			
	Supplementary	260			
			21,000	21,044	23,970
A.21	JobsPlus				
	Original	30,000			
	Supplementary	(6,350)			
			23,650	22,754	28,854

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.22	Wage Subsidy Scheme				
	Original	23,160			
	Supplementary	(1,070)			
			22,090	22,321	20,837
A.23	Other Working Age – Employment Supports				
	Original	36,270			
	Supplementary	(3,050)			
			33,220	33,833	42,779
—	*Community Services Programme*		—	—	*42,455*
Illness, Disability And Carers					
A.24	Disability Allowance				
	Original	1,543,150			
	Supplementary	47,850			
			1,591,000	1,586,258	1,469,440
A.25	Blind Pension		13,370	13,308	13,386
A.26	Carer's Allowance				
	Original	789,130			
	Supplementary	6,770			
			795,900	795,363	729,449
A.27	Domiciliary Care Allowance				
	Original	153,140			
	Supplementary	16,860			
			170,000	168,417	151,914
A.28	Carer's Support Grant				
	Original	207,690			
	Supplementary	(3,400)			
			204,290	203,958	192,924
A.29	Disability Activation Supports		15,390	13,913	9,659
Children					
A.30	Child Benefit				
	Original	2,083,750			
	Supplementary	15,150			
			2,098,900	2,096,671	2,086,390
A.31	Working Family Payment				
	Original	431,300			
	Supplementary	(20,400)			
			410,900	410,546	414,630
A.32	Back-to-School Clothing And Footwear Allowance				
	Original	49,530			
	Supplementary	(1,450)			
			48,080	47,402	48,854

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
A.33	School Meals Schemes				
	Original	54,000			
	Supplementary	(3,000)			
			51,000	49,165	46,619
A.34	Other Child Related Payments				
	Original	6,790			
	Supplementary	700			
			7,490	7,503	6,834
	Supplementary Payments, Agencies and Miscellaneous Services				
A.35	Rent Supplement				
	Original	179,500			
	Supplementary	(3,600)			
			175,900	175,032	230,566
A.36	*Mortgage Interest Supplement*		—	—	*4,206*
A.37	Household Benefits Package				
	Original	90,340			
	Supplementary	680			
			91,020	91,503	84,900
A.38	Free Travel				
	Original	90,000			
	Supplementary	(2,700)			
			87,300	86,813	77,456
A.39	Fuel Allowance				
	Original	138,544			
	Supplementary	17,056			
			155,600	152,669	148,870
A.40	Grant to the Citizens Information Board				
	Original	57,410			
	Supplementary	(810)			
			56,600	54,775	53,053
A.41	Miscellaneous Services				
	Original	12,691			
	Supplementary	(676)			
			12,015	12,231	8,504
A.42	Low Pay Commission		480	403	297
A.43	*Office of the Pensions Ombudsman*		—	—	*654*
	Subvention to the Social Insurance Fund				
A.44	Payment to the Social Insurance Fund under Section 9(9)(a) of the Social Welfare Consolidation Act 2005		—	—	—
Total			**10,970,430**	**10,934,247**	**11,034,507**

Significant variations

Overall, the expenditure in relation to Programme A was €96.602 million higher than originally provided. This was made up as follows

- €4.196 million of this related to administration expenditure. The significant variances in individual subheads (+/-25% and €100,000) have already been explained
- €92.406 million relates to scheme and service subheads. The main variances are described below.

A decision on whether to pay a Christmas bonus, and at what rate, to long-term social welfare recipients is made by Government around October each year, in the context of the following year's budget. The cost of a Christmas bonus, which has an impact on scheme expenditure and, by extension, average payment values, is thus not included in the original estimates.

A.6 Widows'/Widowers'/Surviving Civil Partner's (Non-Contributory) Pension

Estimate provision: €13.18 million, outturn: €14.263 million

The increase in expenditure of €1.083 million relative to the estimate provision was mainly due to

- Higher average recipient numbers (1,451) than provided for in the original estimate (1,385). This cost approximately €624,000.
- Higher average weekly payment values (€188.70) than provided for in the original estimate (€183.21). This cost an additional €415,000 of which €260,000 related to the decision to pay a Christmas bonus.

A supplementary estimate of €1.12 million was provided to reflect emerging trends and to fund the payment of the Christmas bonus. The final outturn was in line with the final allocation.

A.8 Basic Supplementary Welfare Allowance Payments

Estimate provision: €103.34 million, outturn: €111.818 million

The increase in expenditure of €8.478 million relative to the estimate provision was due to

- Higher average recipient numbers (15,836) than provided for in the original estimate (15,200). The increase in Basic Supplementary Welfare Allowance (Basic SWA) claim numbers is primarily related to illness related claims - pending illness benefit, disability allowance and invalidity pension. There was an increase in Basic SWA claims pending illness benefit since August 2018 linked to issues relating to the migration of illness benefit from a legacy IT system. This cost an extra €6.419 million.
- Higher average weekly payment values (€196.75) than provided for in the original estimate (€193.58). This cost an additional €2.607 million, of which €870,000 related to the decision to pay a Christmas bonus.
- Recoupment of expenditure from primary schemes (e.g. disability allowance, jobseeker's allowance) where the recipient had been claiming supplementary welfare allowance pending resolution of their claim. Outturn was €50.548 million, compared to €50 million in the original estimate. This resulted in a saving of €548,000.

A supplementary estimate of €10.66 million was sought to reflect emerging trends. The final outturn was €2.182 million (1.9%) less than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.10 Exceptional and Urgent Needs Payments

Estimate provision: €36.42 million, outturn: €42.305 million

The increase in expenditure of €5.885 million relative to the estimate provision was mainly due to

- The actual number of once-off payments (106,282) was 9,882 higher than provided for in the original estimate, costing an additional €3.734 million. The housing category of Exceptional and Urgent Needs payments, which provides support through the payment of rent deposits, rent in advance and assistance towards furniture and household appliances, has seen an increase in payments in 2018. There has also been an increase in expenditure in the B&B and hostel categories for temporary accommodation. In addition, expenditure under urgent needs payments saw an increase in response to delays to illness benefit payments.
- The actual average payment values (€398.34) were higher than provided for in the original estimate (€377.90). This cost €2.111 million.

The once-off nature of the scheme makes it more difficult to predict the make-up of future payment numbers and average payment values than for schemes with a regular frequency.

A supplementary estimate of €7.38 million was provided. The outturn was €1.495 million (3.4%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.11 Other Working Age – Income Supports

Estimate provision: €14.5 million, outturn: €15.242 million

The increase in expenditure of €742,000 was mainly due to

- €737,000 overspend on Daily Expenses Allowance (formerly Direct Provision Allowance), mainly due to higher average recipient numbers and average payment values than provided for in the original estimate.
- €220,000 overspend on Humanitarian Aid. It is difficult to predict the requirement for humanitarian assistance given the unpredictable nature of the weather. Winter storms of 2018 (including storm Emma) resulted in increased demand in 2018.
- €96,000 overspend on Pre-Retirement Allowance. The last recipient on the scheme reached pensionable age in July 2018 and the scheme is now closed.
- €316,000 underspend on supplements such as diet and heating under the supplementary welfare allowance scheme.

An amount of €960,000 was provided as part of the supplementary estimate. The outturn was €218,000 (1.4%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.14 Tús

Estimate provision: €100.1 million, outturn: €105.983 million

The increase in expenditure of €5.883 million relative to the estimate provision was due to

- Higher average participant numbers (6,468) than provided for in the original estimate (6,010). There was a slower decrease in scheme participant numbers over the course of the year than was provided for in the estimate. This cost €5.965 million. While the labour market improved, the scheme retained a strong demand for employment support opportunities for long-term unemployed people on the live register.
- The higher numbers of participants also led to higher average supervisor numbers (370) than provided for in the original estimate (316). This cost €2.124 million.
- Lower recipient average payment values (€249.22) than provided for in the original estimate (€250.39). This resulted in a saving of €395,000.
- Lower supervisor average payment values (€671.95) than provided for in the original estimate (€749.94). This resulted in a saving of €1.501 million.
- Lower administration and implementation fees (€9.232 million) than provided for in the original estimate (€9.543 million). This resulted in a saving of €310,000.

A supplementary estimate of €7.45 million was sought to reflect emerging trends. The final outturn was €1.567 million (1.5%) less than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.16 Back to Work Enterprise Allowance

Estimate provision: €101.68 million, outturn: €90.466 million.

The underspend of €11.214 million relative to the estimate provision was due to

- Average number of recipients (8,370) was lower than provided for in the original estimate (9,243) due to an improved labour market, resulting in lower demand for the scheme. This saved €9.576 million.
- Actual average payment values (€204.66) were lower than provided for in the original estimate (€207.69) due to a decline in the number of recipients in Year 1 of the scheme as a proportion of total recipients from around 50% of recipients to 40% during 2018. Recipients on Year 1 of the scheme receive a higher payment than those on Years 2 and 3. This saved €1.363 million.
- Inter-scheme adjustments were lower than provided for in the original estimate resulting in a saving of €275,000.

An amount of €10.23 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €984,000 (1.1%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.17 Youth Employment Support Scheme

Estimate provision: €1 million, outturn: €33,000

This is a new scheme announced in the 2018 budget. The scheme was launched in October 2018, rather than in June 2018 as was originally provided for and, as with all new schemes, take-up can be difficult to predict.

A.18 Back to Education Allowance

Estimate provision: €72.95 million, outturn: €78.687 million

The rate of decline in Back to Work Education Allowance numbers for the 2017/2018 academic year beginning in September 2017 could not be predicted accurately when the 2018 estimates were finalised in early October 2017. The rate of decline which materialised in 2018 was less than provided for in the 2018 estimates. This resulted in an increase in expenditure of €5.737 million.

A supplementary estimate of €6.25 million was provided to fund emerging trends. The final outturn was €513,000 (0.6%) lower than the final estimate. The savings were used to fund excess expenditure on other subheads.

A.19 Gateway

Estimate provision: €470,000, outturn: €212,000

The estimate provided for the wind down of the scheme. Participants left the scheme faster than provided for in the estimate resulting in a saving of €258,000.

An amount of €220,000 was surrendered as part of the supplementary estimate to reflect this. The savings were used to fund excess expenditure on other subheads.

A.21 JobsPlus

Estimate provision: €30 million, outturn: €22.754 million

The 2018 estimate assumed that a continued strong uptake of JobsPlus supported employments, which had seen an increase in participants from 2,595 in April 2016 to 5,434 in August 2017 (when the 2018 estimate was finalised), would continue into 2018. Instead, there was a reversal of the trend which saw a decline in participants from 5,217 in December 2017 to 3,526 in December 2018. This resulted in an underspend of €7.246 million.

This was due to an improvement in the labour market, including a decline of almost 29% in the long-term unemployed, (from which JobsPlus participants are sourced), between August 2017 and December 2018, combined with improved capacity of employers to employ long-term unemployed people without recourse to a JobsPlus grant.

An amount of €6.35 million was surrendered as part of the supplementary estimate to reflect emerging trends. The final outturn was €896,000 (3.8%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.23 Other Working Age – Employment Supports

Estimate provision: €36.27 million, outturn: €33.833 million

The underspend of €2.437 million was due to

- €565,000 saving on Enterprise Support Grants and €569,000 saving on Technical Support Grants, due to less demand for grants as a result of a lower live register
- €808,000 saving on Local Employment Service (LES) due to lower spending on LES operational costs and LES-supported mediator interventions
- €495,000 saving due to a range of savings under the remaining eight headings including Jobs Clubs and the Part-Time Job Incentive.

An amount of €3.05 million was surrendered as part of the supplementary estimate. The outturn was €613,000 (1.8%) higher than the final allocation. This was funded through virement from subheads with underspends elsewhere in the Vote.

A.27 Domiciliary Care Allowance

Estimate provision: €153.14 million, outturn: €168.417 million

The increase in expenditure of €15.277 million relative to the estimate provision was mainly due to

- Higher average recipient numbers (37,230) than provided for in the original estimate (35,000) cost an additional €9.757 million. This is mainly due to more awareness of the scheme and a higher percentage of applications being deemed eligible at both application and appeal stage.
- Higher average monthly payment values (€376.98) than provided for in the original estimate (€364.62) cost an additional €5.522 million of which €3.6 million related to the Christmas bonus.

A supplementary estimate of €16.86 million was provided to reflect emerging trends and to fund the payment of the Christmas bonus. The outturn was €1.583 million (0.9%) less than the final estimate. The savings were used to fund excess expenditure on other subheads.

A.29 Disability Activation Supports

Estimate provision: €15.39 million, outturn: €13.913 million

The lower expenditure of €1.477 million relative to the estimate provision was mainly due to

- An underspend of approximately €1.04 million on the Employability Service programme. Employability contracts are contracts for a service, delivered on behalf of the Department by individual contractors/companies. Where a contractor does not subsequently incur a cost or fully incur a projected cost during the contract term, a payment from the Department cannot be sought and hence will result in an underspend.
- €388,000 underspend on the Ability programme due to a significant lead in time between designing the programme, the call for applications and the subsequent assessment process. The projects were announced in July 2018 but the contracts were only issued in September 2018.

A.33 School Meals Schemes

Estimate provision: €54 million, outturn: €49.165 million

The underspend of €4.835 million arose because the first instalment due to schools for the 2018/2019 academic year was lower than provided for in the original estimate. This was due to delays in schools submitting applications and satisfying scheme conditions to enable payment to be made before the end of 2018. There was also a lower up-take on new schools joining the scheme from September 2018.

An amount of €3 million was surrendered as part of the supplementary estimate. The outturn was €1.835 million (3.6%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

A.34 Other Child Related Payments

Estimate provision: €6.79 million, outturn: €7.503 million

The increase in expenditure of €713,000 relative to the estimates provision was mainly due to

- An overspend of approximately €747,000 on the Guardian's Payment's (Non-Contributory) scheme due to higher average number of recipients (540) than provided for in the original estimate (500) and higher average payment values (€259.22) than provided for in the original estimate (€249.87).
- This was offset by an underspend of approximately €65,000 on the Widowed Parent Grant (Non-Contributory).

A supplementary estimate of €700,000 was provided. The outturn was in line with the final estimate.

A.39 Fuel Allowance

Estimate provision: €138.544 million, outturn: €152.669 million

The increase in expenditure of €14.125 million relative to the estimate provision was mainly due to

- Actual average numbers of recipients (239,495) were 11,595 higher than provided for in the original estimate (227,900). This cost approximately €7.044 million
- An extra week of fuel allowance was paid in March 2018 in the response to storm Emma. This cost €5.389 million.
- The full estimated cost of arrears for a year was not included in the 2018 revised estimates. Fuel allowance is a supplementary payment to a primary scheme (e.g. disability allowance, jobseeker's allowance) – arrears can become due when there has been a delay making a decision on the customer's primary scheme. This cost €1.69 million in 2018.

A supplementary estimate of €17.056 million was provided. The final outturn was €2.931 million (1.9%) lower than the final allocation. The savings were used to fund excess expenditure on other subheads.

4 Receipts

4.1 Appropriations-in-aid

				2018	2017
		Estimated		Realised	Realised
		€000	€000	€000	€000
Social Insurance Fund Transfer to Vote 37					
1	Recovery of administration expenses from the Social Insurance Fund		113,940	113,940	177,240
Appropriations-in-aid: Other					
2	Recoveries of social assistance overpaid				
	Original	65,500			
	Supplementary	(6,600)			
			58,900	59,161	62,497
3	Repayment from the Social Insurance Fund of amounts paid initially as social assistance				
	Original	4,150			
	Supplementary	(450)			
			3,700	3,497	4,147
4	Receipts under 'Liability to Maintain Family' provisions in Part XII of the Social Welfare (Consolidation) Act 2005				
	Original	230			
	Supplementary	10			
			240	268	277
5	Receipts from the General Register Office				
	Original	330			
	Supplementary	(30)			
			300	369	353
6	Receipts from European Social Fund for activation and participation of people with disabilities				
	Original	—			
	Supplementary	185			
			185	185	—
7	Receipts from pension-related deduction on public service remuneration				
	Original	9,680			
	Supplementary	(710)			
			8,970	9,388	9,042
8	Receipts from EURES European Job Mobility Fund				
	Original	250			
	Supplementary	(200)			
			50	52	249

				2018	2017
		Estimated		Realised	Realised
		€000	€000	€000	€000
9	Receipts from National Training Fund (Community Employment)				
	Original	7,200			
	Supplementary	(700)			
			6,500	6,423	6,686
10	Receipts from Pensions Authority – staff superannuation				
	Original	340			
	Supplementary	310			
			650	632	599
11	Homeless Unit operational costs – contributions from external agencies				
	Original	300			
	Supplementary	1,240			
			1,540	1,569	1,738
12	Receipts from dormant accounts				
	Original	—			
	Supplementary	1,770			
			1,770	1,926	527
13	Receipts from European Globalisation Fund		—	—	263
14	Recovery of social assistance from insurance claims				
	Original	2,900			
	Supplementary	(300)			
			2,600	2,609	3,019
15	Miscellaneous				
	Original	1,200			
	Supplementary	400			
			1,600	2,350	654
—	Receipts from EU Food Aid Programme				
	Original	3,500			
	Supplementary	(1,140)			
			2,360	4,640	(2,504)
	Total		**203,305**	**207,009**	**264,787**

Significant variations

2 *Recoveries of social assistance overpaid*

Estimate: €65.5 million, realised: €59.161 million

This subhead covers that element of overpayment recoveries from around 40 social assistance schemes treated as income. It includes cash recoveries (€34.73 million in 2018, of which just over 60% related to State Pension Non-Contributory – mainly estate cases) and recoveries by way of deductions from scheme payments (€24.43 million) on overpayments that arose prior to 2018. The yield each month can vary significantly. In 2018, it ranged from €4.3 million to €5.6 million, averaging at €4.9 million, which was €0.3 million lower than realised in 2017.

3 *Repayment from the Social Insurance Fund of amounts paid initially as social assistance*

Estimate: €4.15 million, realised: €3.497 million

This subhead is used to record the recovery of social assistance from the Social Insurance Fund (SIF) where inter-scheme adjustments are effected after the close of the financial year. Receipts can vary significantly from month to month. For example, it includes customers paid Supplementary Welfare Allowance (SWA) basic payment (funded from Vote 37) while awaiting a decision on their social insurance benefit (e.g. illness benefit). The amount of SWA basic paid is subsequently recovered from the SIF when the customer's social insurance benefit is awarded. When the decision is made in a later year than that in which the SWA basic payment occurred, the recovery from the SIF is recorded as income under this subhead.

The 2018 revised estimate assumed average monthly receipts of just under €350,000 based on a trend decline on 2017 when receipts averaged almost €380,000 up to November 2017.

Receipts in December 2017 and during 2018 were significantly lower than when the 2018 revised estimate was being finalised. This trend decline led to a shortfall of €653,000 compared to the 2018 revised estimate.

6 *Receipts from European Social Fund for activation and participation of people with disabilities*

Estimate: €Nil, realised: €185,000

The amount of €185,000 represents the balance of a claim made in respect of the years 2012 to 2015 that had been included in the estimated receipts for 2017 but was not actually received until January 2018 following successful checks and auditing by the European Commission.

8 *Receipts from EURES European Job Mobility Fund*

Estimate: €250,000, realised: €52,000

EURES was established by the European Commission to facilitate the free movement of workers between European Union and European Economic Area countries. In Ireland, EURES is co-ordinated by the Department of Employment Affairs and Social Protection.

Receipts into this subhead are comprised of (i) moneys received from EURES counterparts in Europe to facilitate free movement of workers (ii) funding from the EaSI (Employment and Social Innovation) programme and (iii) receipts from the European Social Fund (ESF) from financial claims made to the European Commission.

Actual receipts of €52,000 included receipts from EURES counterparts in Europe and funding under EaSI. No receipts were received under ESF.

The Department's claim covering the years 2015-2017 was prepared and submitted to Ireland's managing authority for the ESF, the Department of Education and Skills (DoES), in 2018. While it was originally expected that the claim would be submitted by the DoES during 2018, this will instead take place in 2019.

9 *Receipts from National Training Fund (Community Employment)*

Estimate: €7.2 million, realised: €6.423 million

This subhead covers receipts from the National Training Fund for the training of Community Employment (CE) and the Training Support Grant (TSG) participants.

The amount realised in respect of TSG, €2.223 million, was €777,000 lower than provided for in the original estimate. This was due to lower than expected demand for TSG resulting from a lower live register and an improved labour market.

The amount realised in respect of CE participants at €4.2 million was consistent with the estimate.

10 *Receipts from Pensions Authority – Staff superannuation*

Estimate: €340,000, realised: €632,000

This subhead provides for receipts of superannuation contributions in respect of staff employed by the Pensions Authority (PA) to fund lump sum payments from Vote 37 when a member of the PA staff retires.

Receipts in 2018 were €632,000, an increase of €33,000 on the 2017 outturn which was €599,000. The outturn in 2018 was almost €292,000 more than provided for in the estimate. The estimate was understated having regard to the trend in 2017 and the outturn in 2018.

11 *Homeless Unit Operational costs - contributions from external agencies*

Estimate: €300,000, realised: €1.569 million

There was a process to recoup exceptional needs payments relating to emergency accommodation made in Cork from the local authority. The 2018 revised estimate was conservative. Receipts from this source can be unpredictable, having been €300,000 in 2015, €800,000 in 2016, €1.74 million in 2017 and €1.569 million in 2018.

12 *Receipts from dormant accounts*

Estimate: €Nil, realised: €1.926 million

This subhead funds training for carers from dormant account receipts. There was no provision for this receipt in the 2018 estimates as a new dormant accounts plan was not in place. When the new plan was adopted in July 2018, a call for applications was made and contracts awarded. This resulted in drawdown of funding that was unanticipated at the time of preparing the estimate.

14 *Recovery of social assistance from insurance claims*

Estimate: €2.9 million, realised: €2.609 million

This subhead provides for receipts from insurance compensation awards arising on social assistance schemes (currently only Disability Allowance).

Receipts can vary significantly from month to month. In 2018, receipts ranged from €107,000 to €402,000 per month, compared with €63,000 to €446,000 in 2017. However, the average monthly receipts in 2018 at €218,000 were less than the €242,000 provided for in the estimate and realised in the previous year.

15 Miscellaneous

Estimate: €1.2 million, realised: €2.35 million

This subhead provides for small receipts not covered elsewhere under Appropriations-In-Aid receipts and not anticipated when the estimates were prepared. The 2018 estimate provided for an expectation of €1.2 million, which included cancelled cheques, small miscellaneous receipts and a small element of unforeseen receipts.

The overall yield of €2.35 million in 2018 was €1.15 million higher than estimated. This was due to a number of receipts which were unanticipated at time of estimate. These included EU receipts supporting the Connecting Europe Facility - while the funding was advanced during 2017, the expenditure relating to the receipt was not incurred until 2018, with the receipt being recognised in this subhead in 2018 (€500,000), refund of Pobal administration unspent balances from previous year following a review of costs commissioned by Pobal (€529,000) and cancelled cheques being approximately €200,000 higher than in the previous year.

— *Receipts from EU Food Aid Programme*

Estimate: €3.5 million, realised: €4.64 million

The Fund for European Aid to the Most Deprived (FEAD) supports EU countries' actions to provide material assistance (including food and clothing) to the most deprived. The Department submitted its first claim under the programme in December 2017, with €2.357 million received in February 2018. A second claim was made in December 2018 with an expectation of receipt in Q1 2019. However, a receipt of €2.283 million was received late in December 2018.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	2	19
Conscience money	6	6
Witness expenses	2	1
Pensions Authority fines	4	6
Transferred to Exchequer	(6)	(30)
Balance at 31 December	**8**	**2**

4.3 Recovery of welfare assistance overpayments

The summary position on welfare assistance overpayments managed by Central Debt Unit (CDU) at 31 December 2018 was as follows:

		2018 Outturn		2017 Outturn
	€000	€000	€000	€000
Overpayments outstanding at 1 January		412,170		393,303
Adjustment[a]		483		—
		412,653		393,303
Net overpayments recorded				
Suspected fraud	27,152		36,589	
Claimant error	46,786		44,715	
Departmental error	2,262		1,250	
Estate cases	14,993		14,397	
		91,193		96,951
		503,846		490,254
Less:				
Amounts recovered[b]	(64,490)		(67,305)	
Recoveries adjustment[c]	495		731	
		(63,995)		(66,574)
Prior year debts cancelled[d]		(8,292)		(9,717)
Amounts written off as irrecoverable[e]		(32,162)		(1,793)
Overpayments outstanding at 31 December		**399,397**		**412,170**

Notes

[a] The adjustment represents the alignment of the overpayment balance brought forward from the 2017 accounts with the list of debtors on DRAS at 1 January 2018, following development of an improved reporting process. This is reported in the SIFC.

[b] The amount recovered in 2018 includes:

- €59 million posted to income in respect of previous years' debt
- €5.5 million posted against expenditure in respect of the current year's debt.

[c] The adjustment of €495,000 is in respect of recorded recoveries in prior years which were cancelled in 2018.

[d] The prior year debts cancelled of €8.3 million represents overpayments raised in prior years which were cancelled in 2018.

[e] During 2018, the Department commenced a programme of the write-off of debt originating pre 2011 which was deemed irrecoverable. This programme was in addition to ongoing write-offs in the normal course of business. Specific sanction was received from the Department of Public Expenditure and Reform for this programme under which a total of 33,290 cases with a value of €41.5 million were written off during 2018 (Vote: €28.9 million; SIF: €12.6 million).

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

at 31 December	2018	2017
Number of staff at year end		
Department	6,343	6,339
Agencies[a]	135	139
	6,478	**6,478**

Note [a] Agencies in this note comprise of the Citizens Information Board, the Pensions Authority and the Low Pay Commission. The 2017 figures also include the Office of the Pensions Ombudsman, which merged with the Financial Services Ombudsman from 1 January 2018.

5.2 Pay

Remuneration of all staff (Department and agencies)

	2018 €000	2017 €000
Pay	295,617	292,999
Higher, special or additional duties allowance	1,168	868
Other allowances	360	343
Overtime	3,087	3,305
Employer's PRSI	19,052	18,231
Total pay	**319,284**	**315,746**

Remuneration of Department staff

The following remuneration arrangements refer to pay element subheads A.1 (i), A.2 (viii), A.2 (ix), A.23 and A.42.

	2018 €000	2017 €000
Pay	288,001	285,436
Higher, special or additional duties allowance	1,075	819
Other allowances	360	343
Overtime	3,087	3,305
Employer's PRSI	18,332	17,584
Total pay	**310,855**	**307,487**

Agency remuneration

	2018 €000	2017 €000
Pay	7,616	7,563
Higher, special or additional duties allowance	93	49
Other allowances	—	—
Overtime	—	—
Employer's PRSI	720	647
Total pay	**8,429**	**8,259**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Department				
Higher, special or additional duties	492	15	42,926	19,505
Other allowances	45	14	12,202	11,990
Overtime	1,668	30	16,153	16,336
Extra remuneration in more than one category	5	2	18,589	5,533
Agency				
Higher, special or additional duties	18	2	14,717	8,053

5.4 Other remuneration arrangements

This account includes expenditure of €1.5 million in respect of 30 officers who were serving outside the Department for all or part of 2018 and whose salaries were paid by the Department. These are recouped by the Department from the relevant organisations.

5.5 Payroll overpayments

Overpayments at the year-end were €3.1 million to 1,510 individuals (2017: €3.3 million; 1,339 individuals). Of this, recovery plans are in place in respect of overpayments of €1.9 million to 984 individuals (2017: €1.6 million; 270 individuals).

While the 2017 overpayment figure included estimated overpayments yet to be finalised at year-end, the 2018 year-end overpayments figure of €3.1 million does not include cases yet to be finalised.

17 overpayment recovery plans, in respect of 13 individuals, to the value €17,728 were transferred to nine other departments/offices in the year.

5.6 Severance/redundancy

During 2018, nine staff members whose employment was terminated were paid redundancy payments totalling €36,802, while one staff member received a severance payment totalling €14,162.

Note 6 Miscellaneous

6.1 Compensation and legal costs

	Number of cases	Legal costs paid by Department	Legal costs awarded	Compensation awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees of the Department						
Personal Injuries[a]	21	56	44	211	311	121
Breach of HR/employment policies[b]	4	—	—	35	35	138
Claims by members of the public						
Personal Injuries[c]	10	8	26	45	79	57
Department schemes[d]	482	—	151	3,470	3,621	3,411
Other[e]	6	252	177	—	429	1,286
		316	**398**	**3,761**	**4,475**	**5,013**

Notes

[a] Total costs in respect of individuals ranged from €113 to €90,973.

[b] Total costs ranged from €1,000 to €15,000. The cases related to an equality case under section 31 of the Employment Equality Act 1998, unfair dismissal (two cases) under sections 10 and 13 of the Workplace Relations Act 2015 and a Workplace Relations Commission case under the Protection of Employees (Fixed-Term Work) Act 2003.

[c] Total costs in respect of individuals ranged from €100 to €38,285.

[d] Ex-gratia payments, loss of purchasing power payments and legal costs payments up to €60,446 were made in respect of Carer's Allowance, Child Benefit, Jobseekers Allowance, One-Parent Family payment, State Pension (Non-Contributory), Supplementary Welfare Allowance basic payment, Supplementary Welfare Allowance, Exceptional and Urgent Needs payments, Magdalen Laundries and other Institutions and Waterford Crystal Pension Schemes.

[e] Total costs ranged from €7,660 to €150,730. The cases related to pension entitlements, Workplace Relations Commission case under the Protection of Employment Act 1977, refusal of a permit for marriage, recognition of a foreign divorce, registration of a birth and recognition of a marriage.

6.2 Late payment interest

	2018	2017
	€000	€000
Interest payments	3	9

6.3 EU funds

Fund for European Aid to the Most Deprived

Funding of €4.64 million was received from the EU in respect of the Fund for European Aid to the Most Deprived (FEAD) programme which supports EU countries' actions to provide material assistance (including food and clothing) to the most deprived. Expenditure of €9 million was incurred in the operation of this programme to December 2018. The EU provides funding to member States and member States match this funding with a minimum of 15%. Expenditure is eligible to 31 December 2023.

European Social Fund, Human Capital Investment Operational Programme

An amount of €184,824 was received from the EU in respect of the Disability Activation (DACT) project which was the final closure payment for the project. The DACT project was a cross agency programme co-funded by the Department and the European Social Fund, Human Capital Investment Operational Programme 2007-2013.

European Employment Services

Funding of €55,784 was received from the EU in respect of EURES (European Employment Services) to facilitate the free movement of workers throughout the EU/EEA area. EURES is organised centrally by the European Commission and is administered in the member States by the Public Employment Service. Funding of €30,540 was refunded to our EURES counterparts in France and relates to a payment given to EURES Ireland in 2016 for Financial Allowances which was unused. Funding of €5,788 was refunded to our EURES counterparts in Italy which was a pre-financing payment given to EURES Ireland in 2015 that was not approved by the EU Commission.

An amount of €32,194 being the balance payment due in respect of 2017 funding was also received from the EaSI (Employment and Social Innovation) programme in respect of EURES (European Employment Services) Ireland/Northern Ireland Cross Border partnership to facilitate the free movement of workers.

EP-DeM Labs - Equity, Participation, Decision making Labs

A total of €12,069 was received from the EU in respect of an EU co-funded project EP-DeM Labs - Equity, Participation, Decision making Labs (Youth in Transition in European cities). This project ran from January 2016 to January 2018. EP-DeM Labs sought to engage and enable disadvantaged youth aged 16-24 in transition moments across four cities/regions in Europe to express their voices, co-develop and co-deliver projects and included measures aimed at improving their education level and employability.

Connecting Europe Facility Fund

An amount of €500,000 was credited to Appropriations-in-Aid (Miscellaneous) in respect of the Connecting Europe Facility Fund (CEF) with matching expenditure incurred in 2018 charged to Subhead A.2(v) Office equipment and external IT services. The CEF is to assist Member States with their national implementation of the Electronic Exchange of Social Security Information. DEASP and the HSE are in partnership on this implementation.

Appendix A Department of Employment Affairs and Social Protection Summary of Programme Expenditure

	2018 €m	2017 €m
Vote 37		
Gross expenditure	**10,934**	**11,035**
Less non scheme expenditure		
Administration	(541)	(521)
Grant to Citizens Information Board	(55)	(53)
Grants to Low Pay Commission and the Office of the Pensions Ombudsman	(1)	(1)
Miscellaneous services	(3)	(2)
Vote 37 scheme expenditure (A)	**10,334**	**10,458**
SIF		
Gross expenditure	10,056	**9,516**
Less non scheme expenditure		
Administration	(209)	(274)
National Training Levy	(566)	(431)
SIF scheme expenditure (B)	**9,281**	**8,811**
Total Department scheme expenditure (A+B)	**19,615**	**19,269**

Scheme Expenditure Breakdown

Payments by scheme and category	2018 €m	2017 €m
Pensions		
State Pensions (Contributory)	5,217	4,916
State Pensions (Non-Contributory)	1,020	995
Widows'/Widowers'/ Surviving Civil Partners' Pension	1,511	1,466
Death Benefit and Bereavement Grant	10	10
Total	**7,758**	**7,387**
Working Age Income Supports		
Jobseeker's Allowance	1,841	2,103
One Parent Family Payment	511	498
Jobseeker's Benefit	339	340
Redundancy and Insolvency Benefit	24	29
Maternity Benefit	265	256
Paternity Benefit and Adoptive Benefit	12	13
Basic Supplementary Welfare Allowance	112	97
Farm Assist	74	78
Deserted Wife's Benefit	73	73
Other Working Age - Income Supports	15	15
Exceptional and Urgent Needs payments	42	38
Treatment Benefits and Health and Safety Benefit	98	42
Widows' /Widowers'/ Surviving Civil Partners' Pension (Non Contributory)	14	14
Deserted Wife's Allowance	1	1
Total	**3,421**	**3,597**
Supplementary Payments		
Rent Allowance	1	1
Fund for European Aid to the Most Deprived (FEAD)	5	3
Magdalen Laundries and other Institutions Payments	3	3
Rent Supplement	175	231
Household Benefits Package	247	232
Fuel Allowance	241	229
Free Travel	87	77
Mortgage Interest Supplement	—	4
Total	**759**	**780**
Working Age Employment Supports		
Community Employment Programme	353	351
Back to Education Allowance	79	94
Back to Work Enterprise Allowance	90	115
Back to Work Family Dividend	21	24
TÚS Community Work Placement Scheme	106	109
JobsPlus	23	29
Wage Subsidy Scheme	22	21
Other Working Age - Employment Supports including Youth Employment Support Scheme	34	43
Community Services Programme	—	42
Rural Social Scheme and Gateway	50	48
Jobs Initiative	18	19
Partial Capacity Benefit	18	16
Total	**814**	**911**

	2018	2017
	€m	€m
Illness, Disability and Carers		
Disability Allowance	1,586	1,469
Illness Benefit	623	599
Invalidity Pension	694	673
Carer's Payment	834	766
Carer's Support Grant	204	193
Domiciliary Care Allowance	168	152
Disablement Benefit	77	77
Blind Pension	13	13
Injury Benefit and Medical Care	18	20
Disability Activation Supports	14	10
Total	**4,231**	**3,972**
Children		
Child Benefit	2,097	2,086
Working Family Payment	411	415
Back to School Clothing and Footwear Allowance	47	49
School Meals	49	47
Child Related Payments	28	25
Total	**2,632**	**2,622**
Net expenditure on all schemes	**19,615**	**19,269**

Appendix B Accounts of bodies and funds under the aegis of the Department of Employment Affairs and Social Protection

The following table lists the funded bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body / Departmental Fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Social Insurance Fund	2017	31 Aug 2018	—	21 Nov 2018
Pensions Authority	2018	21 Jun 2019	26 Jun 2019	25 Jul 2019
Citizens Information Board	2017	29 Nov 2018	12 Dec 2018	14 Dec 2018

Appropriation Account 2018

Vote 38

Health

Introduction

As Accounting Officer for Vote 38, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Health and certain other services administered by that Office, including grants to the Health Service Executive and miscellaneous grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.468 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following;

Payments to the HSE

Funds are advanced to the HSE on a grant basis in relation to the provision of services in line with the funding set out in the annual letter of determination which issues to the HSE setting out its approved level of expenditure. The total amount paid to the HSE was charged against the relevant subheads. Grant funding paid to the HSE in 2018 amounted to €15.72 billion (2017: €14.60 billion). This is accounted for across 17 subheads — each subhead from H. to L.4, excluding L.1 which relates to the capital expenditure of agencies under the aegis of the Department other than the HSE. A number of these subheads classify expenditure on a geographical rather than a programme basis.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Payroll and human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18).

I have fulfilled my responsibilities in relation to the requirements of the service level agreement/performance delivery agreement between this Department and the National Shared Service Office for the provision of (e.g. HR) shared services. I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Public procurement

There were two contracts to the value of €106,085 included in my annual return in respect of circular 40/2002 that were not in compliance with procurement guidelines. One contract for €74,322 related to mobile and telephony services where it had been expected that a new competitively tendered agreement would be in place by Q2 2019, however, this tender competition has been delayed due to competing priorities following the move to Miesian Plaza and the new tender will be published in September 2019. One contract for €31,763 related to translation services and a tender competition is being planned by the Department in 2019 to select a supplier from the OGP framework.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

The management board approved the establishment of a risk sub-committee in February 2018 and the risk management policy was revised in February 2019.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the management board and its risk sub-committee.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Governance in the health sector

The Department worked to strengthen its approach to managing governance across the health sector in 2018, following the publication of the revised DPER Code of Practice for the Governance of State Bodies in late 2016. Oversight of aegis bodies is undertaken by the designated units within the Department led at Principal Officer level with input and support from the Department's Governance Unit and other relevant units.

Responsibility for the delivery on the mandate and functions of each aegis body rests in the first instance with its Board, and the Chairman of the Board.

The relationship between the Department and the bodies under its aegis is determined primarily by

- the underpinning legislation establishing each body; and
- the requirements set out in DPER’s Code of Practice.

Under the revised Code of Practice, Oversight Agreements and Performance Delivery Agreements were in place with most aegis bodies as at December 2018. This approach focuses on outputs and outcomes and includes performance indicators to ensure that resources are used both in an effective and efficient manner to deliver quality services.

A corporate plan covering a three year period is prepared by the HSE and approved by the Minister for Health. In addition, each year, the HSE prepares a national service plan setting out the type and volume of services it intends to provide for the funding available. This plan is approved by the Minister for Health. Performance reports are submitted at least monthly by the HSE during the course of the year, and monthly meetings take place between the two organisations.

In relation to other aegis bodies, legislation generally provides for a multi-annual corporate plan and an annual business plan. These plans allow, respectively, for overall corporate strategy and annual priorities to be developed and agreed with the Department.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the management board where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that require disclosure in the appropriation account.

Jim Breslin
Accounting Officer
Department of Health

18 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 38 Health

Opinion on the appropriation account

I have audited the appropriation account for Vote 38 Health for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 38 Health for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Health and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Development of primary care centers

In my report on the accounts of the public services for 2018, Chapter 15 deals with the development of primary care centers, the costs of which are funded from Vote 38.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 38 Health

Appropriation Account 2018

Service		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Administration				
A.1	Salaries, wages and allowances	30,962	30,083	26,133
A.2	Travel and subsistence	654	487	427
A.3	Training and development and incidental expenses	1,150	1,646	1,046
A.4	Postal and telecommunication services	730	418	353
A.5	Office equipment and external IT services	3,823	2,600	2,160
A.6	Office premises expenses	700	1,472	440
A.7	Consultancy services and value for money and policy reviews	1,500	1,409	1,341
Grants				
B.1	Grants to research bodies and other research grants	40,000	38,286	37,093
B.2	Healthy Ireland Fund	5,000	4,995	5,000
B.3	Drugs Initiative	6,987	6,102	5,673
Other services				
C	Expenses in connection with the World Health Organisation and other international bodies	3,100	2,313	2,324
D	Statutory and non-statutory inquiries and miscellaneous legal fees and settlements	10,000	11,496	6,256
E.1	Developmental, consultative, supervisory, regulatory and advisory bodies	69,118	58,241	53,016
E.2	The Food Safety Promotion Board	5,691	5,335	5,351
E.3	The National Treatment Purchase Fund	55,022	55,022	22,600
E.4	Ireland/Northern Ireland INTERREG	100	525	153
F.1	Payments in respect of disablement caused by Thalidomide	745	457	381
F.2	Payments in respect of persons claiming to have been damaged by vaccination	1	—	—
F.3	Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	21,786	16,873	15,299
F.4	Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002	3,849	2,424	2,379

Service				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
Other services (continued)					
G	Dissemination of information, conferences and publications in respect of health and health services		1,513	1,340	1,162
Corporate administrative					
H	Pension lump sum payments		96,000	108,676	108,570
HSE regions and other health agencies					
I.1	HSE – Dublin Mid Leinster Region				
	Original	1,583,897			
	Supplementary	86,272			
			1,670,169	1,655,738	1,523,537
I.2	HSE – Dublin North East Region				
	Original	1,416,297			
	Supplementary	76,818			
			1,493,115	1,480,201	1,362,203
I.3	HSE – South Region				
	Original	2,197,027			
	Supplementary	118,826			
			2,315,853	2,295,824	2,114,444
I.4	HSE – West Region				
	Original	2,433,694			
	Supplementary	117,267			
			2,550,961	2,548,533	2,342,474
I.5	Grants in respect of certain other health bodies including voluntary and joint hospital boards				
	Original	2,509,282			
	Supplementary	129,817			
			2,639,099	2,728,457	2,532,125
Other HSE services					
J.1	Health agencies and similar organisations (part funded by the National Lottery)		7,513	—	2,700
J.2	Payments to Special Account – Health (Repayment) Act 2006		2,000	—	—
J.3	Payment to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme		1,500	871	785
J.4	Service developments and innovative service delivery projects		143,539	72,015	30,010

Service			2018		2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
J.5	Payment to State Claims Agency				
	Original	274,000			
	Supplementary	46,000			
			320,000	318,690	283,221
J.6	Economic and social disadvantaged (dormant account funding)		2,700	2,619	883
Care programme					
K.1	Primary care reimbursement services and community demand led schemes				
	Original	2,844,421			
	Supplementary	50,000			
			2,894,421	2,938,147	2,809,033
K.2	Long term residential care		961,602	967,463	942,522
Capital services					
L.1	Grants in respect of building, equipping (including ICT)		14,527	11,729	13,608
L.2	Building, equipping and furnishing of health facilities and of higher education facilities				
	Original	415,461			
	Supplementary	20,000			
			435,461	438,471	382,380
L.3	Building, equipping and furnishing of health facilities (part funded by the National Lottery)		2,539	2,539	2,539
L.4	Information services and related services for health agencies		163,700	163,292	158,695
	Gross expenditure				
	Original	15,332,130			
	Supplementary	645,000			
			15,977,130	**15,974,789**	**14,798,316**
	Deduct				
M	**Appropriations-in-aid**				
	Original	460,221			
	Supplementary	(10,000)			
			450,221	**452,348**	**459,376**
	Net expenditure				
	Original	14,871,909			
	Supplementary	655,000			
			15,526,909	**15,522,441**	**14,338,940**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**4,468,158**	**2,369,157**

Jim Breslin
Accounting Officer
Department of Health

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Expenditure on administration		38,115	31,900
Expenditure on services and programmes		15,936,674	14,766,416
Gross expenditure		**15,974,789**	**14,798,316**
Deduct			
Appropriations-in-aid		**452,348**	**459,376**
Net expenditure		**15,522,441**	**14,338,940**
Changes in capital assets			
Purchases cash	(954)		
Depreciation	186		
(Profit)/Loss on disposals	178		
		(590)	(22)
Changes in net current assets			
Decrease in closing accruals	(279)		
Decrease in stock	33		
		(246)	260
Direct expenditure		**15,521,605**	**14,339,178**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		21,954	15,736
Notional rents		2,104	2,004
Net programme cost		**15,545,663**	**14,356,918**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 38 borne elsewhere, net of costs of shared services apportioned to other votes.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	233	231
Vote 12 Superannuation and Retired Allowance	9,599	8,769
Vote 13 Office of Public Works	11,745	6,426
National Shared Services Office	121	52
Central Fund – Ministerial pensions	256	258
	21,954	**15,736**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	911	321
Current assets			
Stocks	2.4	36	69
Prepayments		377	188
Accrued income		156	177
Other debit balances	2.5	19,574	8,958
Net Exchequer funding due	2.7	2,147	3,394
Total current assets		22,290	12,786
Less current liabilities			
Accrued expenses		637	748
Other credit balances	2.6	509	1,386
PMG overdraft	2.3	21,212	10,966
Total current liabilities		22,358	13,100
Net current liabilities		(68)	(314)
Net assets		**843**	**7**
Represented by:			
State Funding Account	2.1	**843**	**7**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			7	569
Disbursements from the Vote				
Estimate provision	Account	15,526,909		
Surplus to be surrendered	Account	(4,468)		
Net vote			15,522,441	14,338,940
Expenditure (cash) borne elsewhere	1.1		21,954	15,736
Non cash expenditure – notional rent	1		2,104	2,004
Asset adjustments			—	(324)
Net programme cost	1		(15,545,663)	(14,356,918)
Balance at 31 December			**843**	**7**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	1,655	1,178	2,833
Additions	507	447	954
Disposals	(1,456)	(1,178)	(2,634)
Cost or valuation at 31 December 2018	706	447	1,153
Accumulated depreciation			
Opening balance at 1 January 2018	1,374	1,138	2,512
Depreciation for the year	141	45	186
Depreciation on disposals	(1,318)	(1,138)	(2,456)
Cumulative depreciation at 31 December 2018	197	45	242
Net assets at 31 December 2018	**509**	**402**	**911**
Net assets at 31 December 2017	281	40	321

2.3 PMG overdraft

at 31 December	2018	2017
	€000	€000
PMG balance	(21,212)	(10,966)

The amount shown represents the overdraft at the year-end in the Vote's Paymaster General account (which in 2018 transferred to Danske Bank).

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	8	25
IT consumables	28	44
	36	**69**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Recoupable salaries	77	125
Recoupable travel expenditure	5	12
Recoupable travel pass scheme expenditure	70	46
Hepatitis C Compensation Tribunal	18,062	8,763
HSE grant	871	—
Other debit suspense items	489	12
	19,574	**8,958**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	—	504
Pay Related Social Insurance	—	257
Professional Services Withholding Tax	71	31
Value Added Tax	—	2
Local Property Tax	—	3
Universal Social Charge	—	112
	71	909
Other credit suspense items	438	477
	509	**1,386**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	4,468	2,369
Exchequer grant due undrawn	(6,615)	(5,763)
Net Exchequer funding due	**(2,147)**	**(3,394)**
Represented by:		
Debtors		
Debit balances: suspense items	19,574	8,958
	19,574	8,958
Creditors		
Due to State	(71)	(906)
PMG balance	(21,212)	(10,966)
Credit balances: suspense items	(438)	(480)
	(21,721)	(12,352)
	(2,147)	**(3,394)**

2.8 Commitments

at 31 December	2018	2017
	€000	€000
Global commitments		
Procurement of goods and services	1,739	1,263
Non-capital grant programmes	8,912	5,664
Capital grant programmes	28,619	18,835
Total of legally enforceable commitments	**39,270**	**25,762**

Non-capital grant programmes	2018	2017
	€000	€000
Opening balance	5,664	5,680
Grants paid in year	(5,640)	(5,549)
New grant commitments	8,912	5,664
Grants cancelled	(24)	(131)
Closing balance	**8,912**	**5,664**

Capital grant programmes	2018	2017
	€000	€000
Opening balance	18,835	28,789
Grants paid in year	(10,000)	(9,954)
New grant commitments	19,784	—
Closing balance	**28,619**	**18,835**

Major capital projects

	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend lifetime of project 2018	Expected total spend lifetime of project 2017
	€000	€000	€000	€000	€000
Health Research Board Clinical Research facilities:					
St James's Hospital and Dublin Clinical Research Network[a]	12,069	442	435	12,946	12,946
Total	**12,069**	**442**	**435**	**12,946**	**12,946**

Note [a] The expenditure and commitments relate to capital projects to develop enabling infrastructure to support the delivery of clinical trials and interventions for which legally enforceable contracts for the provision of this infrastructure is in place.

2.9 Contingent liabilities

The Department is involved in a number of claims involving legal proceedings which may generate liabilities, depending on the outcome of the litigation.

2.10 HSE debtor

	€000
Opening liability 1 Jan 2018	(54,036)
Determination 2018	(15,221,624)
Grants issued in 2018	15,220,753
Closing liability 31 Dec 2018	(54,907)

A balance of €54.8 million originally arose at the end of 2015 when the HSE requested insurance companies to accelerate their cash payments to improve cash flow and reduce the time between the service provided and the receipt of payment. These payments to the HSE resulted in the HSE having additional cash holdings at the end of 2015. The balance arose from the fact that these cash receipts meant that the HSE required lower Exchequer funding than would otherwise have been the case for the same approved level of expenditure. The avoidance of providing excess Exchequer funding is in line with *Public Financial Procedures*.

The figure of €54.8 million was the difference between the level of expenditure, as approved by the Minister, and the level of voted funding received by the HSE in 2015. This has carried over to succeeding years. Each year, the Department regards the first €54 million paid in the year as being related to the debtor at the end of the previous year.

Note 3 Expenditure Variances

An explanation is provided below in the case of each expenditure subhead where the outturn varied from the original estimate provision by more than €100,000, and by more than 5% (25% in the case of administration subheads). The net excess spending was met through supplementary estimates for some subheads and virement of savings from some other subheads.

Administration expenditure

A.2 *Travel and subsistence*

Estimate provision: €0.654 million, outturn: €0.487 million

An underspend of €167,000 on expenditure on official travel was due in part to staff vacancies and delays in recruiting personnel.

A.3 *Training and development and incidental expenses*

Estimate provision: €1.15 million, outturn: €1.646 million

The overspend of €496,000 is due in part to additional costs of €235,000 incurred in the move to a new premises including cleaning and security. There were also additional recruitment costs of €121,000 due to the necessity to fill senior positions in the health sector in 2018. There was an overspend of €109,000 on staff training and development.

A.4 *Postal and telecommunications services*

Estimate provision: €0.73 million, outturn: €0.418 million

The underspend of €312,000 on expenditure on postal and telecommunication services was due to planned costs relating to the phone network in the new office premises being incurred under A.5.

A.5 *Office equipment and external IT services*

Estimate provision: €3.823 million, outturn: €2.6 million

The underspend of €1.223 million on expenditure on office equipment and external IT services was due to the costs on IT architecture and services related to the move to the new premises being less than expected.

A.6 *Office premises expenses*

Estimate provision: €0.7 million, outturn: €1.472 million

The overspend of €772,000 on expenditure on office premises was largely due to payments to OPW for the cost of fit out works for the new premises.

Grants to agencies

B.3 *Drugs initiative*

Estimate provision: €6.987 million, outturn: €6.102 million

The underspend of €885,000 was mainly due to a number of planned initiatives being deferred until 2019. There was also an underspend in local and regional drug taskforces during the year (€21,000).

Other services

C *Expenses in connection with the World Health Organisation and other international bodies*

Estimate provision: €3.1 million, outturn: €2.313 million

The shortfall in expenditure of €787,000 relative to the estimate provision was due to an additional provision in the subhead for potential currency fluctuations in relation to the payment of the annual subscription to the World Health Organisation. In the event these fluctuations did not arise to the extent provided for.

D *Statutory and non-statutory inquiries and miscellaneous legal fees and settlements*

Estimate provision: €10 million, outturn: €11.496 million

Expenditure was €1.496 million higher than provided for in the estimate. This was in the main due to:

- payments of €1.033 million arising from Cervicalcheck inquiries that were not provided for in the original estimate, and
- expenditure in relation to claims that was €400,000 higher than projected due to finalisation of a small number of large claims during 2018.

E.1 *Developmental, consultative, supervisory, regulatory and advisory bodies*

Estimate provision: €69.118 million, outturn: €58.241 million

Overall, expenditure in this area was €10.877 million less than provided in the estimate. The department advances funds to health agencies up to an approved level of expenditure or actual expenditure whichever is the lesser amount. Actual expenditure was €3.122 million lower than budgeted in a number of agencies largely related to delays in filling staff vacancies during 2018. The main agency affected was the Health Information and Quality Authority where the actual expenditure was €3.069 million less than the provision due to a significant number of posts not being filled in the expected timeline.

The estimate made provision for expenditure of €2.25 million to fund once-off developmental costs associated with additional work by the Nursing and Midwifery Board in relation to full implementation of the Nurses and Midwives Act 2011. €235,000 of this funding was drawn down in 2018 with the remaining projects deferred until 2019. €2 million originally provided for the prevention and management of healthcare associated infections and antimicrobial resistance was drawn down by the HSE for this programme to reflect the delivery through HSE services across subheads I.1 to I.5. €3.74 million originally provided for certain projects or programmes was not drawn down in 2018.

E.2 *The Food Safety Promotion Board*

Estimate provision: €5.691 million, outturn: €5.335 million

The shortfall in expenditure of €356,000 relative to the estimate provision was because funding is subject to appropriate matched funding being provided by the Department of Health Northern Ireland (DOHNI). It was not possible for DOHNI to confirm the last part of this matched funding before the end of the year so the remaining funding was held back.

E.4 *Ireland/Northern Ireland INTERREG*

Estimate provision: €0.1 million, outturn: €0.525 million

The increase in expenditure of €425,000 relative to the estimate provision was because payments under this subhead are requested by the Special EU Programmes Body based on actual payments made to projects under this scheme. The nature of the INTERREG programme is such that the timing of project funding requests may be unpredictable particularly if there are queries to be resolved in the verification process.

F.1 *Payments in respect of disablement caused by thalidomide*

Estimate provision: €0.745 million, outturn: €0.457 million

The shortfall was because the mediation process has not concluded and costs of €288,000 provided for in the estimate did not occur.

F.3 *Payments to a special account established under Section 10 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002*

Estimate provision: €21.786 million, outturn: €16.873 million

The shortfall in expenditure of €4.913 million relative to the estimate provision was due to the number of awards by the Tribunal decreasing in 2018. The Department is not in a position to precisely forecast the number or value of awards made by the Hepatitis C and HIV Compensation Tribunal which is independent of the Department.

F.4 *Payments to a reparation fund established under Section 11 of the Hepatitis C Compensation Tribunal Acts 1997 and 2002*

Estimate provision: €3.849 million, outturn: €2.424 million

Section 11 of the Act provides for the payment of amounts in lieu to claimants who had accepted an award from the Tribunal or an offer of settlement. As set out in F.3, the number of awards by the tribunal in 2018 were lower than budgeted and as a result payments from the reparation fund were lower than budgeted.

G *Dissemination of information, conferences and publications in respect of health and health services*

Estimate provision: €1.513 million, outturn: €1.34 million

The shortfall in expenditure of €173,000 relative to the estimate provision was due to a number of health promotion and protection projects not concluding in 2018.

Corporate administrative (HSE)

H *Pension lump sum payments*

Estimate provision: €96 million, outturn: €108.676 million

The increase in expenditure of €12.676 million relative to the estimate provision was due to the scale of pension lump sums and number of retirements being difficult to predict with certainty.

HSE regions and other health agencies

I.5 *Grants in respect of certain other health bodies including voluntary and joint hospital boards*

Estimate provision: €2,509.282 million, outturn: €2,728.457 million

The increase in expenditure of €219.175 million relative to the estimate provision was driven by a number of factors including a higher level of demand for services above what was originally planned, measures to support the Winter Plan, a shortfall in expected patient income and certain planned savings not achieved. The overspend was met through €129.817 million of a supplementary estimate and virement of €89.358 million.

Other HSE services

J.1 *Health agencies and similar organisations (part funded by the National Lottery)*

Estimate provision: €7.513 million, outturn: €Nil million

The shortfall in expenditure of €7.513 million relative to the estimate provision was due to grants totalling €4.294 million under this scheme being drawn down under other HSE subheads. The remaining €3.219 million was due to grants not being paid due to the conditions of the grants not being fulfilled. Delays occur due to outstanding information such as tax clearance certificates and quotations.

J.2 *Payments to Special Account – Health (Repayment) Act 2006*

Estimate provision: €2 million, outturn: €Nil million

The shortfall in expenditure of €2 million relative to the estimate provision was due to the nature of payments under this subhead being such that the timing of funding requests may be unpredictable, particularly if there are queries to be resolved in the verification process, and therefore the timing of payments can be subject to change. Because of the statutory nature of the scheme, the liabilities arising under the scheme must be met by the State and therefore it is important to ensure that funding for the scheme remains in the relevant subhead to meet final liabilities.

J.3 *Payments to special account established under Section 4 of the Hepatitis C Compensation Tribunal (Amendment) Act 2006 – Insurance Scheme*

Estimate provision: €1.5 million, outturn: €0.871 million

The shortfall in expenditure of €629,000 relative to the estimate provision was because this is a quasi-judicial process based on claims lodged and the nature of claims and awards vary significantly from year to year.

J.4 *Service developments and innovative service delivery projects*

Estimate provision: €143.539 million, outturn: €72.015 million

The original estimate of €134.539 million was for the enhancement of services and facilities in 2018.

- €72.015 million was drawn down via subhead J.4 in relation to new services within the system
- €71.524 million was drawn down across all HSE regions and voluntary providers (I.1 to I.5) in relation to the delivery of additional capacity within existing services to improve citizen access, including improvements in waiting lists and winter planning.

J.5 *Payment to State Claims Agency*

Estimate provision: €274 million, outturn: €318.69 million

The provision for the payments to the State Claims Agency (SCA) in 2018 was €274 million. The variance reflects the nature of the SCA scheme with the level of settlements and awards being difficult to predict.

Capital services

L.1 *Grants in respect of building, equipping (including ICT)*

Estimate provision: €14.527 million, outturn: €11.729 million

The shortfall in expenditure of €2.798 million relative to the estimate provision was due largely to a small number of ICT capital projects for directly funded agencies being deferred to 2019.

L.2 *Building, equipping and furnishing of health facilities and of higher education facilities*

Estimate provision: €415.461 million, outturn: €438.471 million

The increase in expenditure in 2018 was €23.01 million. During 2018, the Department of Health worked with the HSE to balance the fulfilment of contractual commitments, delivery of projects and the management of equipping and infrastructural risks. To assist in this, a supplementary estimate was agreed of €20 million and virement of €3.01 million was also undertaken.

Note 4 Receipts

4.1 Appropriations-in-aid

			2018		2017
			Estimated	Realised	Realised
			€000	€000	€000
1	Recovery of cost of health services provided under regulations of the European Community				
	Original	280,000			
	Supplementary	(10,000)			
			270,000	270,000	277,655
2	Receipts from certain excise duties on tobacco products		167,605	167,605	167,605
3	Recoupment of certain Ophthalmic Services Scheme costs from the Social Insurance Fund		3,000	2,214	2,690
4	Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund		3,000	4,372	5,814
5	Miscellaneous receipts		1	284	105
6	Dormant accounts		2,700	2,619	883
7	Receipts from pension-related deduction on public service remuneration		3,915	5,254	4,624
	Total		**450,221**	**452,348**	**459,376**

Significant variations

Overall, appropriations-in-aid were €2.127 million greater than the estimate.

Explanations for variances are set out below:

3 Recovery of certain Ophthalmic Services Scheme costs from the Social Insurance Fund

Estimate provision: €3 million, outturn: €2.214 million

The shortfall of €786,000 was due to claims under the ophthalmic services scheme being difficult to predict. There is a time lag in the availability of information on the level of claims arising.

4 Recoupment of certain Dental Treatment Services Scheme costs from the Social Insurance Fund

Estimate provision: €3 million, outturn: €4.372 million

The increase of €1.372 million was due to claims under the dental services scheme being difficult to predict. There is a time lag in the availability of information on the level of claims arising.

5 Miscellaneous receipts

Estimate provision: €1,000, outturn: €284,000

The increase of €283,000 was due to the amounts due in any year being difficult to predict. A nominal amount of €1,000 is included in the estimate. Receipts for 2018 comprised receipts for licence fees under the Misuse of Drugs Act, Freedom of Information request fees and INTERREG receipts.

7 Receipts from pension-related deduction on public service remuneration

Estimate provision: €3.915 million, outturn: €5.254 million

The increase of €1.339 million was due to the Department's estimates for health agencies under its aegis (but excluding the HSE) in respect of the pension-related deduction on public service remuneration being difficult to predict. It is dependent on the number of public sector employees and the pay due to these employees by the agencies, both of which can vary.

4.2 Extra receipts payable to the Exchequer

	2018 €000	2017 €000
Balance at 1 January	16	—
Collected	33	16
Transferred to the Exchequer	(49)	—
Balance at 31 December	**—**	**16**

Note 5 Staffing and Remuneration

The pay and allowances and other remuneration details in Note 5 relate to Department of Health staff only. Detailed information in relation to pay in respect of agencies is available in the relevant annual reports or directly from the agencies concerned. The agencies have been requested to provide this information on their websites.

5.1 Employee numbers (full time equivalents)

at 31 December	2018	2017
Department	475	429
Health Service Executive direct employees	76,370	74,109
Voluntary (Section 38) acute and non-acute services employees	41,486	40,187
Other agencies [a]	1,655	1,592
Total	**119,986**	**116,317**

Note [a] Other agencies' includes all agencies except the HSE operating under the Department's aegis including those that do not receive direct Exchequer funding.

5.2 Department pay

	2018 €000	2017 €000
Pay	27,939	24,366
Higher, special or additional duties allowances	185	199
Other allowances	1	1
Overtime	128	102
Employer's PRSI	1,830	1,465
Total pay [a]	**30,083**	**26,133**

Note [a] The total pay figure as in subhead A.1

5.3 Allowances and overtime payments - Department

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	20	9	28,969	20,584
Other allowances	11	—	225	338
Overtime	48	3	18,839	14,560
Extra remuneration in more than one category	5	3	22,856	20,723

5.4 Payroll overpayments

Overpayments at year-end were €34,959 in respect of 24 individuals (2017: €38,976; 23 individuals). Of this, €8,650 have recovery plans in place in respect of 4 individuals (2017: €13,052; 5 individuals).

Three overpayment recovery plans in respect of 3 individuals to the value of €4,392 were transferred to 2 Departments/Offices in the year.

Note 6 Miscellaneous

6.1 Committees, commissions and special inquiries

	Year of Appointment	Cumulative Expenditure to 31 December 2018	Expenditure in 2018	Expenditure in 2017
		€000	€000	€000
Commission of Investigation [a]	2017	2,091	1,569	522
Inquiries into the CervicalCheck Screening Programme [b]	2018	1,033	1,033	—
Total		**3,124**	**2,602**	**522**

Notes [a] Section 3 of the Commissions of Investigation Act 2004 provided for the establishment of a commission to investigate the matters specified in Article 3(a) of the Act and to make any reports required under that Act in relation to its investigation. In March 2017, a decision was taken to establish a commission of investigation into certain matters relative to a disability service in the South East and related matters. Expenditure of the Commission is charged to Subhead D — Statutory and non-statutory inquiries and miscellaneous legal fees and expenses.

[b] Includes the scoping inquiry (Scally report) and the continuing testing being done by the Royal College of Obstetricians and Gynaecologists (UK).

6.2 Compensation and legal costs

	No. of cases	Compensation awarded	Legal costs awarded	Legal cost paid by Department / Office	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by members of the public						
Awards and claim settlements	46	3,698	1,817	627	6,142	5,699
Total		**3,698**	**1,817**	**627**	**6,142**	**5,699**

6.3 Special obstetrics investment fund

In 2008, the Minister for Health established a Special Obstetrics Indemnity Scheme. Under the scheme, the Minister agreed to indemnify Bon Secours (Cork) and Mount Carmel Hospital in respect of specified obstetric claims. A fund was established with contributions from the two hospitals, the Medical Protection Society and the Department of Health. Claims are paid by the State Claims Agency as they arise. The Minister for Health authorises the State Claims Agency to drawdown moneys from the fund to cover the cost of claims. At 31 December 2018, the balance on the fund totalled €4.62 million (2017: €4.649 million). The fund is managed by the National Treasury Management Agency and the related income and expenditure is reflected in the annual financial statements of the State Claims Agency.

6.4 National Lottery funding

	2018 Estimate	2018 Outturn	2017 Outturn
	€000	€000	€000
Subhead			
J.1 Health agencies and similar organisations (part funded by the National Lottery)	7,513	—	2,700
L.3 Building, equipping and furnishing of health facilities (part funded by the National Lottery)	2,539	2,539	2,539
	10,052	**2,539**	**5,239**

6.5 EU funding

Expenditure under subhead E.4 is co-financed by the EU.

6.6 Late payment interest and compensation payments

	2018	2017
	€000	€000
Total of interest payments paid	5	4

Appendix A Accounts of bodies and funds under the aegis of the Department of Health

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, at end March 2019, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas [a]
Health Service Executive	2017	21 May 2018	24 May 2018	12 Jun 2018
Beaumont Hospital	2017	11 Oct 2018	12 Nov 2018	8 Jan 2019
Dublin Dental Hospital	2017	5 Dec 2018	19 Dec 2018	28 Dec 2018
Leopardstown Park Hospital	2017	24 Dec 2018	10 Jan 2019	10 Jan 2019
St James's Hospital	2017	23 Nov 2018	29 Nov 2018	29 Nov 2018
National Paediatric Hospital Development Board	2017	17 Aug 2018	24 Aug 2018	25 Sep 2018
National Haemophilia Council	2017	18 Dec 2018	10 Jan 2019	11 Jan 2019
Food Safety Promotion Board	2017	18 Dec 2018	22 Feb 2019	22 Feb 2019
Food Safety Authority of Ireland	2017	19 Jul 2018	12 Aug 2018	17 Sep 2018
Health Information and Quality Authority	2017	1 May 2018	15 May 2018	5 Jun 2018
Health Research Board	2017	18 Dec 2018	11 Jan 2019	24 Jan 2019
Health and Social Care Professionals Council (CORU)	2017	18 Dec 2018	20 Dec 2018	9 Jan 2019
Irish Blood Transfusion Service Board	2017	21 Jun 2018	29 Jun 2018	2 Jul 2018
Health Products Regulatory Authority	2017	29 Jun 2018	29 Jun 2018	12 Jul 2018

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas [a]
Mental Health Commission	2017	19 Dec 2018	27 Dec 2018	16 Jan 2019
National Cancer Registry Board	2017	29 Jun 2018	4 Jul 2018	26 Jul 2018
National Treatment Purchase Fund	2017	24 Dec 2018	22 Jan 2019	20 Mar 2019
Pre-Hospital Emergency Care Council	2017	24 Dec 2018	5 Mar 2019	15 Mar 2019
Health Insurance Authority	2017	15 Jun 2018	29 Jun 2018	30 Jul 2018
Risk Equalisation Fund	2017	15 Jun 2018	29 Jun 2018	30 Jul 2018
Nursing and Midwifery Board	2017	21 Dec 2018	15 Feb 2019	22 Mar 2019
Medical Council	2017	24 May 2018	25 Jun 2018	26 Jun 2018
Pharmaceutical Society of Ireland [b]	2017	22 Mar 2018	12 Apr 2018	14 May 2018
Dental Council [b]	2017	7 Feb 2018	18 Oct 2018	19 Oct 2018
Consolidated Patient Private Property account	2017	19 Dec 2018	27 Dec 2018	13 Mar 2019
Special Account for Health Repayments Scheme	2017	21 Dec 2018	27 Dec 2018	8 Mar 2019
Health Repayments Scheme (Donations Fund)	2017	21 Dec 2018	27 Dec 2018	8 Mar 2019
Hep C - Insurance Scheme	2017	20 Dec 2018	4 Jan 2019	4 Jan 2019

Notes

[a] The audited annual accounts are laid before the Houses of the Oireachtas in accordance with the legislation under which they were established.

[b] The financial statements of these State bodies are not audited by the Comptroller and Auditor General.

Appropriation Account 2018

Vote 39

Office of Government Procurement

Introduction

As Secretary General of the Department of Public Expenditure and Reform, I am the Accounting Officer for Vote 39. I am required to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of Government Procurement.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year, and
- provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €5.428 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018 have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. A system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

I have fulfilled my responsibilities in relation to the requirements of the service management agreement between this Office and the National Shared Service Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

The Statement on Internal Financial Control for the Department of Finance is also relevant given that the Department of Finance provides certain services on a shared basis to Vote 39.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines, including the requirements of circular 40/2002.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The scope of Internal Audit and the Audit Committee includes the operations of the Office of Government Procurement. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the management board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the management board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness of controls

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Robert Watt
Accounting Officer
Office of Government Procurement

27 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 39 Office of Government Procurement

Opinion on the appropriation account

I have audited the appropriation account for Vote 39 Office of Government Procurement for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 39 Office of Government Procurement for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Office of Government Procurement and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 39 Office of Government Procurement

Appropriation Account 2018

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Delivery of central procurement service				
	Current year provision	21,020			
	Deferred surrender	100	21,120	15,546	13,586
	Gross expenditure		**21,120**	**15,546**	**13,586**
	Deduct				
B	**Appropriations-in-aid**		**550**	**500**	**448**
	Current year provision	20,470			
	Deferred surrender	100			
	Net expenditure		**20,570**	**15,046**	**13,138**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €96,000 of unspent allocations in respect of the capital elements of Subhead A.2 was carried forward to 2019.

	2018	2017
	€	€
Surplus	5,524,264	6,932,461
Deferred surrender	(96,000)	(100,000)
Surplus to be surrendered	**5,428,264**	**6,832,461**

Robert Watt
Accounting Officer
Office of Government Procurement

27 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		2,177	1,829
Pay		11,881	10,529
Non pay		1,488	1,228
Gross expenditure		**15,546**	**13,586**
Deduct			
Appropriations-in-aid		**500**	**448**
Net expenditure		**15,046**	**13,138**
Changes in capital assets			
Purchases cash	(63)		
Depreciation	328	265	326
Changes in net current assets			
Decrease in closing accruals	(275)		
Increase in stock	(2)		
		(277)	194
Direct expenditure		**15,034**	**13,658**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		1,569	924
Notional rent		48	48
Net programme cost		**16,651**	**14,630**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 39 borne elsewhere.

	2018	2017
	€000	€000
Vote 7 Finance	59	52
Vote 11 Public Expenditure and Reform	187	163
Vote 12 Superannuation and Retired Allowances[1]	360	—
Vote 13 Office of Public Works	943	697
Vote 18 National Shared Services Office	20	12
	1,569	**924**

[1] Superannuation and retired allowances for OGP were previously disclosed in the net allied services expenditure note of the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform.

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	628	1,041
Current assets			
Bank and cash	2.3	1,109	692
Stocks		6	4
Prepayments		493	342
Other debit balances	2.4	100	99
Total current assets		1,708	1,137
Less current liabilities			
Accrued expenses		137	262
Other credit balances	2.5	342	515
Net Exchequer funding due	2.6	867	276
Total current liabilities		1,346	1,053
Net current assets		362	84
Net assets		**990**	**1,125**
Represented by:			
State funding account	2.1	**990**	**1,125**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			1,125	1,768
Disbursements from the Vote				
Estimate provision	Account	20,570		
Deferred surrender	Account	(96)		
Surplus to be surrendered	Account	(5,428)		
Net vote			15,046	13,138
Expenditure (cash) borne elsewhere	1.1		1,569	924
Non cash items – capital assets adjustment			(147)	(123)
Non cash items – notional rent			48	48
Net programme cost	1		(16,651)	(14,630)
Balance at 31 December			**990**	**1,125**

2.2 Capital assets

	IT equipment	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	1,580	304	10	1,894
Additions	63	—	—	63
Adjustment [a]	(93)	(133)	(4)	(230)
Cost or valuation at 31 December 2018	1,550	171	6	1,727
Accumulated Depreciation				
Opening balance at 1 January 2018	767	82	5	854
Depreciation for the year	310	17	1	328
Depreciation on adjustment	(51)	(31)	(1)	(83)
Cumulative depreciation at 31 December 2018	1,026	68	5	1,099
Net Assets at 31 December 2018	**524**	**103**	**1**	**628**
Net Assets at 31 December 2017	813	222	6	1,041

[a] The adjustment relates to the removal of individual asset values of under €1,000 from the asset register. The assets are still in use.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	1,109	691
Other bank accounts	—	1
	1,109	**692**

2.4 Other debit balances

at 31 December	2018	2017
	€000	€000
Travel pass	97	90
OPW advances	2	4
Other debit suspense items	1	5
	100	**99**

2.5 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	145	176
Pay Related Social Insurance	110	131
Professional Services Withholding Tax	27	23
Pension contributions	—	45
Local Property Tax	1	2
Universal Social Charge	30	40
VAT	29	54
	342	471
Payroll deductions held in suspense	—	43
Other credit suspense items	—	1
	342	**515**

2.6 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	5,428	6,832
Deferred surrender	96	100
Exchequer grant undrawn	(4,657)	(6,656)
Net Exchequer funding due	867	276
Represented by:		
Debtors		
Bank and cash	1,109	692
Debit balances: suspense	100	99
	1,209	791
Creditors		
Due to State	(342)	(471)
Credit balances: suspense	—	(44)
	(342)	(515)
	867	**276**

2.7 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	1,329	2,593

2.8 Matured liabilities

	2018	2017
	€000	€000
Estimate of matured liabilities not discharged at year end	2	15

Note 3 Vote Expenditure

Analysis of administration expenditure

		Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,500	11,881	10,529
ii	Travel and subsistence	250	250	202
iii	Training and development and incidental expenses	735	763	585
iv	Postal and telecommunications services	160	92	89
v	Office equipment and external IT services	360	256	206
vi	Office premises expenses	230	127	145
		16,235	**13,369**	**11,756**

Significant variations

The following outlines the reasons for significant variations in administration expenditure (+/- 25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €14.5 million, outturn: €11.881 million

The sanctioned allocation was calculated on the basis that full capacity would be reached by the end of the year. Difficulties with staff turnover meant that full capacity was not reached.

iv *Postal and telecommunications services*

Estimate provision: €160,000, outturn: €92,000

Delays in the recruitment and turnover of staff have led to an underspend in administrative non pay.

v *Office equipment and external IT services*

Estimate provision: €360,000, outturn: €256,000

The aforementioned delays and turnover of staff have also led to an underspend in this area. The main drivers for these subheads is (a) expenditure by the OGCIO for their service provision and (b) expenditure relating to additional fit out of hub offices, resulting from the on-boarding of new staff.

vi *Office premises expenses*

Estimate provision: €230,000, outturn: €127,000

The underspend within this subhead is largely due to the timing of utility charges from the hub offices and premises maintenance not occurring as profiled.

Programme A Delivery of Central Procurement Services

				2018	2017
			Estimate provision	Outturn	Outturn
		€000	€000	€000	€000
A.1	Administration – pay		14,500	11,881	10,529
A.2	Administration – non pay				
	Current year provision	1,735			
	Deferred surrender	100	1,835	1,488	1,228
A.3	Procurement consultancy and other costs		4,785	2,177	1,829
	Total		**21,120**	**15,546**	**13,586**

Significant variations

Overall, the expenditure in relation to the programme was approximately €5.574 million lower than provided. €2.966 million of this related to underspending on administration and has already been explained. The balance of the variance €2.608 million was mainly due to the following:

A.3 *Procurement consultancy and other costs*

Estimate Provision: €4.785 million, outturn: €2.177 million

This underspend is due to lower than expected costs relating to sourcing support and also reorganisation of resource requirements within the eInvoicing business unit.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1.	Receipts from pension–related deduction on public service remuneration	500	467	401
2.	Miscellaneous	50	33	47
	Total	**550**	**500**	**448**

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Rebates from suppliers	89	72
Transferred to the Exchequer	(89)	(72)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	223	184

5.2 Pay

	2018	2017
	€000	€000
Pay	10,895	9,685
Higher, special or additional duties allowance	12	12
Other allowances	1	3
Overtime	3	1
Employer's PRSI	970	828
Total pay	**11,881**	**10,529**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	1	1	11,556	11,600
Other allowances	1	—	666	2,402
Overtime	5	—	1,863	235

5.4 Payroll overpayments

Overpayments at the year-end were €33,673 in respect of 17 individuals (2017: €27,913, nine individuals). Of this, €20,086 have recovery plans in place in respect of five individuals (2017: €3,846, two individuals).

Recovery plans, to the value of €2,185 were transferred to other departments in 2018.

Note 6 Miscellaneous

6.1 Compensation and legal costs

An unsuccessful bidder challenged an OGP procurement competition for translation services. There were, in effect, two actions in relation to this case.

The first related to the appeal against the decision by the High Court to lift the automatic suspension which the Court of Appeal allowed. The OGP appealed this decision to the Supreme Court which refused to accept the appeal.

The second related to the substantive issue of the evaluation process. The case had been successfully defended in the High Court but the Court of Appeal found two manifest errors in the evaluation process and made an order setting aside the decision to award the contract. This was also appealed to the Supreme Court which granted leave to appeal in October. A hearing is expected during 2019.

Costs to be paid by the Office of Government Procurement in relation to these actions have been estimated to be of the order of €1 million.

Appropriation Account 2018

Vote 40

Children and Youth Affairs

Introduction

As Accounting Officer for Vote 40, I am required to prepare the annual Appropriation Account for the Vote, and to submit the Account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Children and Youth Affairs, for certain services administered by that Office, and for the payment of grants including certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €16.102 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and Notes 1 to 6 form part of the Account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 24/2018 have been applied in the preparation of the account except for the following.

Depreciation

The Children Detention Campus at Oberstown is vested in the Minister and is included in capital assets as land and buildings. Buildings are depreciated at a rate of 2% per annum on a straight line basis over their estimated useful life. Land is not depreciated. Motor vehicles are depreciated over five years at a rate of 20% per annum.

Payments to Pobal

Funds are advanced to Pobal in relation to the provision of certain services on an agency basis. Funds not required (e.g. due to lower than anticipated demand) are returned by Pobal to the Department. The net amount advanced to Pobal in the year is charged against the relevant vote subheads in the year (see Note 6.1).

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Certain services are provided to the Department on a shared services basis.

I have fulfilled my responsibilities in relation to the requirements of the Service Level Agreements between this Department and the Department of Health for the provision of certain financial and ICT shared services, and the National Shared Services Office for the provision of HR and Payroll Shared Services. I have also fulfilled my responsibilities under public financial procedures regarding the financial services provided by the Department of Justice and Equality in respect of the Oberstown Children Detention Campus.

I rely on a letter of assurance from each of the Accounting Officers of the Department of Health, the Department of Justice and Equality and the National Shared Services Office that the appropriate controls are exercised in the provision of shared services to this Department.

Pobal administers a number of programmes on behalf of the Department across a range of early years and young people related programmes. In 2018, net funding of €513 million was advanced to Pobal in this regard (Note 6.1).

The relationship between the Department and Pobal is governed by an overarching service level agreement (SLA). The current SLA covers the period from 1 September 2017 to the end of 2022.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.
- The senior management of the Department sign off on a Financial Control Assurance Statement in relation to their individual areas of responsibility. These statements are available to me as Accounting Officer in finalising the Appropriation Account.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements.

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Department.
- there are systems aimed at ensuring the security of the ICT systems.
- there are appropriate capital investment control guidelines and formal project management disciplines.
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Department is compliant with one exception, which is detailed in my annual return in respect of Circular 40/2002. A contract to the value of approximately €25,000 related to the identification of illegally registered births and the requirement to initiate further investigative work to determine the potential scale of the issue. An independent expert from outside the State was required immediately, and in the circumstances it was not possible to undertake a competitive process.

Internal audit and audit committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee.

The Internal Audit Unit operates under the direction and control of the Audit Committee and the Secretary General. I meet with the Head of Internal Audit and with the Chair of the Audit Committee periodically. The minutes and annual report of the Audit Committee are the subject of discussion by the Department's Management Board.

In addition to the permanent staffing of the Internal Audit Unit, the audit function is supported by a contract for internal audit services with an external contractor. During 2018, fourteen internal audit reviews were conducted. Of these, eight resulted in a 'reasonable assurance' opinion and four in a 'limited assurance' opinion. In addition, two of the reports did not require an assurance level opinion to be provided. I have put procedures in place to ensure that the reports and recommendations of the internal audit function are followed up on.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Risk Committee on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

An internal audit review of the risk and control framework was carried out in 2018 and a 'Reasonable Assurance' opinion was provided in relation to the adequacy of the risk management arrangements.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes, and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial controls is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

A number of internal financial control issues were raised in internal audit reports during 2018. Four of these provided only 'limited assurance'. Issues raised and corrective measures taken include.

Procurement process

An internal audit report in June 2018 made four high priority recommendations regarding the procurement processes within the Department resulting in a 'limited assurance' opinion. High priority recommendations included improvements to the maintenance of the Department's centralised contracts register and developing a corporate procurement plan. All recommendations were accepted and are being implemented.

Service level agreement — early years

An internal audit report in September 2018 considered whether written service level agreements (SLAs) were in place with external bodies providing programmes or other services on behalf of the Department in relation to funding of early years services. While acknowledging that an overarching SLA is in place with Pobal, it recommended that a subordinate SLA for each programme should be put in place. The Department has commenced on this process and work is continuing as a matter of priority.

Service level agreement — commissioning arrangements in respect of youth organisations and services

An internal audit report in September 2018 considered whether written service level agreements were in place with Education and Training Boards (ETBs) who provide programmes or other services on behalf of the Department in relation to funding of youth organisations and services. It recommended the urgent drafting of SLAs with each of the ETBs. Significant engagement with the ETBs followed, and there is now an SLA in place with all ETBs.

Business continuity and technical disaster recovery management

An internal audit report in December 2018 identified five medium priority recommendations resulting in a 'limited assurance' opinion on the existence and operating effectiveness of business continuity and disaster recovery controls. In line with the audit recommendations, a detailed risk assessment will be conducted by year end. This will be followed by a business impact analysis and the development of a business continuity plan. It is also planned to implement a fundamental restructuring of the IT infrastructure and support systems in the Department during 2019.

Irish youth justice

A control failure relating to the recoupment of salary in relation to a staff member on secondment from Oberstown Children Detention Campus to an external organisation was identified during 2018. Discussions are ongoing with the external organisation in relation to the recoupment. The amount involved is €500,000.

Early years — compliance with programme rules

The Department currently administers seven demand-led early learning and care (ELC) and school age care (SAC) programmes providing both universal and targeted subsidies. In 2018, the total amount of funding involved was €495 million.

Compliance with programme rules is a fundamental element of overall governance of the ELC and SAC schemes and some control issues were again identified in 2018. The adequacy of controls has been a cause of concern over the last number of years and is a reflection of the design of the rules of the original schemes. In addition, there are legacy issues among community not-for-profit childcare providers, many of whom were previously funded under a staffing grant model and have struggled to adapt to the move to payment based on children's attendance. Many of the legacy issues also relate to the child care scheme (CCS) which primarily operates in disadvantaged areas with more erratic attendance patterns.

In the 2017/2018 cycle (November 2017 to August 2018), approximately 16% of contracts reviewed were considered major non-compliant. In the 2018/2019 cycle, the Department changed its focus to concentrate on areas of greatest risk to Exchequer funding, primarily focusing on attendance records. Additional resources were put in place in both the Department and Pobal. As a result of this activity, approximately 31% of contracts reviewed in 2018/2019 (October 2018 to June 2019) were considered as major non-compliant. This increase in major non-compliance would be expected due to the concentration on areas of highest risk.

Further improvements are planned. Further visits, covering all schemes, continued throughout the 2018/2019 cycle with a focus on high value contracts and services with a history of non-compliance with programme rules. In addition, the introduction of the new National Childcare Scheme in late 2019 should significantly improve the overall position regarding governance and compliance of providers with scheme rules.

At the end of 2018, Pobal's debt management process recorded a debtor balance of €5.1 million against all DCYA programmes. This includes programmes other than ELC and SAC. Some €3 million (60%) of this relates to historical capital projects dating back to the period 2000-2010. Pobal considers that over €1 million of this debt is irrecoverable for a number of operational reasons, including that some providers are no longer in business. The Department has intensified discussions with Pobal with a view to developing a methodology to deal with this debt and expects to be in a position to complete this by end 2019.

Preparation of the appropriation account

The audit of the 2018 appropriation account as submitted to the Comptroller and Auditor General in March 2019 identified a number of accounting errors. This necessitated a review of accounting entries and related controls. The review identified a number of control failures, especially in relation to some end - of - year payments and adjustments. The review also identified the need to improve how records relating to accounting entries are maintained for audit purposes.

This led to a net adjustment to the Exchequer surrender figure of €54,029 when compared to the original Exchequer surrender figure and an adjustment to the net Exchequer funding balance. Accordingly, I have re-signed the account, and improved procedures relating to accounting controls and record keeping are being put in place.

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs

23 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 40 Children and Youth Affairs

Opinion on the appropriation account

I have audited the appropriation account for Vote 40 Children and Youth Affairs for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 40 Children and Youth Affairs for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Children and Youth Affairs and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Early years childcare and education programmes

Chapter 16 of my report on the accounts of the public service for 2018 reviews the Department's oversight of Pobal's administration of early learning and childcare funding programmes in the period 2015 – 2018, the controls over payments and quality, and the Department's evaluation of the effectiveness of the programmes.

Seamus McCarthy
Comptroller and Auditor General

26 September 2019

Vote 40 Children and Youth Affairs

Appropriation Account 2018

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
	Programme expenditure				
A	Children and Family Support Programme				
	Original	786,298			
	Supplementary	(992)			
			785,306	784,712	739,591
B	Sectoral Programmes for Children and Young People				
	Original	567,896			
	Supplementary	23,699			
			591,595	577,257	488,352
C	Policy and Legislation Programme				
	Original	29,117			
	Supplementary	(2,493)			
			26,624	24,885	22,041
	Gross expenditure				
	Original	1,383,311			
	Supplementary	20,214			
			1,403,525	**1,386,854**	**1,249,984**
	Deduct				
D	**Appropriations-in-aid**				
	Original	27,301			
	Supplementary	(2,786)			
			24,515	**23,946**	**21,024**
	Net expenditure				
	Original	1,356,010			
	Supplementary	23,000			
			1,379,010	**1,362,908**	**1,228,960**

Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	**16,101,819**	**58,704,416**

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs

23 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		1,370,412	1,237,392
Pay		13,869	11,048
Non pay		2,573	1,544
Gross expenditure		**1,386,854**	**1,249,984**
Deduct			
Appropriations-in-aid		**23,946**	**21,024**
Net expenditure		**1,362,908**	**1,228,960**
Changes in capital assets			
Purchases cash	(2,783)		
Losses on disposals	208		
Depreciation	1,379		
		(1,196)	891
Changes in net current assets			
Decrease in closing accruals	(1,320)		
Decrease in stock	17		
		(1,303)	6,366
Direct expenditure		**1,360,409**	**1,236,217**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		7,756	6,799
Net programme cost		**1,368,165**	**1,243,016**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 40 borne elsewhere, net of costs of shared services apportioned to other Votes.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	90	105
Vote 12 Superannuation and Retired Allowances	1,005	774
Vote 13 Office of Public Works	6,583	5,841
Vote 18 National Shared Services Office	70	79
Central Fund – Ministerial pensions	8	—
	7,756	**6,799**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	56,817	55,607
Current assets			
Stocks	2.4	6	23
Prepayments		3,697	2,221
Other debit balances	2.5	6,577	845
Total current assets		10,280	3,089
Less current liabilities			
Bank and cash	2.3	5,263	(492)
Accrued expenses		571	415
Other credit balances	2.6	897	1,136
Net Exchequer funding due	2.7	417	201
Total current liabilities		7,148	1,260
Net current assets		3,132	1,829
Net assets		**59,949**	**57,436**
Represented by:			
State funding account	2.1	**59,949**	**57,436**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			57,436	64,652
Adjustment			14	41
Disbursements from the Vote				
Estimate provision	Account	1,379,010		
Surplus to be surrendered	Account	(16,102)		
Net vote			1,362,908	1,228,960
Expenditure (cash) borne elsewhere	1.1		7,756	6,799
Net programme cost	1		(1,368,165)	(1,243,016)
Balance at 31 December			**59,949**	**57,436**

2.2 Capital assets

	Land and buildings	Office equipment	Furniture, fittings and motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2018	57,581	844	765	59,190
Adjustments	—	14	—	14
Additions	1,892	183	708	2,783
Disposals	—	(233)	(674)	(907)
Cost or valuation at 31 December 2018	59,473	808	799	61,080
Accumulated depreciation				
Opening balance at 1 January 2018	2,278	720	585	3,583
Depreciation for the year	1,189	81	109	1,379
Depreciation on disposals	—	(224)	(475)	(699)
Cumulative depreciation at 31 December 2018	3,467	577	219	4,263
Net assets at 31 December 2018	**56,006**	**231**	**580**	**56,817**
Net assets at 31 December 2017	55,303	124	180	55,607

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances	(5,264)	484
Other bank balances	1	8
	(5,263)	**492**

2.4 Stocks

at 31 December	2018	2017
	€000	€000
Stationery	6	17
IT consumables	—	6
	6	**23**

2.5 Other debit balances

at 31 December	2018	2017
	€000	€000
Advances to OPW	191	776
Recoupable salaries	112	61
Recoupable travel expenditure	13	6
Recoupable travel pass scheme expenditure	57	—
Other debit suspense items	6,204	2
	6,577	**845**

2.6 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	65	42
Value Added Tax	368	436
Pension contributions	—	4
Local Property Tax	2	—
Payroll deductions held in suspense	4	477
Recoupable travel pass scheme expenditure	—	14
	439	973
Other credit suspense items	444	163
Recoupable salaries	14	—
	897	**1,136**

2.7 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	16,102	58,704
Exchequer grant undrawn	(15,685)	(58,503)
Net Exchequer funding due	**417**	**201**
Represented by:		
Debtors:		
Bank and cash	(5,263)	492
Debit balances: suspense	6,577	845
	1,314	1,337
Creditors:		
Due to State	(439)	(973)
Credit balances: suspense	(458)	(163)
	(897)	(1,136)
	417	**201**

2.8 Commitments

at 31 December	2018	2017
Global commitments	**€000**	**€000**
Procurement of goods and services	4,153	8,446
Non-capital grant programmes	67	48
Capital grant programmes	—	—
Total of legally enforceable commitments	**4,220**	**8,494**

Capital grant programme commitments	**2018**	**2017**
	€000	**€000**
Opening balance	—	—
Grant paid in year	(9,072)	(20,190)
New grant commitments	9,072	20,190
Grants cancelled	—	—
Closing balance	—	—

Non-capital grant programme commitments	**2018**	**2017**
	€000	**€000**
Opening balance	—	—
Grant paid in year	—	—
New grant commitments	67	—
Grants cancelled	—	—
Closing balance	**67**	—

d) Major capital projects

Project	Cumulative expenditure to 31 December 2017	Expenditure in 2018	Project commitments in subsequent years	Expected total spend	Expected total spend
				2018	2017
	€000	€000	€000	€000	€000
Oberstown Children Detention Campus	54,500	1,892	48	56,440	56,440

2.9 Contingent liability

A liability existed at 31 December 2018 as a result of the legal challenge to the outcome of the Children's Referendum. The petitioner was awarded one third of her legal costs by the High Court in November 2013.

The Department's share of the costs amounted to €224,715 and the payment was made on 16 May 2019.

Note 3 Vote Expenditure

Analysis of administration expenditure

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
i	Salaries, wages and allowances				
	Original	15,396			
	Supplementary	(1,250)			
			14,146	13,869	11,048
ii	Travel and subsistence				
	Original	300			
	Supplementary	(22)			
			278	162	136
iii	Training and development and incidental expenses				
	Original	725			
	Supplementary	(49)			
			676	520	370
iv	Postal and telecommunications services				
	Original	234			
	Supplementary	(15)			
			219	160	160
v	Office equipment and external IT services				
	Original	411			
			411	633	310
vi	Office premises expenses				
	Original	661			
	Supplementary	(54)			
			607	1,036	419
vii	Consultancy and other services				
	Original	347			
	Supplementary	(60)			
			287	62	149
			16,624	**16,442**	**12,592**

Significant variations

The following outlines the reasons for significant variations (+/- 25% and €100,000) in administration expenditure of the Vote. Administration expenditure has been apportioned across the programmes, to present complete programme costings.

i *Salaries, wages and allowances*

Estimate provision: €15.396 million, outturn: €13.869 million

The variance of €1.527 million relative to the estimate provision was due primarily to lower levels of recruitment than originally anticipated.

ii *Travel and subsistence*

Estimate provision: €300,000, outturn: €162,000

The variance of €138,000 relative to the estimate provision was due to a combination of lower than anticipated recruitment activity and the requirement that an adequate provision is made for necessary expenditure. Travel and subsistence costs are by their nature, difficult to estimate year on year.

iii *Training and development and incidental expenses*

Estimate provision: €725,000, outturn: €520,000

The variance of €205,000 relative to the estimate provision was due primarily to lower levels of recruitment than originally anticipated.

v *Office equipment and external IT services*

Estimate provision: €411,000, outturn: €633,000

The overspend of €222,000 relative to the estimate provision was as a result of higher than anticipated costs associated with the move to Miesian Plaza.

vi *Office premises expenses*

Estimate provision: €661,000, outturn: €1.036 million

The variance of €375,000 relative to the estimate provision was due primarily to additional fit-out costs on Miesian Plaza charged to the Department for the year.

vii *Consultancy and other services*

Estimate provision: €347,000, outturn: €62,000

The variance of €285,000 relative to the estimate provision was due primarily to the consultancy spend on internal audit, data protection and records management being lower than expected.

Programme A Children and Family Support Programme

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.1	Administration – pay				
	Original	4,157			
	Supplementary	(338)			
			3,819	3,745	2,811
A.2	Administration – non pay				
	Original	722			
	Supplementary	(54)			
			668	695	344
A.3	Child and Family Agency	753,526	753,526	752,916	712,693
A.4	Youth Justice – Children Detention Campus				
	Original	27,893			
	Supplementary	(600)			
			27,293	27,356	23,743
			785,306	**784,712**	**739,591**

Programme B Sectoral Programmes for Children and Young People

				2018	2017
		Estimate provision		Outturn	Outturn
		€000	€000	€000	€000
B.1	Administration – pay				
	Original	4,157			
	Supplementary	(338)			
			3,819	3,745	3,173
B.2	Administration – non pay				
	Original	722			
	Supplementary	(54)			
			668	695	334
B.3	ECCE pre-school year programme				
	Original	348,800			
	Supplementary	(14,664)			
			334,136	326,709	297,136
B.4	General childcare programmes				
	Original	129,593			
	Supplementary	47,233			
			176,826	171,613	112,758
B.5	Childcare initiatives (cash-limited)				
	Original	6,365			
	Supplementary	(1,868)			
			4,497	3,867	6,339
B.6	Youth organisations and services (part funded by the National Lottery)				
	Original	61,895			
	Supplementary	(1,665)			
			60,230	59,881	62,747
B.7	Area based childhood programme				
	Original	8,500			
	Supplementary	(2,152)			
			6,348	6,163	4,183
B.8	Intervention programmes for children and young people (Dormant accounts funded)				
	Original	6,166			
	Supplementary	(2,084)			
			4,082	3,650	1,098
B.9	Programme for Peace and Reconciliation				
	Original	1,598			
	Supplementary	(709)			
			889	879	584
B.10	Creative Ireland	100	100	55	—
			591,595	**577,257**	**488,352**

Significant variations

Overall, the expenditure in relation to Programme B was €9.361 million higher than originally provided. €439,000 of this related to a saving on administration expenditure and has already been explained and the remaining variance of €9.8 million was mainly due to the following.

B.3 ECCE pre-school year programme

Estimate provision: €348.800 million, outturn: €326.709 million

The shortfall in expenditure of €22.091 million relative to the estimate provision was primarily attributable to lower than expected registrations. A downward adjustment to expected registrations was made during the Supplementary Estimate process but those numbers still came in lower than anticipated.

The underspend includes a once off saving of €15 million as a result of four weeks as opposed to five being prepaid in December 2018. There were 114,000 registrations predicted for 2018 with the actual figure amounting to 107,000, a variance of 6%.

B.4 General childcare programmes

Estimate provision: €129.593 million, outturn: €171.613 million

The overspend of €42.020 million was primarily due to the Community Childcare Subvention (CCS) and Community Childcare Subvention Plus (CCSP) numbers being greatly increased on 2017. This overspend was funded by a Supplementary Estimate of €23 million in December 2018, and virements from other subheads in the Vote.

A total of 49,000 registrations were projected for 2018 but the actual number amounted to 63,000, with the associated increase in costs being €29 million.

The other main driver of the overspend was an increase in the take up of full time places in both of the CCS and CCSP programmes, indicating that children are attending services for more of their total maximum entitlement. The associated additional costs as a result were €13 million.

B.5 Childcare initiatives (cash limited)

Estimate provision: €6.365 million, outturn: €3.867 million

The shortfall in expenditure of €2.498 million relative to the estimate provision was primarily due to anticipated project development costs of the 'National Childcare Scheme' not arising in 2018 due to delays encountered by the project development team.

There was also lower than anticipated demand on the After School Initiative and the Community Employment Childcare Scheme.

B.7 Area based childhood programme

Estimate provision: €8.500 million, outturn: €6.163 million

The shortfall in expenditure of €2.337 million was primarily due to lower than anticipated expenditure on the various programmes and reduced programme management costs.

B.8 Intervention programmes for children and young people (dormant accounts funded)

Estimate provision: €6.166 million, outturn: €3.650 million

The shortfall in expenditure of €2.516 million relative to the estimate provision was primarily due to lower costs arising across a number of intervention projects, including the Youth Employment Initiative, the QCBI, Crime Interventions, In-School Therapy and Adoption Peer Support.

B.9 Programme for Peace and Reconciliation

Estimate provision: €1.598 million, outturn: €879,000

The shortfall in expenditure of €719,000 was due to the fact that this programme is co-funded by the EU, and as a result the timing of the Department's costs can be unpredictable.

Programme C Policy and Legislation Programme

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
C.1	Administration – pay				
	Original	7,082			
	Supplementary	(574)			
			6,508	6,380	5,064
C.2	Administration – non pay				
	Original	1,234			
	Supplementary	(92)			
			1,142	1,183	865
C.3	Miscellaneous legal fees and settlements	889	889	396	59
C.4	National Longitudinal Study and other research programmes				
	Original	4,102			
	Supplementary	(482)			
			3,620	3,403	4,135
C.5	Children's and young people's policy framework and other programmes				
	Original	5,328			
	Supplementary	(945)			
			4,383	4,219	3,691
C.6	Adoption Authority of Ireland				
	Original	4,392			
	Supplementary	(200)			
			4,192	3,905	3,384
C.7	Office of the Ombudsman for Children				
	Original	2,733			
	Supplementary	(100)			
			2,633	2,435	2,150
C.8	Commission of Investigation				
	Original	3,357			
	Supplementary	(100)			
			3,257	2,964	2,693
			26,624	**24,885**	**22,041**

Significant variations

Overall, the expenditure in relation to Programme C was €4.232 million lower than originally provided. €753,000 of this related to administration expenditure and has already been explained and the balance of the variance of €3.479 million was mainly due to the following.

C.3 Miscellaneous legal fees and settlements

Estimate provision: €889,000, outturn: €396,000

The disbursements of payments associated with legal proceedings are generally difficult to predict. The shortfall in expenditure of €493,000 relative to the estimate provision was mainly due to continued provision being made for final costs associated with the Children's Referendum court case. No costs were finalised during 2018.

C.4 National Longitudinal Study and other research programmes

Estimate provision: €4.102 million, outturn: €3.403 million

The shortfall in expenditure of €699,000 relative to the estimate provision was due to the over-estimation of some costs by the service providers, and also due to some costs being incurred later than scheduled for GUI Phase 2 data collection from Cohort '98 (formerly known as the Child Cohort), at age 20.

C.6 Adoption Authority of Ireland

Estimate provision: €4.392 million, outturn: €3.905 million

The shortfall in expenditure of €487,000 relative to the estimate provision was mainly due to an underspend on pay relating to a slow-down in planned recruitment. This was due to the delay in enacting 'Information and Tracing' legislation in 2018.

C.7 Office of the Ombudsman for Children

Estimate provision: €2.733 million, outturn: €2.435 million

The shortfall in expenditure of €298,000 relative to the estimate provision was due to slower than anticipated recruitment. The OCO did not have a full complement of staff for the full year.

C.8 Commission of Investigation (Mother and Baby Homes and Certain Related Matters)

Estimate provision: €3.357 million, outturn: €2.964 million

The shortfall in expenditure of €393,000 relative to the estimate provision was due to lower than anticipated costs associated with the Commission. The Commission was established in 2015, and has had its term extended until February 2020.

Note 4 Receipts

4.1 Appropriations-in-aid

			2018		2017
		Estimated		Realised	Realised
		€000	€000	€000	€000
1	Superannuation scheme – Child and Family Agency		9,070	8,480	8,723
2	Superannuation scheme - non-teaching staff of Oberstown Children Detention Campus		550	566	551
3	Superannuation scheme – Adoption Authority of Ireland		1	—	—
4	Superannuation scheme – Office of the Ombudsman for Children		2	—	—
5	Miscellaneous		874	555	789
6	Dormant accounts funding				
	Original	6,166			
	Supplementary	(2,082)			
			4,084	3,650	1,098
7	Programme for Peace and Reconciliation				
	Original	744			
	Supplementary	(704)			
			40	231	—
8	Receipts from pension-related deduction on public service remuneration		9,894	10,464	9,863
	Total		**24,515**	**23,946**	**21,024**

Significant variations

Overall, appropriations-in-aid were €3.355 million lower than forecast.

Explanations for significant variances are set out below.

1 *Superannuation scheme – Child and Family Agency*

Estimate provision: €9.070 million, outturn: €8.480 million

The shortfall of €590,000 was due to an overall underspend on pay resulting in reduced superannuation receipts.

5 Miscellaneous

Estimate provision: €874,000, outturn: €555,000

The shortfall of €319,000 was due primarily to Tusla's miscellaneous receipts, which are variable in nature, being lower than anticipated.

6 Dormant accounts funding

Estimate provision: €6.166 million, outturn: €3.650 million

The shortfall of €2.516 million was due to lower costs arising across a number of intervention projects, with a corresponding impact on receipts.

7 Programme for Peace and Reconciliation

Estimate provision: €744,000, outturn: €231,000

The timing of receipts from the EU Structural and Investment Fund Programmes are generally difficult to predict.

8 Receipts from pension-related deduction on public service remuneration

Estimate provision: €9.894 million, outturn: €10.464 million

The increase of €570,000 was primarily due to the impact of pay restoration in 2018.

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	110	—
Receipts [a]	1,662	2,625
Transferred to the Exchequer	(1,546)	(2,515)
Balance at 31 December	226	110

Note [a] The balance of €226,000 was paid over to the Exchequer in 2019. The receipts of €1.662 million related to refunds received from the following bodies.

	€000
Tusla	99
Pobal	343
Education and Training Boards	813
Oberstown Children Detention Campus	314
Other	93
	1,662

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end		
Department	267	230
Commission of Investigation	19	23
Agencies (note 5.4)	4,180	3,976
	4,466	**4,229**

5.2 Pay

	2018	2017
	€000	€000
Pay	14,054	11,388
Higher, special or additional duties allowance	113	104
Overtime	31	19
Employer's PRSI	1,034	785
Total pay[1]	**15,232**	**12,296**

Note The total pay figure is distributed across subheads A1, B1, C1 and C8.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	13	4	20,613	20,613
Other allowances	9	—	2,675	113
Overtime	30	—	8,321	8,374
Extra remuneration in more than one category	4	1	10,996	11,114

Note The pay, allowances and other remuneration detailed above relate to the Department's staff paid directly from the administrative budget under programmes A, B and C of the Vote.

5.4 Agency employees and pay

The pay expenditure of agencies is not a direct financial transaction of the Department. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements or directly from the agencies concerned.

Number of staff at year end (full time equivalents)	**2018**	**2017**
Child and Family Agency	3,893	3,696
Oberstown Children Detention Campus	239	245
Adoption Authority of Ireland	27	22
Office of the Ombudsman for Children	20	13
Total	**4,179**	**3,976**

	2018	**2017**
	€000	**€000**
Pay		
Child and Family Agency	280,254	259,043
Oberstown Children Detention Campus	16,443	14,289
Adoption Authority of Ireland	1,433	1,493
Office of the Ombudsman for Children	1,093	911
Total pay	**299,223**	**275,736**

5.5 Payroll overpayments

Overpayments at the year-end were €11,627 in respect of eleven individuals (2017: €29,645, 17 individuals).

Recovery plans are in place in respect of five individuals to a value of €8,772 (2017: €9,975, seven individuals).

5.6 Other remuneration arrangements

The Department engaged one retired civil servant in 2018. This officer was rehired under Circular 21/2017, being a temporary circular to allow for certain civil servants to be retained beyond their compulsory retirement age of 65 years until they reach the age of eligibility for the Contributory State Pension. The amount of salary paid in this regard to the officer was €9,995 in 2018.

Note 6 Miscellaneous

6.1 Payments to Pobal

In accordance with the Department's accounting policy, the net amount transferred to Pobal in the year (€512.899 million) was charged to the relevant subheads as set out below.

In December 2018, Pobal returned funds totalling €6.159 million to the Department. All of the funds relating to the current year were returned to the relevant subheads. The funds relating to prior years were returned to the Exchequer as Extra Exchequer Receipts.

		2018	2017
		€000	€000
	Subhead		
B.3	ECCE pre-school year programme	322,873	293,287
B.4	General childcare programmes	168,545	110,707
B.5	Childcare initiatives (cash-limited)	3,737	6,065
B.6	Youth organisations and services (part funded by the National Lottery)	10,715	10,685
B.7	Area based childhood programme	4,956	4,144
B.8	Intervention programmes for children and young people (dormant accounts funded)	892	100
C.5	Children's and young people's policy framework and other programmes	1,181	1,228
	Total paid to Pobal	**512,899**	**426,216**

Notes

Pobal administers a large number of grant programmes on behalf of the Department. At 31 December 2018, Pobal had grant commitments totalling €3.4 million relating to programmes administered on behalf of the Department.

The Department was also made aware of two instances of fraud/alleged fraud involving Pobal payments during 2018. One related to a manager of a County Childcare Committee involving fraudulent travel and subsistence claims. The other related to the incorrect claim of a higher capitation grant for a room leader under the ECCE programme. The total monetary amount involved as a result of these two issues was €32,000.

6.2 Compensation and legal costs

	No of cases	Legal costs paid by the Department	Compensation awarded	Legal Costs awarded	2018 Total	2017 Total
		€000	€000	€000	€000	€000
Claims by employees						
Injury in the course of work	6	82	259	—	341	121
Claims by members of the public						
Personal Injury claim [a]	4	—	1	541	542	11
Adoption claim	1	—	—	394	394	—
		82	**260**	**935**	**1,277**	**132**

Note [a] Cases involving current/former residents of the Oberstown Children Detention Campus.

6.3 Committees, commissions and special inquiries

The Commission of Investigation into Mother and Baby Homes and certain related matters was established on 17 February 2015 pursuant to the provisions of the Commission of Investigation (Mother and Baby Homes and Certain Related Matters) Order 2015 (SI No 57 of 2015).

Commission expenditure is accounted for in subhead C8 of the Department's Vote, and includes €1.362 million relating to pay costs.

	Year of appointment	Cumulative expenditure to end 2018	Outturn 2018	Outturn 2017
		€000	€000	€000
C8 — Commission of Investigation – Mother and Baby Homes	2015	9,650	2,964	2,693

6.4 Write offs

No amounts were written off in the year (2017: €26,000).

6.5 National lottery funding

	2018		2017
	Estimate	Outturn	Outturn
	€000	€000	€000
Subhead B6 – Youth Organisations & Services (part funded by the National Lottery)	60,230	59,881	62,747

Note Particulars relating to individual recipients of the funding and the amounts paid over are available from the Youth Affairs Unit of the Department of Children and Youth Affairs pending the publication of the information on the Department's website.

6.6 EU funding

The outturn shown in Subhead B9 includes payments in respect of activities which are co-financed by the European Regional Development Fund. Estimates of expenditure and actual outturns were as follows.

	2018		2017
	Estimate	Outturn	Outturn
	€000	€000	€000
Programme for Peace and Reconciliation	889	879	584

Appendix A Accounts of bodies and funds under the aegis of the Department of Children and Youth Affairs

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body / Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Oberstown Children Detention Campus	31 Dec 2017	24 Dec 2018	28 Jan 2019	29 Jan 2019
Adoption Authority of Ireland	31 Dec 2017	24 Dec 2018	22 Jan 2019	12 Feb 2019
Office of the Ombudsman for Children	31 Dec 2017	24 Dec 2018	1 Feb 2019	12 Feb 2019
Child and Family Agency	31 Dec 2018	26 Jun 2019	26 Jun 2019	18 Jul 2019

Appropriation Account 2018

Vote 41

Policing Authority

Introduction

As Chief Executive of the Policing Authority, I am the Accounting Officer for Vote 41. I am required each year to prepare the Appropriation Account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Policing Authority.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as Appropriations-in-Aid of expenditure for the year.

A surplus of €0.91 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 5 form part of the account.

Role of the Authority

The Policing Authority was established on 1 January 2016 by the enactment of the Garda Síochána (Policing Authority and Miscellaneous Provisions) Act 2015. It comprises the Chairperson and eight members. The role of the Authority is to oversee the performance by the Garda Síochána of its functions relating to policing services.

The Authority is responsible for

- leading and directing the Authority's activities
- compliance with all applicable statutory obligations
- holding the CEO and senior management to account for the effective performance of their responsibilities
- matters relating to audit, governance and risk management
- ensuring that there are effective systems of internal control in place and implemented
- the preparation and adoption of a strategic plan, and
- the preparation of the annual report of the Authority.

The Authority has adopted the *Code of Practice for the Governance of State Bodies*. The annual report of the Authority for 2018 was submitted to the Minister for Justice and Equality in March 2019.

Statement of Accounting Policies and Procedures

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform in Circular 24 of 2018, have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Policing Authority. This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

Financial services are provided to the Authority under a Service Level Agreement by Financial Shared Services in the Department of Justice and Equality. In March the Policing Authority became an independent client organisation of the National Shared Services Office for the provision of HR and payroll shared services under the employee services management agreement. I have fulfilled my responsibilities in relation to the requirements of these agreements.

The Accounting Officers of the Department of Justice and Equality and the National Shared Services Office are responsible for the operation of the internal control systems in relation to Financial Shared Services and Payroll and HR services respectively. I rely on letters of assurance from the Accounting Officer of the Department of Justice and Equality and the Accounting Office of the National Shared Services Office that appropriate systems for governance and internal control are exercised over the services that they provide to the Authority.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- An Audit and Risk Committee to advise me in discharging my responsibilities for the internal financial control system is in place.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability. This includes the following elements

- there is an appropriate budgeting system with an annual budget which is kept under review by the Senior Management Team (SMT)
- there are regular reviews by the SMT of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system is in operation
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Authority ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines, which are complied with by the Authority.

Internal audit and audit and risk committee

I confirm that the Policing Authority has an internal audit function which is currently outsourced with appropriately trained personnel, which operates in accordance with a written charter which I have approved. Its work is informed by analysis of the financial risks to which the Authority is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Authority's Audit and Risk Committee.

I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Authority has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Authority and these have been identified, evaluated and graded according to their significance. The risk register is reviewed and updated as appropriate by the SMT on a monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring and control processes and control deficiencies are communicated to those responsible for taking corrective action and to the SMT, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

I confirm that the Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and senior management of the Authority are responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in a material loss.

Helen Hall
Accounting Officer
Policing Authority

29 March 2019

Comptroller and Auditor General

Report for presentation to Houses of the Oireachtas

Vote 41 Policing Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 41 Policing Authority for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 41 Policing Authority for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Policing Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

19 September 2019

Vote 41 Policing Authority

Appropriation Account 2018

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A.	Provision of independent oversight of the policing functions of the Garda Síochána	3,347	2,440	2,007
	Gross expenditure	**3,347**	**2,440**	**2,007**
B	*Deduct*			
	Appropriations-in-aid	**61**	**66**	**51**
	Net expenditure	**3,286**	**2,374**	**1,956**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer.

	2018	2017
	€	€
Surplus to be surrendered	912,270	697,910

Helen Hall
Accounting Officer
Policing Authority

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Administration Pay		1,772	1,246
Administration Non-pay		668	761
Gross expenditure		**2,440**	**2,007**
Deduct			
Appropriations-in-aid		**66**	**51**
Net expenditure		**2,374**	**1,956**
Changes in capital assets			
Purchases cash	(11)		
Depreciation	6		
		(5)	(2)
Changes in net current assets			
Decrease in closing accruals	(4)		
Decrease in stock	1		
		(3)	52
Direct expenditure		**2,366**	**2,006**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		436	57
Net programme cost		**2,802**	**2,063**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 41 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	8	25
Vote 13 Office of Public Works	379	—
Vote 18 National Shared Services	2	—
Vote 24 Justice and Equality	47	32
	436	**57**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	16	**11**
Current assets			
Bank and cash		90	48
Stocks		5	6
Prepayments		13	16
Total current assets		108	70
Less current liabilities			
Accrued expenses		15	22
Other credit balances	2.3	90	10
Net Exchequer funding due	2.4	—	38
Total current liabilities		105	70
Net current assets		3	—
Net assets		**19**	**11**
Represented by:			
State funding account	2.1	**19**	**11**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			11	61
Disbursements from the Vote				
Estimate provision	Account	3,286		
Surplus to be surrendered	Account	(912)		
Net vote			2,374	1,956
Expenditure (cash) borne elsewhere	1.1		436	57
Net programme cost	1		(2,802)	(2,063)
Balance at 31 December			**19**	**11**

2.2 Capital assets

	Office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	10	32	42
Additions	10	1	11
Cost or valuation at 31 December 2018	20	33	53
Accumulated depreciation			
Opening balance at 1 January 2018	3	28	31
Depreciation for the year	5	1	6
Cumulative depreciation at 31 December 2018	8	29	37
Net assets at 31 December 2018	**12**	**4**	**16**
Net assets at 31 December 2017	**7**	**4**	**11**

2.3 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	53	—
Pay Related Social Insurance	18	—
Professional Services Withholding Tax	2	8
VAT on foreign invoices	2	2
	75	10
Other credit suspense items	15	—
	90	**10**

2.4 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	912	698
Exchequer grant undrawn	(912)	(660)
Net Exchequer funding due	—	**38**
Represented by:		
Debtors		
Bank and cash	90	48
	90	48
Creditors		
Due to State	(75)	(10)
Other credit suspense items	(15)	—
	(90)	(10)
	—	**38**

2.5 Commitments

Global commitments

at 31 December	**2018**	**2017**
	€000	**€000**
Procurement of goods and services	10	—
Total of legally enforceable commitments	**10**	**—**

Note 3 Vote Expenditure

Analysis of programme expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	2,147	1,772	1,246
ii	Travel and subsistence	50	34	17
iii	Training and development and incidental expenses	745	444	592
iv	Postal and telecommunications services	50	12	14
v	Office equipment and external IT services	125	116	66
vi	Office premises expenses	130	58	50
vii	Consultancy and other services	100	4	22
		3,347	**2,440**	**2,007**

Significant Variations

The following outlines the reasons for significant variations in the expenditure of the Vote (+/-25% and €100,000).

i *Salaries, wages and allowances*

Estimate provision: €2.147 million, Outturn: €1.772 million

The shortfall of €375,000 on expenditure on salaries, wages and allowances was due to longer than expected timelines to recruit and appoint staff members that resulted in 32 of the total staff complement of 39 being in place by the end of 2018.

ii *Training and development and incidental expenses*

Estimate provision: €745,000, Outturn: €444,000

The delay in filling staff positions resulted in lower administration costs throughout the year. As the Authority was not staffed up to its full complement, many of the activities planned for the year could not take place and consequently there were savings in this subhead.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018	2017
	Estimated	Realised	Realised
	€000	€000	€000
Receipts from pension-related deductions on public service remuneration	61	66	51
	61	**66**	**51**

Note 5 Employee Numbers and Pay

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	32	29

5.2 Employee pay

	2018 €000	2017 €000
Pay	1,618	1,143
Higher, special or additional duties allowance	13	—
Employer's PRSI	141	103
Total pay	**1,772**	**1,246**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2018 €	Highest individual payment 2017 €
Higher, special or additional duties	3	1	11,187	—

5.4 Authority members' fees and expenses

In 2018, there were eight members of the Authority, including the Chairperson. Fees totalling €151,191 were paid during 2018 (2017: €169,421). The Authority met in plenary a total of 15 times (five in public), (2017: 19, (five in public)) and a total of 29 subcommittee meetings were held (2017: 41). Expenses paid to the Authority's board members in 2018 were €9,747 (2017: €8,767). The fees and expenses were charged to subhead A (iii) Training and development and incidental expenses.

5.5 Other remuneration arrangements

Six retired civil servants in receipt of civil service pensions were re-engaged on various duties in 2018 at a total cost of €73,233. Appropriate procedures are in place with regard to payments to retired personnel in accordance with Section 52 of the Public Service Pension (Single Scheme and Other Provisions) Act 2012.

Appropriation Account 2018

Vote 42

Rural and Community Development

Introduction

As Accounting Officer, for Vote 42 I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Minister for Rural and Community Development, including certain services administered by the Department and for the payment of grants.

The expenditure outturn is compared with the sums

- granted by Dáil Éireann under the Appropriation Act 2018 including the amount that could be used as appropriation-in-aid of expenditure for the year, and
- provided for capital supply services in 2018 out of unspent 2017 appropriations, under the deferred surrender arrangements established by Section 91 of the Finance Act 2004.

A surplus of €5.411 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Establishment of Department

The Department was established in July 2017 and 2018 was its first full year of operation. The Department is built on functions transferred from other departments, which poses particular challenges. These include the need to transition from previous control systems and put in place appropriate systems, whilst also ensuring effective delivery of functions and programmes. Throughout 2018, the Department continued this process of developing and implementing its systems.

Transfer of functions

The account has been prepared in accordance with the Revised Estimates for Public Services 2018, following the transfer of the Community Services Programme from the Department of Employment Affairs and Social Protection (Vote 37) with effect from 1 January 2018 (SI 578 of 2017).

Statement on Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department of Rural and Community Development.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Assurance on shared services

Payroll and human resource functions are being provided on a shared services basis by the National Shared Services Office (Vote 18) since May 2018.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Services Office for the provision of HR and payroll shared services.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

Until May 2018 payroll functions were provided on an agency basis by the Departments of Housing, Planning and Local Government; Culture, Heritage and the Gaeltacht; and Justice and Equality. These Departments also relied on the National Shared Services Office, and the controls and audit systems in place in that Office.

Financial shared services are provided by the Financial Shared Service Centre of the Department of Justice and Equality (Vote 24). I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between the Department and the Financial Shared Service Centre of the Department of Justice and Equality.

I rely on a letter of assurance from the Accounting Officer for the Justice and Equality Vote that the appropriate controls are exercised in the provision of financial shared services to my Department.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have now been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an audit committee to advise me in discharging my responsibilities for the internal financial control system.
- There are systems in place to safeguard the assets of the Department.
- The Department uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Department.
- The Department of Rural and Community Development has agreed a Memorandum of Understanding with the Office of the Government Chief Information Officer (OGCIO) in respect of ICT services provided to this Department.
  The OGCIO is a unit within D/PER which provides policy advice generally on ICT and also provides ICT services to a number of Departments. The OGCIO took over ICT responsibilities in March 2018 and has a delegated responsibility for ensuring the security of ICT.
  Up to and including February 2018 the Department's ICT services were handled on an agency basis by the both the Department of Housing, Planning and Local Government and the Department of Culture, Heritage and the Gaeltacht.
- There are appropriate capital investment control guidelines in place.
- The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. I can confirm that during 2018 the Department complied with these guidelines.

Internal audit and audit committee

I can confirm that the Department has an internal audit function with appropriately trained personnel, and which operates in accordance with a written charter approved in March 2018. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. As part of the continued development of the internal audit function, it will be periodically reviewed by me and the audit committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The risk register also details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

A Risk Committee is also in place to oversee the system of risk management and its implementation. The committee includes all members of the Management Board and meets on a quarterly basis. The risk register is reviewed and updated at each quarterly meeting.

The outcome of these assessments are used to plan and allocate resources to ensure risks are managed to an acceptable level.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report on any identified deficiencies.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss. Recognising that 2018 was the first full year of operation for the Department, the Department will continue a strong focus on the operation and continuous review of internal financial controls in 2019.

Kevin McCarthy
Accounting Officer
Department of Rural and Community Development

18 September 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 42 Rural and Community Development

Opinion on the appropriation account

I have audited the appropriation account for Vote 42 Rural and Community Development for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 42 Rural and Community Development for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Rural and Community Development and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

20 September 2019

Vote 42 Rural and Community Development

Appropriation Account 2018

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
Programme expenditure					
A	Rural development and regional affairs				
	Current year provision	93,384			
	Deferred surrender	7,700			
			101,084	87,626	54,873
B	Community development		133,596	145,764	77,139
C	Charities Regulatory Authority		4,552	4,093	3,992
	Gross expenditure				
	Current year provision	231,532			
	Deferred surrender	7,700			
			239,232	**237,483**	**136,004**
	Deduct				
D	**Appropriations-in-aid**		**23,231**	**26,893**	**21,662**
	Net expenditure				
	Current year provision	208,301			
	Deferred surrender	7,700			
			216,001	**210,590**	**114,342**

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. There was no deferred surrender to be carried forward to 2019.

	2018	2017
	€	€
Surplus	5,410,518	32,399,966
Deferred surrender	—	(7,700,000)
Surplus to be surrendered	**5,410,518**	**24,699,966**

Kevin McCarthy
Accounting Officer
Department of Rural and Community Development

18 September 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

		2018	2017
	€000	€000	€000
Programme cost		228,414	130,318
Pay		7,515	4,954
Non pay		1,554	732
Gross expenditure		**237,483**	**136,004**
Deduct			
Appropriations-in-aid		**26,893**	**21,662**
Net expenditure		**210,590**	**114,342**
Changes in capital assets			
Purchases cash	(351)		
Depreciation	52		
		(299)	**(39)**
Changes in net current assets			
Decrease in closing accruals		(8,387)	(6,429)
Decrease in stock		3	(3)
Direct expenditure		**201,907**	**107,871**
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,044	2
Notional rents		—	260
Net programme cost		**203,951**	**108,133**

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 42 borne elsewhere.

		2018	2017
		€000	€000
Vote 12	Superannuation	190	—
Vote 13	Office of Public Works	1,516	2
Vote 18	National Shared Services	7	—
Vote 24	Justice and Equality	331	—
		2,044	**2**

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018	2017
		€000	€000
Capital assets	2.2	340	41
Current assets			
Stocks		—	3
Prepayments		9,605	2,444
Accrued Income		5,469	4,150
Net Exchequer funding due	2.4	1,707	(7,693)
Other debit balances		69	—
Total current assets		16,850	(1,096)
Less current liabilities			
Bank overdraft	2.3	1,206	(7,990)
Accrued expenses		258	165
Other credit balances		570	297
Total current liabilities		2,034	(7,528)
Net current assets		14,816	6,432
Net assets		**15,156**	**6,473**
Represented by:			
State funding account	2.1	**15,156**	**6,473**

2.1 State funding account

	Note		2018	2017
		€000	€000	€000
Balance at 1 January			6,473	—
Disbursements from the Vote				
Estimate provision	Account	216,001		
Surplus to be surrendered	Account	(5,411)		
Deferred surrender	Account	—		
Net vote			210,590	114,342
Expenditure (cash) borne elsewhere	1.1		2,044	2
Non cash Expenditure - notional rent	1		—	260
Net value of assets transferred in	2.2		—	2
Net programme cost	1		(203,951)	(108,133)
Balance at 31 December			**15,156**	**6,473**

2.2 Capital assets

	IT and office equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2018	593	12	605
Additions	247	104	351
Cost or valuation at 31 December 2018	840	116	956
Accumulated depreciation			
Opening balance at 1 January 2018	559	5	564
Depreciation for the year	50	2	52
Cumulative depreciation at 31 December 2018	609	7	616
Net assets at 31 December 2018	**231**	**109**	**340**
Net assets at 31 December 2017	34	7	41

2.3 Bank overdraft

at 31 December	2018	2017
	€000	€000
PMG balances and cash	(1,206)	7,990

2.4 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	5,411	24,700
Deferred surrender	—	7,700
Exchequer grant undrawn	(7,118)	(24,707)
Net Exchequer funding due	**(1,707)**	**7,693**
Represented by:		
Debtors		
Bank and cash	—	7,990
Debit balances: suspense	69	—
	69	7,990
Creditors		
Bank overdraft	(1,206)	—
Due to State		
Credit balances: suspense	(570)	(297)
	(1,776)	**(297)**
	(1,707)	**7,693**

2.5 Commitments

at 31 December	2018	2017
	€000	€000
Regional Economic Development	64	—
Library Development and Archive Service	1,016	601
Local Improvement Scheme	4,235	—
National Rural Development Schemes	24,190	—
Town and Village Regeneration	29,315	—
SICAP	40,500	40,228
LEADER	185,039	208,427
Total of legally enforceable commitments	**284,359**	**249,256**

Note 3 Vote Expenditure

Analysis of administration expenditure

		2018		2017
		Estimate provision	Outturn	Outturn
		€000		€000
i	Salaries, wages and allowances	8,338	7,515	4,954
ii	Travel and subsistence	604	306	239
iii	Training and development and incidental expenses	539	711	108
iv	Postal and telecommunications services	207	52	36
v	Office equipment and external IT services	1,717	364	333
vi	Office premises expenses	325	108	16
vii	Consultancy and value for money and policy reviews	39	13	—
		11,769	**9,069**	**5,686**

Significant variations

The following outlines the reasons for significant variations in administration expenditure of the Vote (+/- 25% and €100,000). Administration expenditure has been apportioned across programmes A, B and C to present complete programme costings.

ii Travel and subsistence

Estimate provision: €604,000, outturn: €306,000

The shortfall in expenditure of €298,000 relative to the estimate provision was due to some delays in reaching expected staffing levels and lower than expected costs.

iii Training and development and incidental expenses

Estimate provision: €539,000, outturn: €711,000

The increase in expenditure of €172,000 relative to the estimate provision was due to incidental expenses, which are variable in nature, being greater than anticipated.

iv Postal and telecommunications services

Estimate provision: €207,000, outturn: €52,000

The shortfall in expenditure of €155,000 relative to the estimate provision was due to postage costs being less than anticipated.

v Office equipment and external IT services

Estimate provision: €1.717 million, outturn: €364,000

The shortfall in expenditure of €1.353 million relative to the estimate provision was due to lower than anticipated expenditure on equipment and IT services. As an appropriate recharge model is in development with the Office of Government Chief Information Office (OGCIO), ICT shared services costs) were not charged to DRCD in 2018

vi Office premises expenses

Estimate provision: €325,000, outturn: €108,000

The shortfall in expenditure of €217,000 relative to the estimate provision was due to expenditure on office premises expenses being less than anticipated.

Programme A Rural Development and Regional Affairs

		Estimate provision		2018 Outturn	2017 Outturn
		€000	€000	€000	€000
A.1	Administration – pay		4,644	4,208	3,129
A.2	Administration – non pay		1,914	876	390
A.3	Dormant accounts measures		4,326	4,320	2,058
A.4	Western Development Commission		1,516	1,436	1,412
A.5	National rural development schemes				
	Current provision	18,983			
	Deferred surrender	2,700			
			21,683	20,426	14,568
A.6	LEADER – rural economy sub programme				
	Current provision	35,000			
	Deferred surrender	5,000			
			40,000	24,587	14,421
A.7	Tidy Towns Competition		1	1	1
A.8	Town and village regeneration		15,000	12,755	882
A.9	Rural, broadband, regional economic development		2,000	2,616	1,051
A.10	Local improvement schemes		10,000	16,401	16,961
			101,084	**87,626**	**54,873**

Significant variations

Overall, the expenditure in relation to Programme A was €13.458 million lower than originally provided. €1.474 million of this related to administration expenditure and has already been explained; the balance of the variance of €11.984 million was mainly due to the following.

A5 *National rural development schemes*

Estimate provision: €21.683 million, outturn: €20.426 million

This subhead provides funding for a number of schemes including the Outdoor Recreation Infrastructure Scheme (ORIS), the Walks Scheme and CLÁR, as well as some other initiatives supporting rural development. The shortfall in expenditure of €1.257 million relative to the estimate provision was largely due to the fact that the schemes in question involve outdoor infrastructure works which are subject to variations in the expected timelines for project delivery.

A6 *LEADER – rural economy sub programme*

Estimate provision: €40 million, outturn: €24.587 million

The shortfall in expenditure of €15.413 million relative to the estimate provision was due to LEADER being a demand-led programme and the time-frames for project approvals being longer than originally envisaged. Furthermore, recoupment claims can only be submitted once work is completed and as a consequence it takes some time for approved projects to draw funding down.

A8 *Town and village regeneration*

Estimate provision: €15 million, outturn: €12.755 million

The shortfall in expenditure of €2.245 million relative to the estimate provision was largely due to slight delays in progressing capital projects to completion resulting in a lower than anticipated drawdown of funding.

A9 *Rural, broadband, regional economic development*

Estimate provision: €2 million, outturn: €2.616 million

The increase in expenditure of €616,000 relative to the estimate provision was mainly due to greater than anticipated demand in respect of the Department's digital innovation programme. In addition, funding was allocated to co-fund the creation of a network of Atlantic Economic Corridor (AEC) officers in local authorities to drive regional development in the region in line with Government policy.

A10 *Local improvement schemes*

Estimate provision: €10 million, outturn: €16.401 million

The increase in expenditure of €6.401 million relative to the estimate provision was due to additional investment on improvement works on minor roads and laneways in rural areas (not under normal maintenance of local authorities). The work was undertaken in the context of an overall remit to improve the quality of life for people living in rural areas and significant unmet demand for this scheme.

Programme B Community Development

		2018 Estimate provision	2018 Outturn	2017 Outturn
		€000	€000	€000
B.1	Administration – pay	3,618	3,232	1,825
B.2	Administration – non pay	1,487	664	342
B.3	Supports for community and voluntary sector (National Lottery)	12,687	14,974	12,991
B.4	SICAP, local / regional development supports (National Lottery) [a]	43,230	43,185	42,511
B.5	Local community development committee (support)	1,905	2,123	715
B.6	RAPID [b]	6,000	5,678	4,962
B.7	Dormant account measures	5,750	5,750	2,120
B.8	Programme for Peace and Reconciliation	3,728	3,986	959
B.9	Irish Water Safety	1,014	1,254	1,007
B.10	Library development and archive service	3,852	8,062	7,628
B.11	Community facilities fund	2,000	10,515	2,000
B.12	Community Services Programme	46,190	43,525	—
B.13	Social inclusion units [c]	550	531	—
B.14	Public participation networks [d]	1,550	2,206	—
B.15	Other services	35	79	80
		133,596	**145,764**	**77,140**

Notes

[a] The Social Inclusion and Community Activation Programme 2018 – 2022 provides funding to tackle poverty and social exclusion through local engagement and partnerships between disadvantaged individuals, community organisations and public sector agencies.

[b] Revitalising Areas by Planning, Investment and Development. The recast RAPID Programme provided support to groups tackling social exclusion and improving quality of life in disadvantaged urban areas and provincial towns across the country.

[c] Responsibility for the Social Inclusion Units scheme transferred from the Department of Housing, Planning, Community and Local Government with effect from 27 July 2017 (S.I. No. 357 of 2017). Prior to that date the scheme was being funded through the Local Government Fund.

[d] Responsibility for the Public Participation Networks scheme transferred from the Department of Housing, Planning, Community and Local Government with effect from 27 July 2017 (S.I. No. 357 of 2017). Prior to that date the scheme was being funded through the Local Government Fund. In 2017, this Vote incurred expenditure of €40,000 in respect of this scheme under Subhead B.3. Supports for community and voluntary sector (National Lottery).

Significant variations

Overall, the expenditure in relation to Programme B was €12.168 million higher than originally provided. There was an underspend of €1.209 million on administration expenditure that has already been explained; the balance of the variance of €13.377 million was mainly due to the following.

B3 *Supports for community and voluntary sector (National Lottery)*

Estimate provision: €12.687 million, outturn: €14.974 million

The increase in expenditure of €2.287 million relative to the estimate provision was mainly due to strong demand for the Seniors Alert Scheme. The scheme, which is demand-led, supports vulnerable older people in our communities to continue to live securely in their homes.

B.5 Local community development committee (support)

Estimate provision: €1.905 million, outturn: €2.123 million

The increase in expenditure of €218,000 relative to the estimate provision was due to need to support local authorities in their expanded community role arising from the local government reform process.

B.6 RAPID

Estimate provision: €6 million, outturn: €5.678 million

The shortfall in expenditure of €322,000 relative to the estimate provision was due to the time taken to scale up a pilot social employment scheme under this subhead.

B.8 Programme for Peace and Reconciliation

Estimate provision: €3.728 million, outturn: €3.986 million

The increase in expenditure of €258,000 relative to the estimate provision was due to increased activity under the PEACE programme and costs incurred in 2018 by beneficiaries under the PEACE programme.

B.9 Irish Water Safety

Estimate provision: €1.014 million, outturn: €1.254 million

The increase in expenditure of €240,000 relative to the estimate provision was due to funding a media campaign over the summer 2018 to increase awareness of the importance of water safety. This approach was recommended by the National Directorate for Emergency Planning on foot of increased numbers attracted to the coast during the prolonged heat-wave.

B.10 Library development and archive service

Estimate provision: €3.852 million, outturn: €8.062 million

The increase in expenditure of €4.21 million relative to the estimate provision was due to a significant investment package for digital services and facilities in public libraries in line with Government's 'Our Public Libraries 2022' strategy.

B.11 Community Facilities Fund

Estimate provision: €2 million, outturn: €10.515 million

The increase in expenditure of €8.515 million relative to the estimate provision was due to an expanded community enhancement programme designed to distribute capital funding to communities across Ireland to enhance facilities in disadvantaged areas.

B.12 Community Services Programme

Estimate provision: €46.19 million, outturn: €43.525 million

The shortfall in expenditure of €2.665 million relative to the estimate provision arose because the number of organisations which commenced programmes during the year was less than originally planned, and a number of organisations commenced programmes later in the year than expected.

B.14 Public participation networks

Estimate provision: €1.55 million, outturn: €2.206 million

The increase in expenditure of €656,000 relative to the estimate provision was due to the need to provide administrative support to establish public participation networks on foot of the expanded community role arising from the local government reform process.

Programme C Charities Regulatory Authority

		2018 Estimate provision €000	2018 Outturn €000	2017 Outturn €000
C.1	Administration – pay	76	75	—
C.2	Administration – non pay	30	13	—
C.3	Charities Regulatory Authority	4,446	4,005	3,992
		4,552	**4,093**	**3,992**

Significant variations

Overall, the expenditure in relation to Programme C was €459,000 lower than originally provided. €18,000 of this related to administration expenditure and has already been explained; the balance of the variance of €441,000 was mainly due to the following.

C3 *Charities Regulatory Authority*

Estimate provision: €4.446 million, outturn: €4.005 million

The shortfall in expenditure of €441,000 relative to the estimate provision arose due to pay related programme costs in the Charities Regulatory Authority being less than anticipated due to recruitment delays.

Note 4 Receipts

4.1 Appropriations-in-aid

		2018		2017
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	50	174	112
2	LEADER rural economy sub programme	11,000	13,835	17,065
3	Programme for Peace and Reconciliation	1,800	2,344	8
4	Dormant accounts – programme expenditure	10,076	10,070	4,178
5	SICAP – social inclusion and community activation programme	—	15	2
6	Receipts from pension related deduction on remuneration	305	455	297
		23,231	**26,893**	**21,662**

Significant variations

Overall, Appropriations-in-Aid were €3.662 million more than estimated receipts. Explanations for variances are set out below.

1 *Miscellaneous*

Estimate provision: €50,000, outturn: €174,000

The increase of €124,000 was due to miscellaneous receipts, which are variable in nature, being greater than anticipated.

2 *LEADER rural economy sub programme*

Estimate provision: €11 million, outturn: €13.835 million

The increase of €2.835 million was due to greater than anticipated EU LEADER receipts and refunds received from Local Action Groups in respect of unspent preparatory support payments under the programme.

3 *Programme for Peace and Reconciliation*

Estimate provision: €1.8 million, outturn: €2.344 million

The increase of €544,000 was due to the final receipt from the PEACE III Programme which was originally expected to be received in Q4 2017.

6 *Receipts from pension related deduction on remuneration*

Estimate provision: €305,000, outturn: €455,000

The increase of €150,000 was due to the estimate provision not fully reflecting planned increases in staffing in 2018.

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of department staff at year end	147	109

5.2 Pay

	2018	2017
	€000	€000
Pay	6,954	4,621
Higher, special or additional duties allowance	67	53
Overtime	18	5
Employer's PRSI	476	275
Total pay	**7,515**	**4,954**

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	14	3	20,613	13,589
Overtime	7	1	13,792	2,050
Extra remuneration in more than one category	1	1	17,246	3,055

5.4 Salary overpayments

Overpayments at the year-end were €15,283 in respect of 13 individuals. (Figures for 2017: €11,319, 6 individuals). Recovery plans are in place in respect of all of overpayments in 2018.

Note 6 Miscellaneous

6.1 National lottery funding

		2018		2017
		Estimate	Outturn	Outturn
		€000	€000	€000
B.3	Supports for community and voluntary sector (part funded by National Lottery)	10,292	10,292	8,570
B.4	SICAP and local/regional development supports (part funded by the National Lottery)	2,974	2,974	2,522
		13,266	**13,266**	**11,092**

6.2 EU funding

The outturn shown in subheads A.6 and B.8 include payments in respect of activities co-financed by the European Agricultural Fund for Rural Development and European Regional Development Fund respectively. Estimates of EU funding and outturns, based on expenditure and co-financing rates were as follows.

			2018	2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.6	LEADER – Economy Sub - Programme	13,000	13,950	7,473
B.8	Programme for Peace and Reconciliation	3,169	3,388	815
		16,169	**17,338**	**8,288**

Appendix A Accounts of bodies and funds under the aegis of the Department Rural and Community Development

The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Received by Department	Presented to the Oireachtas
Irish Water Safety	2017	13 Dec 2018	14 Dec 2018	19 Dec 2018
Pobal	2017	29 Jun 2018	3 Jan 2019	4 Jan 2019
Western Development Commission	2017	22 Nov 2018	7 Dec 2018	14 May 2019
Charities Regulatory Authority	2017	13 Dec 2018	14 Dec 2018	19 Dec 2018