



Appropriation Account 2012

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 2012 for such of the salaries and expenses of the Courts Service and of the Supreme Court, 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 2012, including the amount that could be used as appropriations-in-aid of expenditure 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 have been applied in the preparation of the Account except for the following:

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 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

Suspected Irregularity

In early 2013, a suspected irregularity in the receipting of fines payments which occurred in 2012 was identified in one of the Court offices. The net amount involved was in the region of €18,000. The Courts Service informed the Board, the Comptroller & Auditor General, An Garda Síochána and the Department of Justice and Equality of the irregularity. The Courts Service Internal Audit Unit conducted a review of controls in place for the receipting of fines in this office following which additional and enhanced controls were implemented to strengthen the control environment.

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

The Court Service is compliant with all relevant guidelines regarding procurement with the exception of 10 contracts to the value of €1,134,153. These contracts were extended beyond the original contract date without competitive procurement and an independent review was not obtained in advance of expenditure as required under Circular 40/02. The details of these contracts have been reported to the C&AG and the Courts Service is proactively taking steps to put tenders in place for these services in 2013.

Audit Committee

I can confirm that the Courts Service has an Audit Committee. The Committee is a sub-committee of the Board of the Courts Service. 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. The Audit Committee operates under an approved written charter and submits an annual report 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 I have approved. Its work is informed by analysis of the financial 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 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.

Brendan Ryan
Accounting Officer
Courts Service

31 March 2013

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 22 Courts Service

I have audited the appropriation account for Vote 22 Courts Service for the year ended 31 December 2012 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration in the Courts Service and for the regularity and propriety of all transactions in the appropriation accounts.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required 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.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare a report each year on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of Public Financial Procedures have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 22 Courts Service for the year ended 31 December 2012.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Courts Service. The appropriation account is in agreement with the books of account.

Non Competitive Procurement

I draw attention to the disclosure in the Statement of Internal Financial Control of the circumstances in which services to a value of €1.1 million were procured during 2012 without compliance with procurement guidelines.

Seamus McCarthy
Comptroller and Auditor General

25 July 2013

Vote 22 Courts Service

Appropriation Account 2012

			2012	2011
	Estimate provision		Outturn	Outturn
	€000	€000	€000	€000
Programme Expenditure				
A Manage the courts and support the judiciary				
	<i>Original</i>	107,090		
	<i>Supplementary</i>	1,000	108,090	107,697
				112,724
Gross expenditure				
	<i>Original</i>	107,090		
	<i>Supplementary</i>	1,000		
			108,090	107,697
				112,724
<i>Deduct</i>				
B Appropriations-in-aid				
	<i>Original</i>	52,315		
	<i>Supplementary</i>	(4,000)		
			48,315	48,541
				50,085
Net expenditure				
	<i>Original</i>	54,775		
	<i>Supplementary</i>	5,000		
			59,775	59,156
				62,639

Surplus for surrender

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

	2012	2011
	€	€
Surplus to be surrendered	618,810	826,295

Analysis of administration expenditure

		2012		2011
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances			
	<i>Original</i>	49,544		
	<i>Supplementary</i>	(24)		
		49,520	49,188	51,358
ii	Travel and subsistence			
	<i>Original</i>	2,713		
	<i>Supplementary</i>	(156)		
		2,557	2,719	2,759
iii	Training and development and incidental expenses			
	<i>Original</i>	8,246		
	<i>Supplementary</i>	(1,467)		
		6,779	6,826	8,707
iv	Postal and telecommunications services			
	<i>Original</i>	2,291		
	<i>Supplementary</i>	259		
		2,550	2,538	2,666
v	Office equipment and external IT services			
	<i>Original</i>	5,581		
	<i>Supplementary</i>	(163)		
		5,418	5,562	6,786
vi	Office premises expenses			
	<i>Original</i>	13,572		
	<i>Supplementary</i>	2,516		
		16,088	15,926	16,056
vii	Consultancy services and value for money and policy reviews			
	<i>Original</i>	100		
	<i>Supplementary</i>	80		
		180	192	213
		83,092	82,951	88,545

Notes to the Appropriation Account

1 Operating Cost Statement 2012

	2012	2011
	€000	€000
Programme cost	24,746	24,179
Pay	49,188	51,358
Non pay	33,763	37,187
Gross expenditure	107,697	112,724
<i>Deduct</i>		
Appropriations-in-aid	48,541	50,085
Net expenditure	59,156	62,639
Changes in capital assets		
Purchases cash	(948)	
Assets transferred to Local Authorities	971	
Depreciation	8,230	
	8,253	10,126
Changes in assets under development		
Cash payments	(599)	(2,404)
Changes in net current assets		
Decrease in closing accruals	(1,423)	
Decrease in stock	5	
	(1,418)	909
Direct expenditure	65,392	71,270
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	41,381	44,562
Notional rents	3,314	3,335
Net programme cost	110,087	119,167

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 22 borne elsewhere.

	2012	2011
	€000	€000
Vote 12 Superannuation and Retired Allowances	6,894	9,520
Vote 13 Office of Public Works	1,064	2,016
Vote 20 Garda Síochána	186	195
Vote 24 Justice and Equality - Financial Shared Services Centre	757	831
Central Fund – Judicial salaries and pensions	32,480	32,000
	41,381	44,562

2 Balance Sheet as at 31 December 2012

	Note	2012 €000	2011 €000
Capital assets	2.3	213,867	221,896
Capital assets under development	2.4	<u>2,886</u>	<u>2,115</u>
		216,753	224,011
Current assets			
Bank and cash	2.5	1,015	(3,300)
Stocks	2.6	233	238
Prepayments		2,845	3,197
Accrued income		3,304	2,615
Other debit balances	2.7	<u>1,074</u>	<u>5,387</u>
Total current assets		8,471	8,137
Less current liabilities			
Accrued expenses		2,855	3,958
Other credit balances	2.8	1,461	1,401
Net liability to the Exchequer	2.9	<u>628</u>	<u>686</u>
Total current liabilities		4,944	6,045
Net current assets		3,527	2,092
Net assets		220,280	226,103
Represented by:			
State funding account	2.1	<u>220,280</u>	<u>226,103</u>

2.1 State Funding Account	Note	2012 €000	2011 €000
Balance at 1 January		226,103	235,781
Funding drawn down	2.2	100,537	107,201
Non cash expenditure – notional rent	1	3,314	3,335
Other non-cash items		413	(1,047)
Net programme cost	1	<u>(110,087)</u>	<u>(119,167)</u>
Balance at 31 December		220,280	226,103

2.2 Funding drawn down	Note	2012 €000	2011 €000
Disbursements from the Vote			
Estimate provision	Account	59,775	63,465
Surplus to be surrendered	Account	<u>(619)</u>	<u>(826)</u>
		59,156	62,639
Expenditure (cash) borne elsewhere	1	41,381	44,562
Total funding drawn down		100,537	107,201

2.3 Capital Assets

	Land and Buildings¹	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2012	233,852	38,666	31,534	304,052
Adjustment ²	250	—	—	250
Additions	582	289	60	931
Disposals	—	(63)	—	(63)
Transferred to Local Authorities ³	(1,125)	—	—	(1,125)
Cost or valuation at 31 December 2012	233,559	38,892	31,594	304,045
Accumulated depreciation				
Opening balance at 1 January 2012	22,858	34,310	24,988	82,156
Depreciation for adjustment	9	—	—	9
Depreciation for the year	4,483	1,977	1,770	8,230
Depreciation on disposals	—	(63)	—	(63)
Depreciation on transferred assets	(154)	—	—	(154)
Cumulative depreciation at 31 December 2012	27,196	36,224	26,758	90,178
Net assets at 31 December 2012	206,363	2,668	4,836	213,867
Net assets at 31 December 2011	210,994	4,356	6,546	221,896

¹ The Court Service Act 1988 provides for the transfer to the Court Service of legal title in respect of certain land and buildings. There were no buildings vested in the Court Service in 2012. Vested properties are capitalised when a valuation has been provided by the OPW.

² Following valuation in April 2010, Clonakilty courthouse was added to capital assets in 2012. Valuations are outstanding for five buildings at year end and therefore have not been included in the above figures.

³ Three vested courthouses in Ballinrobe, Thomastown and Castlecomer no longer in use were transferred to the relevant local authorities in 2012 with no exchange of funds.

2.4 Capital Assets under Development

at 31 December 2012

	Construction projects €000	Computer applications €000	Total €000
Amounts brought forward at 1 January 2012	2,115	—	2,115
Adjustments ¹	—	172	172
Cash payments for the year	66	533	599
Transferred to asset register	—	—	—
Balance at 31 December 2012	2,181	705	2,886

¹ Adjustment is made in respect of the re-categorisation of consultant costs on IT projects as capital items.

2.5 Bank and Cash

at 31 December

	2012 €000	2011 €000
PMG balances and cash	1,094	(2,250)
Orders outstanding	(79)	(1,050)
	1,015	(3,300)

2.6 Stocks

at 31 December

	2012 €000	2011 €000
Stationery	190	178
Consumables	40	48
Miscellaneous	3	12
	233	238

2.7 Other Debit Balances

at 31 December

	2012 €000	2011 €000
Advances to OPW	810	4,035
Suspense	245	1,332
Imprests	19	20
	1,074	5,387

2.8 Other Credit Balances	2012	2011
at 31 December	€000	€000
Amounts due to the State		
Income Tax	782	827
Professional Services Withholding Tax	44	32
Value Added Tax	29	33
Pay Related Social Insurance	271	302
Fines	—	(157)
	<u>1,126</u>	<u>1,037</u>
Payroll deductions held in suspense	326	364
Other credit suspense items	9	—
	<u>1,461</u>	<u>1,401</u>

2.9 Net Liability to the Exchequer	2012	2011
at 31 December	€000	€000
Surplus to be surrendered	619	826
Exchequer grant undrawn	9	(140)
Net liability to the Exchequer	<u>628</u>	<u>686</u>

Represented by:**Debtors**

Bank and cash	1,015	(3,300)
Debit balances: suspense	1,074	5,387
	<u>2,089</u>	<u>2,087</u>

Creditors

Due to State	(1,126)	(1,037)
Credit balances: suspense	(335)	(364)
	<u>(1,461)</u>	<u>(1,401)</u>
	<u>628</u>	<u>686</u>

2.10 Commitments	2012	2011
at 31 December	€000	€000

(a) Global commitments

Total of legally enforceable commitments	53,229	60,921
------------------------------------------	--------	--------

In previous years the commitments figure disclosed related to contractual obligation for the following year only. The commitment figures for both 2011 and 2012 have been adjusted to include commitments for subsequent years.

(b) Multi-annual capital commitments

	Expenditure to 31 December 2011	Expenditure in 2012	Subsequent years	Total
Project	€000	€000	€000	€000
Refurbishment of courthouses	25,065	1,462	17,530	44,057

(c) Capital cost of Public Private Partnership project

	Expenditure to 31 December 2011	Expenditure in 2012	Legally enforceable commitments to be met in subsequent years	Total
Name of PPP Project	€000	€000	€000	€000
Criminal Courts Complex	24,483	4,701	147,913	177,097

2.11 Matured Liabilities

There were no matured liabilities undischarged at year end (2011 - €2,160).

3 Programme Expenditure by Subhead

		2012		2011
		Estimate provision		Outturn
		€000	€000	€000
A	Manage the Courts and Support the Judiciary			
A.1	Administration - pay			
	<i>Original</i>	49,544		
	<i>Supplementary</i>	(24)	49,520	49,188
				51,358
A.2	Administration - non pay			
	<i>Original</i>	32,503		
	<i>Supplementary</i>	1,069	33,572	33,763
				37,187
A.3	Courthouses (Capital Works)			
	<i>Original</i>	3,880		
	<i>Supplementary</i>	(1,320)	2,560	2,309
				4,679
A.4	PPP costs			
	<i>Original</i>	21,163		
	<i>Supplementary</i>	1,275	22,438	22,437
				19,500
			108,090	107,697
				112,724

Significant variations

Overall, the gross expenditure in relation to the programme was €393,000 less than provided. This was mainly due to the following.

Description	Less/ (more) than provided €000	Explanation
Courthouses (Capital Works)	251	This underspend was driven mainly by the dependency of the Courts Service on OPW to commence works and to invoice works completed.

4 Receipts

4.1 Appropriations-in-aid				2012	2011
				Estimated	Realised
		€000	€000	€000	€000
1	Courts fees	<i>Original</i> 48,493			
		<i>Supplementary</i> (4,000)	44,493	43,720	45,156
2	Miscellaneous		1,142	1,892	1,858
3	Receipts from pension-related deduction on public service remuneration		2,680	2,929	3,071
Total			48,315	48,541	50,085

Explanation of significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%

Heading	Less/(more) than provided €000	Explanation
Miscellaneous	(750)	The increase relates to higher than expected receipts from General Solicitors, who are appointed from within the Court Service by the High Court and are paid a fee to manage the affairs of minors and wards of court. There are also recoupments relating to previous years.
Receipts from pension-related deduction on public service remuneration	(249)	The excess arose due to the general difficulty in accurately forecasting staff movement, including age related retirements, early retirements, and the recruitment of staff to fill a number of vacancies.

4.2 Extra receipts payable to the Exchequer

	2012		2011
	Estimated	Realised	Realised
	€000	€000	€000
Road Traffic Act fines	9,000	7,626	9,700
Other fines ¹	8,400	4,144	5,230
Prior year fines ²	—	—	2,740
Other receipts ³	—	33	163
	<u>17,400</u>	<u>11,803</u>	<u>17,833</u>

¹ The estimate includes amounts which are not payable directly to the Exchequer but to other departments. The realised amounts are shown in Note 4.3.

² This amount relates to an untransferred legacy balance held in the fines suspense account.

³ The Office of the Accountant of the Courts of Justice holds funds from the Companies Liquidation Account for seven years before they are paid over to the Department of Finance. The 2012 receipts relate to funds lodged in 2004.

Fines receipts is dependent on the number of fines imposed, which has fallen in 2012, resulting in a corresponding reduction in fines receipts.

4.3 Fines collected on behalf of other Departments

Direct payments were made to the following departments in respect of fines collected by the Court Service on its behalf in 2012.

	2012	2011
	€000	€000
Revenue Commissioners	2,175	2,003
Department of Communications, Energy and Natural Resources	36	28
Department of Agriculture, Fisheries and Food	196	247
	<u>2,407</u>	<u>2,278</u>

5 Employee Numbers and Pay

	2012	2011
Number of staff at year end (full time equivalents)	945	958
	2012	2011
	€000	€000
Pay	45,129	47,222
Higher, special or additional duties allowance	30	22
Other allowances	1,124	1,230
Overtime	403	413
Employer's PRSI	2,502	2,468
Total Pay	49,188	51,355

5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2012 €	Maximum individual payment 2011 €
Higher, special or additional duties	13	—	7,574	6,409
Other Allowances	297	19	20,091	19,585
Overtime	209	9	25,390	27,016

Certain individuals received extra remuneration in more than one category.

5.2 Other Remuneration Arrangements

A total of €3,030 was paid in 2012 to two retired civil servants in receipt of a civil services pension who were engaged for a short period during 2011 and 2012.

5.3 Recouped Costs

Salary costs of €682,998 were recouped from tribunals and government departments in respect of staff on secondment.

6 Miscellaneous

6.1 Compensation and Third Party Legal Costs

Total payments in respect of third party legal costs amounted to €307,522. These costs are primarily associated with judicial review proceedings where the Courts Service was a party to such proceedings. These payments also include actions dealt with by the State Claims Agency amounting to €85,124.

Legal Costs

Legal costs paid during the year as follows

	2012	2011
	€000	€000
Third party legal costs	308	110
Compensation costs	—	31
	308	141

6.2 Suspected Irregularity

As outlined in the Statement of Internal Financial Control, a suspected irregularity in the receipting of fines payments was discovered in one of the Court offices amounting to approximately €18,000.