



## **Appropriation Account 2014**

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### **Vote 11**

### **Office of the Minister for Public Expenditure and Reform**

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## 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 2014 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 and grants-in-aid.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €3.8 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 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 stocks and, in general, the usage of capital assets.

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, 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, 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 purchased certain assets in 2012, 2013 and 2014 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 control arrangements for the HR and payroll shared services supplied to the Department by the National Shared Services Office for which I am also the Accounting Officer.

### *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.

### *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. The Department complied with the guidelines with the exception of four contracts to the value of €414,648. A contract of €40,000 was awarded urgently following the recommendations of the Quigley report and involved a focused review of PeoplePoint. A further three contracts related to the provision of IT services for a total value of €374,648, these were continued beyond the term outlined in the original request for tender for operational reasons. The Department is taking steps, where possible, to redress the position in 2015.

***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.

**Robert Watt**

Accounting Officer

Department of Public Expenditure and Reform

20 March 2015

## **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Vote 11 Office of the Minister for Public Expenditure and Reform**

I have audited the appropriation account for Vote 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2014 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, and 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 by his Department and for the regularity and propriety of all transactions in the appropriation account.

##### ***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 each year, a report 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 the Department of Public Expenditure and Reform's *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 11 Office of the Minister for Public Expenditure and Reform for the year ended 31 December 2014.

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 Department of Public Expenditure and Reform. The appropriation account is in agreement with the books of account.

**Seamus McCarthy**  
Comptroller and Auditor General

28 August 2015

## Vote 11 Office of the Minister for Public Expenditure and Reform

### Appropriation Account 2014

	2014		2013
	Estimate provision	Outturn	Outturn
	€000	€000	€000
<b>Programme expenditure</b>			
A Public expenditure and sectoral policy	18,361	17,037	19,102
B Public service management and reform	21,537	19,765	19,390
<b>Gross expenditure</b>	<b>39,898</b>	<b>36,802</b>	<b>38,492</b>
<i>Deduct</i>			
C Appropriations-in-aid	4,000	4,748	5,777
<b>Net expenditure</b>	<b>35,898</b>	<b>32,054</b>	<b>32,715</b>

#### Surplus for surrender

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

	2014	2013
	€	€
Surplus to be surrendered	3,844,458	3,648,761

**Analysis of administration expenditure**

		<b>2014</b>		<b>2013</b>
		<b>Estimate provision</b>	<b>Outturn</b>	<b>Outturn</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>
i	Salaries, wages and allowances	19,063	17,597	18,113
ii	Travel and subsistence	163	181	192
iii	Training and development and incidental expenses	566	652	505
iv	Postal and telecommunications services	340	233	292
v	Office equipment and external IT services	585	713	1,081
vi	Office premises expenses	368	359	367
vii	Consultancy and other services	50	49	31
viii	<i>EU Presidency<sup>a</sup></i>	—	—	383
		<b>21,135</b>	<b>19,784</b>	<b>20,964</b>

<sup>a</sup> The EU Presidency figure for 2013 includes salaries amounting to €214,135.



## Notes to the Appropriation Account

### 1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	17,018	17,529
Pay	17,597	18,326
Non pay	2,187	2,637
<b>Gross expenditure</b>	<b>36,802</b>	<b>38,492</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>4,748</b>	<b>5,777</b>
<b>Net expenditure</b>	<b>32,054</b>	<b>32,715</b>
<b>Changes in capital assets</b>		
Purchases cash	(587)	
Depreciation	443	
	(144)	240
<b>Changes in assets under development</b>		
Cash payments	(48)	—
<b>Changes in net current assets</b>		
Increase in closing accruals	(49)	
Increase in stock	9	
	(40)	334
<b>Direct expenditure</b>	<b>31,822</b>	<b>33,289</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	1,855	2,250
Notional rents	1,891	1,452
<b>Net programme cost</b>	<b>35,568</b>	<b>36,991</b>

#### 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.

	2014	2013
	€000	€000
Vote 7 Finance	e 233	239
Vote 9 Office of the Revenue Commissioners	e 94	150
Vote 12 Superannuation and Retired Allowances	e 582	395
Vote 13 Office of Public Works	931	1,466
Vote 18 Shared Services	e 15	—
	<b>1,855</b>	<b>2,250</b>

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

## 2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
<b>Capital assets</b>	2.2	<b>1,423</b>	<b>880</b>
<b>Current assets</b>			
Bank and cash		303	1,414
Stocks	2.4	14	23
Prepayments		632	553
Other debit balances	2.5	545	167
<b>Total current assets</b>		<b>1,494</b>	<b>2,157</b>
<b>Less current liabilities</b>			
Accrued expenses		241	211
Other credit balances	2.6	702	942
Net liability to the Exchequer	2.7	146	639
<b>Total current liabilities</b>		<b>1,089</b>	<b>1,792</b>
<b>Net current assets</b>		<b>405</b>	<b>365</b>
<b>Net assets</b>		<b>1,828</b>	<b>1,245</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>1,828</b>	<b>1,245</b>

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,245	2,468
Disbursements from the Vote			
Estimate provision	Account	35,898	
Surplus to be surrendered	Account	(3,844)	
Net vote		32,054	32,715
Expenditure (cash) borne elsewhere	1	1,855	2,250
Non cash items- capital assets <sup>a</sup>		512	77
Non cash items – depreciation <sup>a</sup>		(161)	(104)
Non cash expenditure – notional rent	1	1,891	1,452
Non cash items – transfer of assets to Shared Services		—	(622)
Net programme cost	1	(35,568)	(36,991)
<b>Balance at 31 December</b>		<b>1,828</b>	<b>1,245</b>

<sup>a</sup> Arising from the apportionment policy for assets shared by the Department of Finance and the Department of Public Expenditure and Reform, acquisition and depreciation figures in the balance sheet do not match those shown in the operating cost statement.

**2.2 Capital Assets**

	IT equipment €000	Furniture and fittings €000	Office equipment €000	Total €000
<b>Gross assets</b>				
Cost or valuation at 1 January 2014	25,635	2	2	25,639
Additions	1,142	4	1	1,147
Cost or valuation at 31 December 2014	26,777	6	3	26,786
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2014	24,758	—	1	24,759
Depreciation for the year	602	1	1	604
Cumulative depreciation at 31 December 2014	25,360	1	2	25,363
<b>Net assets at 31 December 2014</b>	<b>1,417</b>	<b>5</b>	<b>1</b>	<b>1,423</b>
<b>Net assets at 31 December 2013</b>	<b>877</b>	<b>2</b>	<b>1</b>	<b>880</b>

**2.3 Capital Assets under Development**

	In house computer applications	
at 31 December	2014 €000	2013 €000
Opening balance at 1 January	—	—
Cash payments for the year	48	—
Transferred to asset register	(48)	—
Amounts carried forward at 31 December 2014	—	—

**2.4 Stocks**

at 31 December	2014 €000	2013 €000
Stationery	10	13
IT consumables	4	10
	14	23

**2.5 Other Debit Balances**

at 31 December	2014 €000	2013 €000
Recoupable travel expenditure	13	39
Travel imprests	—	3
Recoupable travel pass scheme expenditure	111	105
Recoupable salaries	9	—
Other debit suspense items	412	20
	545	167

<b>2.6 Other Credit Balances</b>	<b>2014</b>	<b>2013</b>
at 31 December	€000	€000
Amounts due to the State		
Income Tax	283	288
Pay Related Social Insurance	112	114
Professional Services Withholding Tax	54	78
Value Added Tax	28	23
Pension contributions	43	43
Local Property Tax	2	2
Universal Social Charge	85	87
	<u>607</u>	<u>635</u>
Recoupable salaries	—	86
Payroll deductions held in suspense	94	94
Other credit suspense items	1	127
	<u>702</u>	<u>942</u>

<b>2.7 Net Liability to the Exchequer</b>	<b>2014</b>	<b>2013</b>
at 31 December	€000	€000
Surplus to be surrendered	3,844	3,649
Exchequer grant undrawn	(3,698)	(3,010)
Net liability to the Exchequer	<u>146</u>	<u>639</u>

**Represented by:****Debtors**

Bank and cash	303	1,414
Debit balances: suspense	545	167
	<u>848</u>	<u>1,581</u>

**Creditors**

Due to State	(607)	(635)
Recoupable salaries	—	(86)
Credit balances: suspense	(95)	(221)
	<u>(702)</u>	<u>(942)</u>
	<u>146</u>	<u>639</u>

<b>2.8 Commitments</b>	<b>2014</b>	<b>2013</b>
at 31 December	€000	€000
Total of legally enforceable commitments	168	320

<b>2.9 Matured Liabilities</b>	<b>2014</b>	<b>2013</b>
at 31 December	€000	€000
Estimates of matured liabilities not discharged at year end	4	—

### 3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Public Expenditure and Sectoral Policy</b>			
A.1	Administration - pay	7,627	7,036	7,441
A.2	Administration - non pay	807	793	1,180
A.3	Economic and Social Research Institute-administration and general expenses (grant-in-aid)	2,600	2,600	2,700
A.4	Structural funds technical assistance and other costs	968	847	808
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	814	667
A.6	Peace Programme/ Northern Ireland INTERREG	3,300	2,832	3,558
A.7	Special EU Programmes Body	1,164	1,075	1,164
A.8	Ireland/ Wales and transnational INTERREG	363	418	379
A.9	Consultancy and other services	330	613	597
A.10	Office of the National Lottery Regulator	552	9	—
	<i>Procurement management reform</i>	—	—	608
		<b>18,361</b>	<b>17,037</b>	<b>19,102</b>

#### Significant variations

Overall, the expenditure in relation to programme A was €1.3 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - pay	591	Variance arose as a number of anticipated recruitments did not occur or occurred later in the year. Furthermore, the number of retirements and career breaks was higher than expected.
Structural funds technical assistance and other costs	121	Variance arose as a project on electronic data exchange did not proceed as anticipated
Office of the National Lottery Regulator	543	Variance arose as the Regulator was not appointed until late in the year and minimal costs were incurred.
Peace Programme/ Northern Ireland INTERREG	468	Variance arose as expenditure was below target across a range of Peace/INTERREG projects.

These savings were offset in part by the following overspend:

Consultancy and other services	(283)	A variance arose primarily because the final milestone on the National Lottery contract was not achieved in 2013 and, therefore, the final payment was made in 2014.
Technical assistance costs of Regional Assemblies (grant-in-aid)	(164)	Additional costs arose as work allocated to the Regional Assemblies on the development of the 2014-2020 Partnership Agreement was more extensive than was anticipated.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>B</b>	<b>Public Service Management and Reform</b>			
B.1	Administration - pay	11,436	10,561	10,885
B.2	Administration - non pay	1,265	1,393	1,457
B.3	Institute of Public Administration (grant-in-aid)	2,750	2,750	2,750
B.4	Civil service arbitration and appeals procedure	42	27	32
B.5	Consultancy and other services	100	102	70
B.6	Office of the Government Chief Information Officer	2,675	2,834	1,568
B.7	Reform agenda	1,803	711	1,208
B.8	Employee Assistance Officer shared service	1,307	1,268	1,276
B.9	Statute law revision programme	159	119	144
		21,537	19,765	19,390

**Significant variations**

Overall, the expenditure in relation to Programme B was €1.8 million lower than provided. The significant variations were as follows:

Description	Less/(more) than provided €000	Explanation
Administration - pay	875	Variance arose as a number of anticipated recruitments did not occur or occurred later in the year. Furthermore, the number of retirements and career breaks was higher than expected.
Office of the Government Chief Information Officer	(159)	Variance arose as additional costs were identified mid-year in respect of work required on IT, database, disaster recovery infrastructure and telecommunications upgrades.
Reform agenda	1,092	Variance arose as anticipated costs did not materialise in a number of reform projects including Irish Nonprofits Project (INKE), and the Learning and Development Shared Service. Furthermore, an anticipated recruitment of a project manager in respect of the single pension scheme did not take place.

## 4 Receipts

### 4.1 Appropriations-in-aid

	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. EU programmes	1,300	2,336	2,598
2. Pension cashflow surpluses	600	252	651
3. Miscellaneous	50	97	63
4. Receipts from pension-related deduction on public service remuneration	2,050	2,063	2,465
<b>Total</b>	<b>4,000</b>	<b>4,748</b>	<b>5,777</b>

#### 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%.

Description	Less/(more) than provided €000	Explanation
EU programmes	(1,036)	A number of factors impact on the level of recoupments, including the actual drawdown of grants by the receiving organisations and the EU's approval process. As a funding calendar reaches a conclusion, the reimbursement process is further complicated by the final closure of funding. 2014 represented the start of the closure for the 2007-2013 funding period and reimbursements were received earlier than anticipated in the Estimates.
Pension cashflow surpluses	348	Receipts are driven by net pension cashflows from the relevant agencies. The variance arises primarily because of the impact of lump sum payments on retirement, which was significantly higher than anticipated in the Estimates. Staffing turnover has caused a reduction in receipts under this subhead due to the lower cashflow from replacements joining the new single pension scheme compared to those exiting from the defined benefit scheme.

### 4.2 Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	—	—
Receipt in respect of prior year secondment recouped	46	—
Closure of suspense account no longer in operation	32	—
Transferred to Exchequer	(78)	—
Balance at 31 December	—	—

## 5 Employee Numbers and Pay

	2014	2013
<b>Number of staff at year end</b> (full time equivalents)	314	301
	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
Pay <sup>a</sup>	19,372	20,644
Higher, special or additional duties allowance	204	228
Redundancy	6	33
Other allowances	53	34
Overtime	47	58
Employer's PRSI	1,003	991
<b>Total pay</b>	<b>20,685</b>	<b>21,988</b>

<sup>a</sup> The total pay figure is inclusive of pay in subheads A.1, A.4, A.6, A.7, B.1, B.6 and B.7. and includes salary overpayments of €4,450, arising from administrative delays which are in the process of recoupment. Despite an increase in number of staff at year end compared to 2013, there was a decrease in pay as savings achieved under the Haddington Road Agreement applied to full year as opposed to half year in 2013.

Staff numbers exclude agency staff, but the pay figure represents all pay incurred by the Department.

### 5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	31	6	19,869	22,822
Other allowances	26	—	8,011	7,485
Overtime	18	1	11,071	12,814

Certain individuals received extra remuneration in more than one category.

### 5.2 Other Remuneration Arrangements

This account includes expenditure of €149,157 in respect of two officers who were serving outside the Department for all or part of 2014 and whose salary was paid by the Department.

Under the terms of the AHCPs 1% PCW restructuring agreement, 25 officers received a total of €42,693 in respect of PCW/seniority allowances.

The pay figure includes €80,612 paid to 11 teachers who were formerly employed as language teachers within the Civil Service. The payment was a result of an adjudication in favour of a loss of earnings claim brought by these individuals following the reduction in the provision of language services for civil servants in 2008 and the formal withdrawing of such services following the teaching year 2011-12.



## 6 Miscellaneous

### 6.1 EU Funding

The outturn shown in headings A.4, A.5 and A.6 includes payments in respect of activities which are co-financed by the EU.

Heading	Description	2014		2013
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Structural funds technical assistance and other costs	758	636	602
A.5	Technical assistance costs of Regional Assemblies (grant-in-aid)	650	814	667
A.6	Peace Programme/Northern Ireland INTERREG	3,300	2,832	3,558
		4,708	4,282	4,827

### 6.2 Committees and Commissions

	Year of appointment	2014	2013	Cumulative expenditure to 31 December 2014
		€000	€000	€000
Civil Service Arbitration Board	1950/51	10	16	968
		10	16	968

### 6.3 Late Payment Interest

	2014	2013
	€000	€000
Total of interest payments	18	5

### 6.4 Contingent Liabilities

The Department is engaged in negotiations with the organisation that provides pre-retirement courses – work which was undertaken within the Department until 2014 – to determine the costs due for the courses delivered.

**7 Contingency Fund**

	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
Balance at 1 January	1,200	1,200
Receipts	—	—
Payments	—	—
Balance at 31 December	<u>1,200</u>	<u>1,200</u>

The Contingency Fund is a non-statutory fund formed by a grant-in-aid voted 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.