



Appropriation Account 2014

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 2014 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 2014, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.36 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.

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.

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

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 3 contracts to the value of €173,000 which were listed in my annual return in respect of Circular 40/2002. However, in each instance contracts had previously been in place, following competitive tendering processes, for these services but they had expired. The service providers had agreed to continue with these contracts under the terms and conditions of the original contract until new tender processes had been held. New tender competitions have since been held for these services and the resulting contracts have been awarded.

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 2013. 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.

Bernadette McNally
Accounting Officer
Office of the Ombudsman

24 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

I have audited the appropriation account for Vote 19 Office of the Ombudsman 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 her control, for the efficiency and economy of administration by her Office 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 19 Office of the Ombudsman 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 Office of the Ombudsman. The appropriation account is in agreement with the books of account.

Seamus McCarthy
Comptroller and Auditor General

8 June 2015

Vote 19 Office of the Ombudsman

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Ombudsman function/Office of the Commission for Public Service Appointments	5,141	4,297	4,341
B	Standards in Public Office Commission	1,317	865	1,174
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	1,682	1,556	1,410
Gross expenditure		8,140	6,718	6,925
<i>Deduct</i>				
D	Appropriations-in-aid	397	335	380
Net expenditure		7,743	6,383	6,545

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	1,360,072	891,917

Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	6,490	5,479	5,588
ii	Travel and subsistence	58	45	27
iii	Training and development and incidental expenses	435	270	294
iv	Postal and telecommunications services	86	39	39
v	Office equipment and external IT services	232	249	235
vi	Office premises expenses	189	113	91
vii	Consultancy and value for money and policy reviews	206	84	108
viii	Legal fees	444	439	543
		8,140	6,718	6,925

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014		2013
	€000	€000	€000
Pay		5,479	5,588
Non pay		1,239	1,337
Gross expenditure		6,718	6,925
<i>Deduct</i>			
Appropriations-in-aid		335	380
Net expenditure		6,383	6,545
Changes in capital assets			
Purchases cash	(108)		
Depreciation	72		
		(36)	(9)
Changes in net current assets			
Increase in closing accruals	23		
Decrease in stock	2		
		25	4
Direct expenditure		6,372	6,540
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,548	1,635
Net programme cost		8,920	8,175

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.

	2014	2013
	€000	€000
Vote 7 Finance	34	38
Vote 9 Office of the Revenue Commissioners	15	30
Vote 12 Superannuation and Retired Allowances	1,366	417
Vote 13 Office of Public Works	1,129	1,150
Vote 18 Shared Services	4	—
	2,548	1,635

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	203	167
Current assets			
Bank and cash	2.3	55	85
Stocks	2.4	16	18
Prepayments		92	95
Other debit balances		134	18
Total current assets		297	216
Less current liabilities			
Accrued expenses		35	15
Net liability to the Exchequer	2.6	2	(130)
Other credit balances	2.5	187	233
Total current liabilities		224	118
Net current assets		73	98
Net assets		276	265
Represented by:			
State funding account	2.1	276	265

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		265	260
Disbursements from the Vote			
Estimate provision	Account	7,743	
Surplus to be surrendered	Account	1,360	
Net vote		6,383	6,545
Expenditure (cash) borne elsewhere	1	2,548	1,635
Net programme cost	1	(8,920)	(8,175)
Balance at 31 December		276	265

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2014	602	504	1,106
Additions	90	18	108
Disposals	(8)	(3)	(11)
Cost or valuation at 31 December 2014	684	519	1,203
Accumulated depreciation			
Opening balance at 1 January 2014	500	439	939
Depreciation for the year	54	18	72
Depreciation on disposals	(8)	(3)	(11)
Cumulative depreciation at 31 December 2014	546	454	1,000
Net assets at 31 December 2014	138	65	203
Net assets at 31 December 2013	102	65	167

2.3 Bank and Cash

	2014 €000	2013 €000
at 31 December		
PMG balances and cash	60	90
Other balances	(5)	(5)
	55	85

2.4 Stocks

	2014 €000	2013 €000
Stationery	6	8
IT consumables	10	10
	16	18

2.5 Other Credit Balances

	2014 €000	2013 €000
at 31 December		
Amounts due to the State		
Income Tax	81	92
Pay Related Social Insurance	31	29
Professional Services Withholding Tax	19	48
Pension contributions	13	12
	144	181
Payroll deductions held in suspense	28	34
Other credit suspense items	15	18
	187	233

2.6 Net liability to the Exchequer	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	1,360	892
Exchequer grant undrawn	(1,358)	(1,022)
Net liability to the Exchequer	<u>2</u>	<u>(130)</u>

Represented by:**Debtors**

Bank and cash	55	85
Debit balances: suspense	134	18
	<u>189</u>	<u>103</u>

Creditors

Due to State	(144)	(181)
Credit balances: suspense	(43)	(52)
	<u>(187)</u>	<u>(233)</u>
	<u>2</u>	<u>(130)</u>

2.7 Commitments

The total of legally enforceable commitments at 31 December amounted to €436,000.

2.8 Contingent Liabilities

The CPSA must pay one third of an individual's legal costs arising from a judicial review case. As negotiations on costs have not been concluded it is not possible to quantify the amount involved.

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Ombudsman function/Office of the Commission for Public Service Appointments			
A.1	Administration - pay	4,431	3,716	3,840
A.2	Administration - non pay	710	581	501
		<u>5,141</u>	<u>4,297</u>	<u>4,341</u>

Significant variations

Overall, the expenditure in relation to Programme A was €844,000 lower than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an underspend of €715,000 due to the average number of staff employed in the year being less than that approved. This arose due to the length of time taken to fill vacancies.

Incidental Expenditure

Expenditure on staff training and development was lower than anticipated. The Office is currently revising its training and development plans to ensure that there is a close link between the training function and the operational needs of the organisation.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Standards in Public Office Commission			
B.1	Administration - pay	851	549	602
B.2	Administration - non pay	466	316	572
		1,317	865	1,174

Significant variations

Overall, the gross expenditure in relation to Programme B was €452,000 lower than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an underspend of €302,000 due to the provisions relating to the regulation of lobbying not being rolled out in 2014 as expected. This resulted in a delay in the recruitment of the necessary staff for carrying out these functions.

Consultancy Services

There was a budget of €105,000 for consultancy services but an amount of €22,000 was expended. The savings arose due to the provisions relating to the regulation of lobbying not being rolled out in 2014 as expected.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information			
C.1	Administration - pay	1,208	1,214	1,146
C.2	Administration - non pay	474	342	264
		1,682	1,556	1,410

Significant variations

Overall, the gross expenditure in relation to Programme C was €126,000 lower than provided. This was mainly due to the following:

Legal Services

There is provision in law that the decisions of both the Information Commissioner and the Commissioner for Environmental Services can be appealed to the superior courts. Factors such as the number, timing and length of these cases make it difficult to estimate these costs accurately. An amount of €160,000 was expended on legal fees by OIC and OCEI in 2014 out of a total estimate provision of €230,000.

4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	5	7	16
2. Receipts from pension-related deductions on public service remuneration	392	328	364
	397	335	380

4.2 Extra receipts payable to the Exchequer

An amount of €158,191 was transferred to the Exchequer during the year in respect of recovery of legal costs arising from a High Court case involving the Standards in Public Office Commission.

A refund amounting to €1,464 was received from OPW in December 2013 which was transferred to the Exchequer in 2014.

Extra receipts payable to the Exchequer

	2014	2013
	€000	€000
Balance at 1 January	1	—
Payover of voluntary salary deduction	—	12
Payover of legal costs	158	—
Transferred to the Exchequer	(159)	(11)
Balance at 31 December	—	1

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)	89	91
	2014	2013
	€000	€000
Pay	5,146	5,290
Higher, special or additional duties allowance	31	23
Overtime	35	33
Employer's PRSI	267	242
Total Pay	5,479	5,588

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	6	—	9,774	10,052
Overtime and extra attendance	22	—	5,296	6,692

6. Legal Costs

Legal costs paid during the year are categorised as follows:

	2014	2013
	€000	€000
Legal fees	439	543
Compensation	—	—
Total	439	543

The legal fees mainly arise from appeals to the Courts of decisions of the Office of the Information Commissioner and the Commissioner for Environmental Information. Significant expenditure was also incurred in 2014 in respect of legal fees incurred by the Commission for Public Service Appointments involving judicial review proceedings.