



Appropriation Account 2014

Vote 25

Environment, Community and Local Government

Introduction

As Accounting Officer for Vote 25, 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 the Environment, Community 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

- (a) 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, and
- (b) provided for capital supply services in 2014 out of unspent 2013 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €15.08 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:

Multi-annual capital commitments

Legally enforceable capital commitments are reported on at the threshold of €12.697 million.

Payments to Pobal

Funds are advanced to Pobal in relation to the delivery of certain programmes on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year. (See Note 6.9)

Capital assets

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service. Buildings are depreciated at 5% per annum while land is not depreciated. Motor vehicles are depreciated at 20% per year over five years, plant and machinery are depreciated over ten years at 10% per year and radar equipment depreciation is over 15 years.

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.

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 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 (in excess of €25,000) to a total value of €0.303 million (ex VAT) which were awarded without competitive tender for exceptional reasons. The Department has provided details of these exceptional one-off contracts as part of 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 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.

John McCarthy

Accounting Officer

Department of the Environment, Community and Local Government

26 March 2015

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 25 Environment, Community and Local Government

I have audited the appropriation account for Vote 25 Department of Environment, Community and Local Government 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 25 Department of Environment, Community and Local Government 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 Environment, Community and Local Government. The appropriation account is in agreement with the books of account.

Regularity of expenditure

I draw attention to Note 6.8 to the appropriation account which discloses material suspected irregularities in relation to the manner in which public funding was applied by three local development companies.

Reporting on matters arising from audit

Chapters 10 and 11 of my report on the accounts of the public services for 2014 refer to certain other matters relating to Vote 25.

Seamus McCarthy

Comptroller and Auditor General

16 September 2015

Vote 25 Environment, Community and Local Government

Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Housing			
	<i>Current year provision</i>	575,833		
	<i>Deferred surrender</i>	22,000	597,833	594,593
B	Water services		43,914	36,450
C	Environment and waste management		34,675	33,184
D	Local Government			
	<i>Original</i>	24,724		
	<i>Supplementary</i>	13,000	37,724	36,237
E	Community and rural development			
	<i>Original</i>	103,442		
	<i>Deferred surrender</i>	50,000		
	<i>Supplementary</i>	38,000	191,442	181,640
F	Planning		16,285	18,955
G	Met Éireann		18,350	15,061
Gross expenditure				
	<i>Original</i>	817,223		
	<i>Deferred surrender</i>	72,000		
	<i>Supplementary</i>	51,000		
			940,223	916,120
	<i>Deduct</i>			
H	Appropriations-in-aid			
	<i>Original</i>	78,342		
	<i>Supplementary</i>	16,290		
			94,632	85,607
Net expenditure				
	<i>Original</i>	738,881		
	<i>Deferred surrender</i>	72,000		
	<i>Supplementary</i>	34,710		
			845,591	830,513
				1,053,298

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.

	2014	2013
	€	€
Surplus	15,078,353	119,818,418
Deferred surrender	—	(72,000,000)
Surplus to be surrendered	<u>15,078,353</u>	<u>47,818,418</u>

Analysis of administration expenditure

		2014	2013
		Estimate provision	Outturn
		€000	€000
i	Salaries, wages and allowances	48,300	45,786
ii	Travel and subsistence	1,390	1,227
iii	Training and development and incidental expenses	1,588	974
iv	Postal and telecommunications services	1,490	779
v	Office equipment and external IT services	7,121	6,126
vi	Office premises expenses	1,199	512
vii	Consultancy services and value for money and policy reviews	140	—
viii	<i>EU Presidency</i>	—	—
		<u>61,228</u>	<u>55,404</u>
			<u>58,565</u>

Notes to the Appropriation Account

1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	860,716	1,090,102
Pay	45,786	48,251
Non pay	9,618	10,314
Gross expenditure	916,120	1,148,667
<i>Deduct</i>		
Appropriations-in-aid	85,607	95,369
Net expenditure	830,513	1,053,298
Changes in capital assets		
Purchases cash	(699)	
Depreciation	1,008	
	309	612
Changes in assets under development		
Cash payments	(295)	(137)
Changes in net current assets		
Decrease in closing accruals	(3,362)	
Increase in stocks	(69)	
	(3,431)	(2,359)
Direct expenditure	827,096	1,051,414
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	19,059	17,056
Notional rents	3,016	2,561
Net programme cost	849,171	1,071,031

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 25 borne elsewhere.

	2014	2013
	€000	€000
Vote 9 Office of the Revenue Commissioners	12	—
Vote 12 Superannuation and Retired Allowances	17,542	15,708
Vote 13 Office of Public Works	e 1,296	1,111
Central Fund – Ministerial pensions	209	237
	19,059	17,056

“e” indicates that the number is an estimate value or an apportioned cost.

2 Balance Sheet as at 31 December 2014

	Note	2014 €000	2013 €000
Capital assets	2.2	3,649	3,691
Capital assets under development	2.3	432	146
		4,081	3,837
Current assets			
Bank and cash	2.4	596	77,123
Stocks	2.5	359	290
Prepayments		4,022	3,036
Accrued income		4,117	1,123
Other debit balances	2.6	1,804	833
Net Exchequer funding due	2.8	312	(74,709)
Total current assets		11,210	7,696
Less current liabilities			
Accrued expenses		7,482	6,638
Deferred income		109	332
Other credit balances	2.7	2,712	3,247
Total current liabilities		10,303	10,217
Net current assets/(liabilities)		907	(2,521)
Net assets		4,988	1,316
Represented by:			
State funding account	2.1	4,988	1,316

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		1,316	(495)
Disbursements from the Vote			
Estimate provision	Account	845,591	
Surplus to be surrendered	Account	(15,078)	
Net vote		830,513	1,053,298
Expenditure (cash) borne elsewhere	1	19,059	17,056
Non cash expenditure – notional rent	1	3,016	2,561
Capital asset adjustments	2.2	255	(73)
Net programme cost	1	(849,171)	(1,071,031)
Balance at 31 December		4,988	1,316

2.2 Capital Assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Total
Gross assets	€000	€000	€000	€000	€000
Cost or valuation at 1 January 2014	427	261	24,009	3,136	27,833
Adjustments ^a	—	—	(130)	360	230
Additions	—	20	677	14	711
Disposals	—	—	(47)	—	(47)
Cost or valuation at 31 December 2014	427	281	24,509	3,510	28,727
Accumulated depreciation					
Opening balance at 1 January 2014	24	191	21,186	2,741	24,142
Adjustments ^a	—	—	(130)	105	(25)
Depreciation for the year	—	22	849	137	1,008
Depreciation on disposals	—	—	(47)	—	(47)
Cumulative depreciation at 31 December 2014	24	213	21,858	2,983	25,078
Net assets at 31 December 2014^b	403	68	2,651	527	3,649
Net assets at 31 December 2013	403	70	2,823	395	3,691

^a In order to reflect the most accurate valuation of assets, adjustments were required to the cost or valuation of gross assets at 1 January 2014, and to the accumulated depreciation at 1 January 2014, including: the addition of furniture provided by the Office of Public Works for the decentralised offices at Newtown Road, Wexford; the removal of older IT software and hardware to reflect their historical physical disposal, which had not been processed on the asset register; and the removal of certain fittings that should not have been included in the register.

^b The Department provides some accommodation and ICT services to the Heritage Division of the Department of Arts, Heritage and the Gaeltacht. The capital assets purchased by the Department of the Environment, Community and Local Government up to 31 December 2012 and used in the provision of these services are recorded on its asset register. A process relating to the possible transfer of these assets to the Department of Arts, Heritage and the Gaeltacht has commenced.

2.3 Capital Assets under Development

at 31 December	€000
Amounts brought forward at 1 January 2014	146
Adjustment ^a	(9)
Cash payments in year	295
Transferred to asset register	—
Balance at 31 December 2014	432

^a This adjustment relates to the reallocation of a cash payment from 2013 to 2014.

2.4 Bank and Cash	2014	2013
at 31 December	€000	€000

PMG balances	(1,109)	75,929
Commercial bank account balance and cash	1,705	1,194
	<u>596</u>	<u>77,123</u>

2.5 Stocks	2014	2013
at 31 December	€000	€000

Meteorological consumables	255	192
IT consumables	45	47
Stationery	42	33
Cleaning materials	2	1
Other	15	17
	<u>359</u>	<u>290</u>

2.6 Other Debit Balances	2014	2013
at 31 December	€000	€000

Recoupable salary costs	422	261
Recoupable travel pass scheme	94	54
Recoupable travel costs	81	128
Imprests	8	7
Other debit suspense items	1,199	383
	<u>1,804</u>	<u>833</u>

2.7 Other Credit Balances	2014	2013
at 31 December	€000	€000

Amounts due to the State		
Income Tax	793	844
Pension contributions	284	252
Pay Related Social Insurance	274	275
Value Added Tax	192	123
Professional Services Withholding Tax	35	63
	<u>1,578</u>	<u>1,557</u>
Payroll deductions held in suspense	284	300
Other credit suspense items	850	1,390
	<u>2,712</u>	<u>3,247</u>

2.8 Net Exchequer Funding Due	2014	2013
at 31 December	€000	€000
Surplus to be surrendered	15,078	47,818
Deferred surrender	—	72,000
Exchequer grant undrawn	(15,390)	(45,109)
Net Exchequer funding due	<u>(312)</u>	<u>74,709</u>

Represented by:**Debtors**

Bank and cash	596	77,123
Debit balances: suspense	1,804	833
	<u>2,400</u>	<u>77,956</u>

Creditors

Due to State	(1,578)	(1,557)
Credit balances: suspense	(1,134)	(1,690)
	<u>(2,712)</u>	<u>(3,247)</u>
	<u>(312)</u>	<u>74,709</u>

2.9 Matured Liabilities	2014	2013
at 31 December	€000	€000
Estimate of matured liabilities not discharged at 31 December	2	5

2.10 Commitments	2014	2013
at 31 December	€000	€000

(a) Global commitments

(i) Procurement subheads	—	41
(ii) Grant subheads	431,084	657,769
	<u>431,084</u>	<u>657,810</u>

(b) Multi-annual capital commitments

(Projects costing €12,697,380 or more)

				2014	2013
1 Rural Water Programme (Water/Sewerage) Projects	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Project	€000	€000	€000	€000	€000
Galway DBO Bundle No 2	16,933	368	1,465	18,766	18,733

Note:**Water Services Investment Programme – capital commitments**

The Water Services Act 2013 provided for the establishment of Irish Water as a subsidiary of Bord Gáis Éireann. The Water Services (No. 2) Act 2013 transferred statutory responsibility for water services to Irish Water and provided for local authorities to act as agents for Irish Water from 1 January 2014. Arising from the transfer of water services functions to Irish Water, the capital commitments previously funded by the Department under the Water Services Investment Programme became the responsibility of that company and therefore do not fall to be funded from the Department's Vote since 1 January 2014.

				2014	2013
2 Housing Projects	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Construction Projects	€000	€000	€000	€000	€000
Fortunestown, Phase B1, Tallaght, Dublin 24	25,012	5,807	—	30,819	25,012
Pearse Street, Sallynoggin, Co. Dublin	15,290	1,134	53	16,477	15,290
Total	<u>40,302</u>	<u>6,941</u>	<u>53</u>	<u>47,296</u>	<u>40,302</u>

				2014	2013
	Cumulative expenditure to 31 December 2013	Expenditure	Subsequent years	Project total	Project total
Regeneration Projects	€000	€000	€000	€000	€000
Glen Phase 2, Cork City	12,526	250	56	12,832	12,832
Liberty House, Dublin City	7,956	5,275	338	13,569	13,240
Regeneration of Ballymun Flats	755,398	5,888	4,112	765,398	765,398
St. Michael's Estate, Dublin City	15,704	3,005	824	19,533	18,148
Total	791,584	14,418	5,330	811,332	809,618
Voluntary Housing	€000	€000	€000	€000	€000
Respond, Springfield, Tallaght, Dublin 24	22,681	—	1,018	23,699	22,681
Catholic Housing Aid, Fr. Scully House, Grenville Street, Dublin 1	11,530	4,858	555	16,943	16,725
Total	34,211	4,858	1,573	40,642	39,406

Significant variations year on year

An explanation is provided below where multi-annual commitments increased by more than €500,000 from 2013 to 2014.

Project	Total cost increase in 2014 €000	Explanation
Fortunestown, Phase B1, Tallaght, Dublin 24	5,807	The increase was due to a revised budget following the settlement of a contractual dispute.
Pearse Street, Sallynoggin, Co. Dublin	1,187	The increase was due to a revised budget following variations to the contract and a delay dispute claim.
St. Michael's Estate, Dublin City	1,385	The increase was due to the budget cost being revised upwards following agreement to incorporate units originally planned as affordable units as social units.
Respond, Springfield, Tallaght, Dublin 24	1,018	There was an increase in the final account being submitted due to variations on the initial contract and additional professional fees associated with the delivery of the project.

2.11 Land Remediation

Cumulatively to 31 December 2014, a total of €39.552 million was expended from both the Vote and the Environment Fund on remediation of 15 landfill sites where there were expected future costs at that date. This comprised of €30.530 million from the Vote and €9.022 million from the Environment Fund. Future expenditure of €7.102 million is anticipated on remediation of 13 of these sites.

In addition, there will be a significant funding requirement in respect of the remaining two sites (Kerdiffstown, County Kildare and Kilconnell, County Galway).

3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Housing			
A.1	Administration - pay		8,773	7,496
A.2	Administration - non pay		1,774	1,437
A.3	Local authority housing			
	<i>Current year provision</i>	260,500		
	<i>Deferred surrender</i>	15,000	275,500	241,582
A.4	Voluntary and co-operative housing			
	<i>Current year provision</i>	95,925		
	<i>Deferred surrender</i>	7,000	102,925	112,885
A.5	Social inclusion		52,260	53,359
A.6	Estate regeneration - social housing improvements		109,400	122,052
A.7	Private housing grants		38,600	38,297
A.8	Subsidies and allowances		5,899	5,993
A.9	Other services		2,702	5,767
			597,833	588,868

Significant variations

Overall, the expenditure in relation to the Programme A was €3.24 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Local authority housing	18,212	Savings arose mainly due to the reclassification of expenditure on returning vacant properties to productive use to A.6 (Estate regeneration - social housing improvements). Additional savings arose under long term leasing and the rental accommodation scheme.
Social inclusion	(5,154)	Additional expenditure arose due to the rising demands for homeless services and additional support costs in respect of traveller accommodation services.
Estate regeneration - social housing improvements	(11,544)	Expenditure was lower than anticipated on certain regeneration projects. However, expenditure relating to returning vacant properties to productive use was reclassified from A.3 (Local authority housing) resulting in increased expenditure. This increased expenditure was Exchequer neutral because it generated corresponding savings in A.3.
Other services	(3,159)	The Pyrite Remediation Scheme was established with a nominal budget of €1,000 pending the establishment of the Pyrite Resolution Board in early 2014. Expenditure of €2.2 million was incurred in 2014 under this scheme.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Water Services			
B.1	Administration - pay	5,582	5,097	5,805
B.2	Administration - non pay	1,078	929	965
B.3	Water services investment programme	6,007	13,947	241,477
B.4	Rural water programme	27,713	16,005	33,880
B.5	Foreshore	3,500	472	1,122
B.6	Other services	34	—	2,648
		43,914	36,450	285,897

Significant variations

Overall, the expenditure in relation to the Programme B was €7.46 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Water services investment programme	(7,940)	Expenditure relating to road opening protocols incurred by local authorities in respect of the Irish Water metering programme was reclassified from B.4 (Rural water programme) resulting in increased expenditure. The increased expenditure was Exchequer neutral because it generated corresponding savings in B.4.
Rural water programme	11,708	Savings arose mainly due to the reclassification of expenditure on road opening protocols incurred by local authorities in respect of the Irish Water metering programme to B.3 (Water services investment programme). Additional savings arose as expected claims by local authorities in respect of group water and group sewerage schemes did not materialise.
Foreshore	3,028	Spending in respect of legal costs, valuations and contingencies was less than anticipated.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Environment and Waste Management			
C.1	Administration - pay	6,088	5,736	7,254
C.2	Administration - non pay	1,692	1,609	2,257
C.3	Environmental Protection Agency	15,948	15,738	15,325
C.4	Environmental radiation policy	2,400	2,398	2,206
C.5	Carbon Fund	—	—	371
C.6	International climate change commitments	—	—	—
C.7	Landfill remediation	8,500	7,673	8,598
C.8	Other services	47	30	16
		<u>34,675</u>	<u>33,184</u>	<u>36,027</u>

Significant variations

Overall, the expenditure in relation to the Programme C was €1.49 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Landfill remediation	827	The saving arose due to three landfill remediation projects not progressing as anticipated.

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
D	Local Government			
D.1	Administration - pay		8,986	7,995
D.2	Administration - non pay		1,840	1,681
D.3	Local Government Fund		1	—
D.4	Fire and emergency services		8,792	7,460
D.5	Local authority library and archive service		2,200	2,199
D.6	Franchise		300	235
D.7	Other services			
	<i>Original</i>	2,605		
	<i>Supplementary</i>	<u>13,000</u>	15,605	16,667
			<u>37,724</u>	<u>36,237</u>
				<u>24,213</u>

Significant variations

Overall, the expenditure in relation to the Programme D was €1.49 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Fire and emergency services	1,332	The saving arose due to the expanded scope of the CAMP II project, which resulted in later than anticipated tendering and lower expenditure.
Other services	(1,062)	Additional expenditure arose mainly due to exceptional costs borne by local authorities in relation to tourism infrastructure, certain piers, harbours and other facilities following storm damage in early 2014. A supplementary estimate of €13 million was provided to meet expenditure under the subhead. Total storm damage related expenditure in the year was €13.85 million.

		2014		2013
		Estimate provision		Outturn
		€000	€000	€000
E	Community and Rural Development			
E.1	Administration - pay		4,780	6,088
E.2	Administration - non pay		608	668
E.3	Supports for community and voluntary sector (part funded by National Lottery)		10,875	10,184
E.4	Local and community development programmes (part funded by National Lottery)		47,707	47,971
E.5	RAPID		1,900	170
E.6	Dormant accounts measures		5,456	2,342
E.7	Western Development Commission		1,521	1,413
E.8	National rural development schemes		3,783	5,182
E.9	LEADER – rural economy sub-programme 2007-2013			
		<i>Original</i>	1	
		<i>Deferred surrender</i>	50,000	
		<i>Supplementary</i>	38,000	
E.10	Programme for Peace and Reconciliation		23,796	12,445
E.11	INTERREG programme		2,293	2,149
E.12	Tidy Towns competition (note 6.6)		1	1
E.13	Irish Water Safety		657	657
E.14	Other services		64	12
			191,442	181,640
				178,086

Significant variations

Overall, the expenditure in relation to the Programme E was €9.8 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration - pay	(1,308)	The budget allocation for this programme under performance budgeting was underestimated because of administrative changes to the Community and Rural Development Division. This is offset by savings in pay across other programme areas. Overall, there were savings in pay of €2.514 million across the Department.
Supports for community and voluntary sector	691	Savings of €1 million arose due to delay in establishment of the arrangements for implementation of a Community Sector Redundancy Fund. There was an increase in bridging funding under the Scheme to Support National Organisations.
RAPID	1,730	The saving arose as expenditure by other public bodies to be co-funded under the scheme was lower than expected.
Dormant accounts measures	3,114	Savings arose due to lower than anticipated drawdown of funding by two projects. Further savings arose due to delay in implementation of the Gateway Initiative.

Description	Less/(more) than provided €000	Explanation
Western Development Commission	108	The saving arose due to unfilled staff vacancies and lower than anticipated pension related costs.
National rural development schemes	(1,399)	Expenditure was greater than anticipated due to increased demand on the rural recreational infrastructure scheme.
LEADER - rural economy sub-programme 2007-2013	(4,357)	Expenditure was accelerated in 2014 to maximise the benefit of the programme to the State and to allow for the formal closure of the programme to commence as early as possible in 2015.
Programme for Peace and Reconciliation	11,351	Savings arose due to a number of large scale projects under the Environment measure not progressing as anticipated. Additional savings arose as expected expenditure on projects, which were to benefit from funding that transferred to the scheme, did not materialise. Further savings arose from lower than expected final claims on projects under the Community measure.
INTERREG programme	144	The saving arose due to lower than expected final claims on projects under the Environment and Community measures.

		2014	2013
		Estimate provision	Outturn
		€000	€000
F	Planning		
F.1	Administration - pay	1,591	1,257
F.2	Administration - non pay	86	85
F.3	An Bord Pleanála	12,500	12,250
F.4	Planning Tribunal	1,998	5,326
F.5	Other services	110	37
		16,285	18,955
			20,063

Significant variations

Overall, the expenditure in relation to the Programme F was €2.67 million higher than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Planning Tribunal	(3,328)	Additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal.

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
G	Met Éireann			
G.1	Administration - pay	12,500	11,885	12,295
G.2	Administration - non pay	5,850	3,176	3,218
		<u>18,350</u>	<u>15,061</u>	<u>15,513</u>

Significant variations

Overall, the expenditure in relation to the Programme G was €3.29 million lower than provided. This was mainly due to the following:

Description	Less/(more) than provided €000	Explanation
Administration – non pay	2,674	Savings arose due to the aviation modernisation and automation project and some other projects not progressing as anticipated.

4 Receipts

4.1 Appropriations-in-aid		2014		2013
		Estimated	Realised	Realised
		€000	€000	€000
1.	Fees payable by local authorities, etc., for audit of their accounts	2,400	2,169	2,437
2.	Receipts 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	9,300	9,507	9,580
4.	Miscellaneous receipts	250	314	405
5.	Foreshore receipts	2,000	1,418	1,849
6.	Programme for Peace and Reconciliation	15,395	9,669	11,248
7.	Dormant accounts - administration	750	400	647
8.	Dormant accounts - programme expenditure	4,706	1,942	596
9.	LEADER rural economy sub-programme 2007-2013			
	<i>Original</i>	37,500		
	<i>Supplementary</i>	16,290	53,790	61,767
10.	Receipts from pension-related deduction on public service remuneration	5,300	5,657	6,099
Total		94,632	85,607	95,369

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
Fees payable by local authorities, etc., for audit of their accounts	231	Demands for audit fees are issued on an ongoing basis as audits are completed. Income was lower than expected due to the level of progress in a small number of audits and due to a number of outstanding audit fees at 31 December 2014.
Foreshore receipts	582	Foreshore receipts are difficult to predict reliably and were lower than expected.
Programme for Peace and Reconciliation	5,726	There were lower than expected receipts from EU funds due to the impact of a variety of factors, such as the fluctuation in the euro/sterling exchange rate and delays by projects in the submission of actual vouched expenditure, which affected the amount and timing of payments.
Dormant accounts - administration	350	This receipt relates to administrative activity under E.6 (Dormant accounts measures). Such activity was lower than expected in 2014.

Description	Less/(more) than provided €000	Explanation
Dormant accounts - programme expenditure	2,764	This receipt relates to recoupment from the Dormant Accounts Fund of programme expenditure arising under E.6 (Dormant accounts measures). Expenditure from E.6 was less than expected in 2014 due to lower than anticipated drawdown of funding by two projects. Further savings arose due to delay in implementation of the Gateway Initiative.
Receipts from pension-related deductions on public service remuneration	(357)	The increase arose due to greater than estimated intake of pension related deductions from staff in the Department and in the state agencies under its remit.

4.2 Extra receipts payable to the Exchequer

	2014 €000	2013 €000
Balance at 1 January	—	—
Emissions trading scheme ^a	39,597	43,437
PRTB pension contributions	33	171
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	22	88
Proceeds from sale of property	21	110
Voluntary surrender of pay	4	16
Refund of ineligible expenditure under the Clár programme	—	268
Outstanding balance in closed bank account	—	74
Interest from bank account used for electronic payments	—	19
Transfer to Exchequer	(39,677)	(44,183)
Balance at 31 December	—	—

^a With the start of the third trading period in 2013, auctioning will progressively become the main method for allocating carbon allowances under the EU Emissions Trading Scheme. Ireland, in common with other member states, participates in the EU centralised auctioning facility where the allowances are auctioned on the open market. Following completion of the auctions, the proceeds are distributed among the member states concerned. The EPA was appointed EU Emissions Trading Auctioneer for Ireland. The EPA retained €1,130,628 of emission receipts in 2014 for carrying out these regulatory and administrative functions for the scheme in accordance with the Department of Public Expenditure and Reform sanction. The 2014 gross emission trading receipts were €40,727,888 before the EPA costs were deducted.

5 Employee Numbers and Pay

	2014	2013
Number of staff at year end (full time equivalents)		
Department	721	748
Agencies	678	696
	<u>1,399</u>	<u>1,444</u>

The number of staff at year end in the Department's agencies includes a number of non-commercial state agencies that are not in direct receipt of Exchequer funding.

	2014	2013
	€000	€000
Pay	41,146	43,177
Higher, special or additional duties allowance	329	470
Other allowances	1,748	1,877
Overtime	422	548
Employer's PRSI	2,387	2,427
Total pay	<u>46,032</u>	<u>48,499</u>

5.1 Allowances and Overtime Payments ^a

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2014 €	Maximum individual payment 2013 €
Higher, special or additional duties	94	7	17,602	18,706
Other allowances	238	76	20,867	21,682
Overtime	98	12	20,285	20,094

Certain individuals received extra remuneration in more than one category.

^a The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to G. 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.

5.2 Other Remuneration Arrangements

Five retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €112,062. Their pensions were abated in all cases.

6 Miscellaneous

6.1 EU Funding

The outturn shown in subheads B.3, B.4, E.10 and E.11 includes payments in respect of activities co-financed by the European Regional Development Fund. The outturn shown in subhead E.9 includes payments in respect of activities co-financed by the European Agricultural Fund for Rural Development. Estimates of EU funding and outturns, based on expenditure and co-financing rates, were as follows:

Subhead	Description	2014		2013
		Estimate	Outturn	Outturn
			€000	€000
B.3	Water services investment programme	—	—	1,000
B.4	Rural water programme	—	—	207
E.9	LEADER - rural economy sub-programme 2007-2013	74,800	78,504	70,286
E.10	Programme for Peace and Reconciliation	12,969	6,783	11,361
E.11	INTERREG programme	1,720	1,611	1,875
		89,489	86,898	84,729

6.2 Committees and Commissions

	Year of appointment	Cumulative expenditure to end 2014	2014 Outturn	2013 Outturn
		€000	€000	€000
Tribunal of Inquiry into certain Planning Matters and Payments	1997	111,280	5,326	5,321

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. Expenditure to the end of 2014 was €111 million. On the basis of a tribunal estimate and expenditure to the end of 2014, additional costs of €48 million may arise, primarily relating to third party legal representation.

6.3 National Lottery Funding

Sub-head	Description	2014		2013
		Estimate €000	Outturn €000	Outturn €000
A.4	Voluntary and co-operative housing	500	764	431
A.7	Private housing grants	5,570	5,570	5,548
E.3	Supports for community and voluntary sector (part funded by National Lottery)	6,003	6,029	5,960
E.4	Local and community development programmes (part funded by National Lottery)	5,797	5,347	6,630
		<u>17,870</u>	<u>17,710</u>	<u>18,569</u>

Details are available on the Department's website www.environ.ie

6.4 Legal Costs

	2014 €000	2013 €000
Legal costs paid during the year are categorised as follows:		
Legal fees	—	—
Compensation costs	310	7,812
	<u>310</u>	<u>7,812</u>

6.5 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.

6.6 Tidy Towns Funding

In addition to voted money (€1,000 - subhead E.12), sponsorship totalling €449,226 was administered and expended on the Tidy Towns competition through a vote suspense account.

6.7 Write-Offs

Sanction was obtained from the Department of Public Expenditure and Reform to write off €225,961 under the Programme for Peace and Reconciliation 2007 - 2013 and an overpayment of €7,937 under the Local and Community Development Programme.

6.8 Suspected Irregularities

Three cases of suspected irregularities arose in relation to the manner in which public funding was applied, amounting to €691,518. The suspected irregularities involve issues with certain public procurement guidelines and issues with certain project documentation regarding the application of grant funding under the LEADER programme by three local development companies.

The Department has undertaken specific response measures, which includes notifying the relevant authorities including the Comptroller and Auditor General, terminating a contract for delivery of a programme, instituting additional control checks and making every reasonable effort to recover funds in these cases.

In all cases grant assistance has been received from the EU under the LEADER programme (85% of the €691,518). The recovery of these amounts is being actively pursued by both the Department and the EU Commission under the programmes debtor resolution process.

6.9 Payments to Pobal

In accordance with the Department's accounting policy, the total paid to Pobal in the year (€45.414 million) was charged to the relevant subheads as set out below.

Sub-head	Description	2014	2013
		€000	€000
E.3	Supports for community and voluntary sector (part funded by National Lottery)	1,934	47
E.4	Local and community development programmes (part funded by National Lottery)	42,520	41,390
E.5	RAPID	—	4
E.6	Dormant accounts measures	764	1,236
E.9	LEADER - rural economy sub-programme 2007-2013	196	—
		<u>45,414</u>	<u>42,677</u>

At 31 December 2014, Pobal had accrued balances totalling €2.56 million in relation to programmes it delivers for the Department (2013: €1.85 million).