



## **Appropriation Account 2014**

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### **Vote 6**

### **Office of the Chief State Solicitor**

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## Introduction

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

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 Chief State Solicitor.

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 €839,927 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.

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

### *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 seven contracts to the value of €0.606 million which were listed in my annual return in respect of Circular 40/2002. The reasons for not having a competitive process, as detailed in my return included the specialised nature of the service provided, a sole supplier of a service and the Office awaiting implementation of a centralised procurement framework. I can confirm that all appropriate national and EU procurement procedures were followed and that the contract prices were fair and reasonable and represented best value for money. The Office has put in place or is in the process of putting in place contracts where applicable for these services into the future.

### ***Significant financial risks***

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

### ***Shared Services***

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

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

### ***Internal Audit and Audit Committee***

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

***Information and communications technology security***

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

***Administrative and financial controls***

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

**Eileen Creedon**

Accounting Officer

Office of the Chief State Solicitor

31 March 2015

## **Comptroller and Auditor General**

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

#### **Vote 6 Office of the Chief State Solicitor**

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor 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 6 Office of the Chief State Solicitor 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 Chief State Solicitor. The appropriation account is in agreement with the books of account.

**Seamus McCarthy**

Comptroller and Auditor General

28 August 2015

## Vote 6 Office of the Chief State Solicitor

### Appropriation Account 2014

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Provision of legal services	28,169	26,983	29,737
<b>Gross expenditure</b>		<b>28,169</b>	<b>26,983</b>	<b>29,737</b>
<i>Deduct</i>				
B	<b>Appropriations-in-aid</b>	<b>1,860</b>	<b>1,514</b>	<b>1,432</b>
<b>Net expenditure</b>		<b>26,309</b>	<b>25,469</b>	<b>28,305</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	839,927	1,610,920

#### Analysis of administration expenditure

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	14,800	14,126	13,993
ii	Travel and subsistence	61	59	58
iii	Training and development and incidental expenses	839	745	801
iv	Postal and telecommunications services	350	303	331
v	Office equipment and external IT services	600	550	795
vi	Office premises expenses	290	142	221
vii	Consultancy services and value for money policy reviews	29	20	7
		<b>16,969</b>	<b>15,945</b>	<b>16,206</b>

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2014

	2014	2013
	€000	€000
Programme cost	11,038	13,531
Pay	14,126	13,993
Non pay	1,819	2,213
<b>Gross expenditure</b>	<b>26,983</b>	<b>29,737</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>1,514</b>	<b>1,432</b>
<b>Net expenditure</b>	<b>25,469</b>	<b>28,305</b>
<b>Changes in capital assets</b>		
Purchases cash	(80)	
Depreciation	287	
Loss on Disposals	5	
	212	(9)
<b>Changes in assets under development</b>		
Cash payments	(69)	(39)
<b>Changes in net current assets</b>		
Increase in closing accruals	690	
Decrease in stock	4	
	694	(1,018)
<b>Direct expenditure</b>	<b>26,306</b>	<b>27,239</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	2,074	2,036
Notional rents	795	825
<b>Net programme cost</b>	<b>29,175</b>	<b>30,100</b>

#### 1.1 Net Allied Services Expenditure

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

	2014	2013
	€000	€000
Vote 7 Finance	50	66
Vote 12 Superannuation and Retired Allowances	1,106	1,108
Vote 13 Office of Public Works	906	862
Vote 18 Shared Services	12	—
	<b>2,074</b>	<b>2,036</b>



**2 Balance Sheet as at 31 December 2014**

	Note	2014 €000	2013 €000
<b>Capital assets</b>	2.2	735	839
<b>Capital assets under development</b>	2.3	—	39
		<b>735</b>	<b>878</b>
<b>Current assets</b>			
Bank and cash	2.4	1,005	105
Stocks	2.5	43	47
Prepayments		152	150
Accrued income <sup>a</sup>		9,699	9,890
Other debit balances	2.6	416	334
Net Exchequer funding due	2.8	545	790
<b>Total current assets</b>		<b>11,860</b>	<b>11,316</b>
<b>Less current liabilities</b>			
Accrued expenses		1,235	734
Other credit balances	2.7	1,966	1,229
<b>Total current liabilities</b>		<b>3,201</b>	<b>1,963</b>
<b>Net current assets</b>		<b>8,659</b>	<b>9,353</b>
<b>Net assets</b>		<b>9,394</b>	<b>10,231</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>9,394</b>	<b>10,231</b>

<sup>a</sup> Outstanding taxed costs in favour of the State are significant and such costs remain outstanding because it is the policy of the Office to pursue all cost orders awarded.

2.1 State Funding Account	Note	2014 €000	2013 €000
Balance at 1 January		10,231	9,165
Disbursements from the Vote			
Estimate provision	Account	26,309	
Surplus to be surrendered	Account	(840)	
Net vote		25,469	28,305
Expenditure (cash) borne elsewhere	1	2,074	2,036
Non cash expenditure – notional rent	1	795	825
Net programme cost	1	(29,175)	(30,100)
<b>Balance at 31 December</b>		<b>9,394</b>	<b>10,231</b>

**2.2 Capital Assets**

	Office equipment €000	Furniture and fittings €000	Total €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2014	4,141	1,706	5,847
Additions	183	5	188
Disposals	(392)	(1)	(393)
Cost or valuation at 31 December 2014	3,932	1,710	5,642
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2014	3,667	1,341	5,008
Depreciation for the year	200	87	287
Depreciation on disposals	(387)	(1)	(388)
Cumulative depreciation at 31 December 2014	3,480	1,427	4,907
<b>Net assets at 31 December 2014</b>	<b>452</b>	<b>283</b>	<b>735</b>
<b>Net assets at 31 December 2013</b>	<b>474</b>	<b>365</b>	<b>839</b>

**2.3 Capital Assets under Development**

at 31 December	Computer applications €000
Amounts brought forward at 1 January 2014	39
Cash payments in year	69
Transferred to asset register	(108)
Balance at 31 December 2014	—

**2.4 Bank and Cash**

at 31 December	2014 €000	2013 €000
PMG balances and cash	1,005	106
Orders outstanding	—	(1)
	1,005	105

**2.5 Stocks**

at 31 December	2014 €000	2013 €000
Stationery	43	47

**2.6 Other Debit Balances**

at 31 December	2014 €000	2013 €000
Miscellaneous	416	334

<b>2.7 Other Credit Balances</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>

Amounts due to the State

Income Tax	236	234
Pay Related Social Insurance	116	110
Professional Services Withholding Tax	390	471
Value Added Tax	1	20
Local Property Tax	1	—
Pension contributions	52	49
	<hr/> 796	<hr/> 884
Payroll deductions held in suspense	53	56
State Property	1,117	289
	<hr/> 1,966	<hr/> 1,229

<b>2.8 Net Exchequer funding due</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>

Surplus to be surrendered	840	1,611
Exchequer grant undrawn	(1,385)	(2,401)
Net Exchequer funding due	<hr/> (545)	<hr/> (790)

**Represented by:**

**Debtors**

Bank and cash	1,005	105
Debit balances: suspense	416	334
	<hr/> 1,421	<hr/> 439

**Creditors**

Due to State	(796)	(884)
Credit balances: suspense	(1,170)	(345)
	<hr/> (1,966)	<hr/> (1,229)
	<hr/> (545)	<hr/> (790)

<b>2.9 Commitments</b>	<b>2014</b>	<b>2013</b>
at 31 December	<b>€000</b>	<b>€000</b>

Total of legally enforceable commitments	1,197	1,140
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There are commitments in respect of ongoing legal cases which are not included in the above figure as the costs will only be finalised once legal action is completed. The expenditure is subject to the normal cost controls and the observation of budgetary limits.

**2.10 Matured Liabilities**

The total amount of matured liabilities undischarged at 31 December 2014 amounted to €70,750.

### 3 Programme Expenditure by Subhead

		2014		2013
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Provision of legal services</b>			
A.1	Administration - pay	14,800	14,126	13,993
A.2	Administration - non -pay	2,169	1,819	2,213
A.3	External legal services	200	179	268
A.4	Fees to counsel	9,600	9,823	12,391
A.5	General law expenses	1,400	1,036	872
		28,169	26,983	29,737

#### Significant variations

Overall, the expenditure in relation to Programme A was €1.19 million lower than provided. The main variances were as follows:

Description	Less/(more) than provided €000	Explanation
Administration – pay	674	Savings arose because it took longer than expected to fill legal vacancies during the year.
Office premises expenses	148	Savings were achieved as a result of the use of centralised contracts in the area of Utilities and lower than estimated expenditure on furniture and fittings.
Fees to counsel	(223)	The excess arose due to the office dealing with a number of high profile and complex cases during the year.
General law expenses	364	Expenditure on this subhead is dependent on the level of activity in the Courts and as such is difficult to predict.

## 4 Receipts

4.1 Appropriations-in-aid	2014		2013
	Estimated	Realised	Realised
	€000	€000	€000
1. Costs and fees received by the Office of the Chief State Solicitor	1,000	641	530
2. Receipts from pension-related deductions on public service remuneration	860	873	902
	1,860	1,514	1,432

### Explanation of significant variations

The amount of fees realised was €346,000 less than estimated. It is not possible to forecast accurately what costs will be awarded to the State and what fees will be actually recovered in any year.

### 4.2 Extra receipts payable to the Exchequer

A total of €16,074 (2013: €50,122) was lodged to the Exchequer under the State Property Act 1954.

## 5 Employee Numbers and Pay

	2014	2013
<b>Number of staff at year end</b> (full time equivalents)	235	226
	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
Pay	12,980	12,889
Higher, special or additional duties allowance	84	83
Other allowances	7	7
Overtime	15	21
Employer's PRSI	1,040	993
<b>Total Pay</b>	<b>14,126</b>	<b>13,993</b>

### 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	40	1	12,382	10,434
Other allowances	4	—	1,783	1,783
Overtime	10	—	3,745	5,920

Certain individuals received extra remuneration in more than one category.

## 6 Miscellaneous

<b>6.1 Legal Costs</b>	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>

Legal costs paid during the year are categorised as follows:

Fees to counsel	9,823	12,391
General law expenses	987	862
Attorney General's scheme	49	10
External legal services	179	268
	<hr/>	<hr/>
	11,038	13,531

### 6.2 Monies Held in Trust

The CSSO maintains a number of commercial bank accounts. Monies in these accounts are held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No monies from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2014 is €1.67 million and is not included in the account. (2013: €2.384 million).