

## **Appropriation Account 2015**

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### **Vote 16**

### **Valuation Office**

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## Introduction

As Accounting Officer for Vote 16, 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 2015 for the salaries and expenses of the Valuation Office and certain minor services.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.95 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.

## New legislation

The Valuation (Amendment) Act 2015 was enacted on 8 June 2015 and introduced a number of amendments to the 2001 legislation, including the following

- Removal of the requirement to submit an appeal to the Commissioner of Valuation prior to submitting an appeal to the Valuation Tribunal. Appeals should now be submitted to the Valuation Tribunal in the first instance.
- Introduction of a provision for the carrying out of the valuation by the occupier of each property concerned, within a specific local authority area, and the procedure to be followed for those purposes.
- The Commissioner of Valuation may appoint a person, who is not an officer of the Commissioner, to carry out the valuation of each property in a specified local authority area.

## 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 Valuation 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.

Human resource functions are provided on a shared services basis by the National Shared Service Office (Vote 18). The Accounting Officer of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18 also, and is responsible for the operation of controls within the shared service centres. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Valuation Office and the National Shared Service Office for the provision of human resource services.

The Accounting Officer for shared services has put in place an audit process to provide independent assurance on the operation of controls within shared services. The audits are

being conducted by a firm of accountants in accordance with the International Standard on Assurance Engagements (ISAE 3402) which is designed to report to user departments and their auditors on the controls within shared services.

The audits encompass (i) a readiness assessment to identify risks and related controls and provide a gap analysis, followed by (ii) a report on the design and existence of controls, and (iii) an annual report on whether controls operate effectively.

The Accounting Officer for shared services has provided me with a letter outlining progress in implementing the audit assurance process and the results of the audits on the design, existence and operation of controls are expected to be reported to me as set out in that letter.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for shared services.

#### ***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
- procedures are in place 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 Valuation 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 Valuation 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. One exception, with a value of €84,978, arose during 2015 relating to Ordnance Survey Ireland and the provision of mapping services and has been reported under Circular 40/2002. This exception arose because there was only a single suitable supplier available for this service.

***Internal Audit and Audit Committee***

I confirm that the Valuation 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 Valuation 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.

**John O'Sullivan**  
Accounting Officer  
Valuation Office

31 March 2016

## **Comptroller and Auditor General**

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

#### **Vote 16 Valuation Office**

I have audited the appropriation account for Vote 16 Valuation Office for the year ended 31 December 2015 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 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 16 Valuation Office for the year ended 31 December 2015.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Valuation Office. The appropriation account is in agreement with the accounting records.

**Seamus McCarthy**

Comptroller and Auditor General

21 September 2016

## Vote 16 Valuation Office

### Appropriation Account 2015

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Provision of a State valuation service	9,707	7,889	7,863
B	Administration services for the Valuation Tribunal	687	633	432
<b>Gross expenditure</b>		<b>10,394</b>	<b>8,522</b>	<b>8,295</b>
<i>Deduct</i>				
C	<b>Appropriations-in-aid</b>	<b>1,249</b>	<b>1,325</b>	<b>1,639</b>
<b>Net expenditure</b>		<b>9,145</b>	<b>7,197</b>	<b>6,656</b>

#### Surplus for surrender

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

	2015	2014
	€	€
Surplus to be surrendered	1,948,461	2,248,406

#### Analysis of administration expenditure

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	7,682	7,024	6,898
ii	Travel and subsistence	250	118	182
iii	Training and development and incidental expenses	219	209	270
iv	Postal and telecommunications services	100	49	103
v	Office equipment and external IT services	630	651	475
vi	Office premises expenses	160	100	115
vii	Consultancy services and value for money and policy reviews	50	12	11
		<b>9,091</b>	<b>8,163</b>	<b>8,054</b>

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Programme cost	359	241
Pay	7,024	6,898
Non pay	1,139	1,156
<b>Gross expenditure</b>	<b>8,522</b>	<b>8,295</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>1,325</b>	<b>1,639</b>
<b>Net expenditure</b>	<b>7,197</b>	<b>6,656</b>
<b>Changes in capital assets</b>		
Purchases cash	(66)	
Depreciation	140	
Loss on disposals	125	
	199	232
<b>Changes in assets under development</b>		
Cash payments	(134)	(161)
<b>Changes in net current assets</b>		
Decrease in closing accruals	(48)	
Decrease in stock	1	
	(47)	(82)
<b>Direct expenditure</b>	<b>7,215</b>	<b>6,645</b>
Net allied services expenditure (note 1.1)	4,442	4,492
<b>Net programme cost</b>	<b>11,657</b>	<b>11,137</b>

#### 1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 16 borne elsewhere.

	2015	2014
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 3,680	3,639
Vote 13 Office of Public Works	e 762	853
	4,442	4,492

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



## 2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
<b>Capital assets</b>	2.2	<b>384</b>	<b>449</b>
<b>Capital assets under development</b>	2.3	—	—
		<b>384</b>	<b>449</b>
<b>Current assets</b>			
Bank and Cash	2.4	170	(153)
Stocks	2.5	38	39
Prepayments		111	105
Accrued income		140	91
Other debit balances	2.6	83	213
<b>Total current assets</b>		<b>542</b>	<b>295</b>
<b>Less current liabilities</b>			
Accrued expenses		88	103
Deferred income		95	73
Other credit balances	2.7	230	155
Net liability to the Exchequer	2.8	23	(95)
<b>Total current liabilities</b>		<b>436</b>	<b>236</b>
<b>Net current assets</b>		<b>106</b>	<b>59</b>
<b>Net assets</b>		<b>490</b>	<b>508</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>490</b>	<b>508</b>

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		508	504
Disbursements from the Vote			
Estimate provision	Account	9,145	
Surplus to be surrendered	Account	(1,948)	
Net vote		7,197	6,656
Expenditure (cash) borne elsewhere	1.1	4,442	4,492
Fixed assets adjustment		—	(7)
Net programme cost		(11,657)	(11,137)
<b>Balance at 31 December</b>		<b>490</b>	<b>508</b>

**2.2 Capital Assets**

	Office equipment €000	Furniture and fittings €000	Total €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2015	1,683	1,118	2,801
Additions	200	—	200
Disposals	(366)	—	(366)
Cost or valuation at 31 December 2015	1,517	1,118	2,635
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2015	1,304	1,048	2,352
Depreciation for the year	129	11	140
Depreciation on disposals	(241)	—	(241)
Cumulative depreciation at 31 December 2015	1,192	1,059	2,251
<b>Net assets at 31 December 2015</b>	<b>325</b>	<b>59</b>	<b>384</b>
<b>Net assets at 31 December 2014</b>	<b>379</b>	<b>70</b>	<b>449</b>

**2.3 Capital assets under development**

at 31 December

	In-house computer applications €000
Amounts brought forward at 1 January 2015	—
Transferred to capital assets	(134)
Cash payments for the year	134
Amounts carried forward at 31 December 2015	—

**2.4 Bank and Cash**

at 31 December

	2015 €000	2014 €000
PMG balances and cash	94	(171)
Commercial bank account balance	76	18
	170	(153)

**2.5 Stocks**

at 31 December

	2015 €000	2014 €000
Consumable stocks	38	39
	38	39

<b>2.6 Other Debit Balances</b>	<b>2015</b>	<b>2014</b>
at 31 December	€000	€000
Recoupable travel pass scheme	59	54
Recoupable prefunding Office of Public Works	16	16
Payroll advance	8	143
	<u>83</u>	<u>213</u>

<b>2.7 Other Credit Balances</b>	<b>2015</b>	<b>2014</b>
at 31 December	€000	€000

**Amounts due to the State**

Income Tax	152	105
Pay Related Social Insurance	65	44
Value Added Tax	1	—
Professional Services Withholding Tax	7	6
	<u>225</u>	<u>155</u>
Appeal fees refunds outstanding	5	—
	<u>230</u>	<u>155</u>

<b>2.8 Net Liability to the Exchequer</b>	<b>2015</b>	<b>2014</b>
at 31 December	€000	€000

Surplus to be surrendered	1,949	2,248
Exchequer grant undrawn	(1,926)	(2,343)
Net liability to the exchequer	<u>23</u>	<u>(95)</u>

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

Bank and cash	170	(153)
Debit balances: suspense	83	213
	<u>253</u>	<u>60</u>

**Creditors**

Due to State	(225)	(155)
Credit balances: suspense	(5)	—
	<u>(230)</u>	<u>(155)</u>
	<u>23</u>	<u>(95)</u>

<b>2.9 Commitments</b>	<b>2015</b>	<b>2014</b>
at 31 December	€000	€000

Total of legally enforceable commitments	115	74
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### 3 Programme Expenditure by Subhead

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>A</b>	<b>Provision of a State Valuation Service</b>			
A.1	Administration - pay	7,225	6,730	6,661
A.2	Administration - non pay	1,409	1,139	1,156
A.3	Fees to counsel and other legal expenses	73	20	46
A.4	National revaluation projects	1,000	—	—
		<u>9,707</u>	<u>7,889</u>	<u>7,863</u>

#### Significant variations

Overall, the gross expenditure in relation to Programme A was €1.82 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration – pay	495	More staff opted for retirement during 2015 than had been anticipated and that, coupled with an increase in the number of staff availing of career breaks and other family-friendly policies, yielded unexpected savings in pay during 2015. In addition, a recruitment campaign for valuer staff had been planned for the third quarter of 2015 but was deferred until early 2016.
Administration – non pay	270	The outturn for 2015 on some of the non pay subheads was lower than anticipated as a result of the concentration of the national revaluation programme being on appeals to the Commissioner in relation to the Limerick area during the year and the appeals to the Tribunal in relation to Dublin and Waterford. This resulted in lower than anticipated spending on travel and subsistence expenses in particular. Expenditure on consultancy was kept to a minimum in 2015 yielding some savings on this subhead.
National revaluation projects	1,000	Expenditure on specific national revaluation projects in 2015 was contingent on the commencement of two pilot projects which were contingent on the enactment of enabling legislation. This legislation was enacted in July 2015 and arrangements were in train at year end to progress both projects.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>B</b>	<b>Administration Services for the Valuation Tribunal</b>			
B.1	Administration – pay	457	294	237
B.2	Administration – non pay	—	—	—
B.3	Valuation Tribunal	230	339	195
		<b>687</b>	<b>633</b>	<b>432</b>

**Significant variations**

Overall, the gross expenditure in relation to Programme B was €54,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration - pay	163	While there was a substantial increase in the number of hearings by the Tribunal in respect of the revaluation of Dublin City and Waterford City and County, fewer administration staff were required than originally anticipated. Provision had been made to engage staff on a temporary basis on the expectation of an increase in the administration burden of the Tribunal.
Valuation Tribunal	(109)	There was a substantial increase in the number of hearings by the Tribunal in respect of the revaluation of Dublin City and Waterford City and County. The overrun in this area reflects additional costs paid to members of the Tribunal in respect of those hearings.

## 4 Receipts

4.1 Appropriations-in-aid		2015		2014
		Estimated	Realised	Realised
		€000	€000	€000
1.	Valuation Tribunal appeal fees	80	39	232
2.	Valuation certificates	120	108	118
3.	Valuation revision fees	600	712	612
4.	Fees from appeals to the Commissioner	—	39	258
5.	Miscellaneous receipts	65	18	10
6.	Receipts from pension related deduction on public service remuneration	384	409	409
<b>Total</b>		<b>1,249</b>	<b>1,325</b>	<b>1,639</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
Valuation revision fees	(112)	Revision fee intake was higher than estimated in 2015 due to a focus on revision work in the nine areas where revaluation will be carried out in 2016 - 2017.

## 5 Employee Numbers and Pay

	2015	2014
<b>Number of staff at year end</b> (full time equivalents)	116	120
	<b>2015</b>	<b>2014</b>
	<b>€000</b>	<b>€000</b>
Pay	6,448	6,330
Higher, special or additional duties allowance	145	153
Overtime	7	10
Employer's PRSI	424	405
<b>Total Pay</b>	<b>7,024</b>	<b>6,898</b>

### 5.1 Allowances and Overtime Payments

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2015 €	Maximum individual payment 2014 €
Higher, special or additional duties	27	1	18,476	33,452
Other allowances	25	—	4,693	860
Overtime	5	—	5,881	5,260
Number of individuals who received extra remuneration in more than one category	21	2	18,476	33,452

### 5.2 Other Remuneration Arrangements

Payments of €3,250 were paid to two retired civil servants who were employed on contract on specialised tasks.

## 6 Miscellaneous Items

### 6.1 Legal costs

					2015	2014
	Number of cases	Legal costs paid by the Office €000	Legal costs awarded €000	Compensation awarded €000	Total €000	Total €000
<b>Claims by members of the public</b>						
<i>Cost awarded arising from appeals to the valuation tribunal</i>	2	—	20	—	20	46

### 6.2 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 to proceed with the merger of the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The Chief Executive Designate for the new organisation was appointed on 1 July 2013 and he has since been working towards the development of a detailed plan for the establishment of the new entity, proposed to be called Tailte Éireann. Subject to the passing of necessary legislation, the governing structure of Tailte Éireann will have a statutory board. Each of the core functions of Tailte Éireann (registration, valuation and survey) will be headed by a statutory officer who will report to the Chief Executive who, in turn, will report to the Board. Staff of the new organisation will be civil servants and the organisation will be funded through a Vote structure. The merger is not expected to have an impact on the carrying value of the Valuation Office assets or liabilities.