

Appropriation Account 2015

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 2015 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 2015, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.15 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 Functions

The Regulation of Lobbying Act 2015 was signed into law on 11 March 2015. The provisions of the Act came into force on 1 September 2015. The main purpose of the Act is to provide for a web-based register of lobbying, providing information to the public about who is lobbying, on whose behalf lobbying is being carried out, the issues involved in the lobbying, the intended result of the lobbying and who is being lobbied. Lobbying is an essential part of the democratic process. It enables or facilitates citizens and organisations to make their views on public policy and public service known to politicians and public servants. The Act does not aim to prevent or inhibit lobbying. It does aim to make the process more transparent.

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
- the Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.

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. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- There are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- 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 Department complied with the guidelines with the exception of 2 contracts to the value of €166,000 which were listed in my annual return in respect of Circular 40/2002. However, both cases concern instances in which contracts for legal services had previously been in place, following competitive tendering processes, but these had expired. As the expenditure related to ongoing litigation, it was decided that continuing with the old legal service providers constituted a more prudent use of resources and would be more cost efficient. A new tender competition was held and all new legal services are assigned under this contract.

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. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Jacqui McCrum

Accounting Officer
Office of the Ombudsman

17 June 2016

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 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 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 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 Office of the Ombudsman. The appropriation account is in agreement with the accounting records.

Seamus McCarthy

Comptroller and Auditor General

30 June 2016

Vote 19 Office of the Ombudsman

Appropriation Account 2015

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Ombudsman function/ Office of the Commission for Public Service Appointments	5,251	4,458	4,297
B	Standards in Public Office Commission	1,867	1,351	865
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	2,022	2,137	1,556
Gross expenditure		9,140	7,946	6,718
<i>Deduct</i>				
D	Appropriations-in-aid	402	362	335
Net expenditure		8,738	7,584	6,383

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	1,154,075	1,360,072

Analysis of administration expenditure

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	6,740	6,041	5,479
ii	Travel and subsistence	58	48	45
iii	Training and development and incidental expenses	435	484	270
iv	Postal and telecommunications services	86	42	39
v	Office equipment and external IT services	232	381	249
vi	Office premises expenses	189	130	113
vii	Consultancy and value for money and policy reviews	756	209	84
viii	Legal fees	644	611	439
		9,140	7,946	6,718

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015		2014
	€000	€000	€000
Pay		6,041	5,479
Non pay		1,905	1,239
Gross expenditure		7,946	6,718
<i>Deduct</i>			
Appropriations-in-aid		362	335
Net expenditure		7,584	6,383
Changes in capital assets			
Purchases cash	(214)		
Depreciation	108		
		(106)	(36)
Changes in assets under development			
Cash payments		(77)	—
Changes in net current assets			
Decrease in closing accruals	(11)		
Decrease in stock	3		
		(8)	25
Direct expenditure		7,393	6,372
Expenditure borne elsewhere			
Net allied services expenditure (note 1.1)		2,019	1,792
Net programme cost		9,412	8,164

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.

	2015	2014
	€000	€000
Vote 7 Finance	—	34
Vote 9 Office of the Revenue Commissioners	30	15
Vote 12 Superannuation and Retired Allowances*	832	610
Vote 13 Office of Public Works	1,148	1,129
Vote 18 Shared Services	9	4
	2,019	1,792

*The figure for 2014 has been revised. The outturn for 2014 has not been impacted following this change.

2 Balance Sheet as at 31 December 2015

		2015	2014
	Note	€000	€000
Capital assets	2.2	309	203
Capital assets under development	2.3	99	—
Current assets			
Bank and cash	2.4	228	55
Stocks	2.5	13	16
Prepayments		107	92
Other debit balances	2.6	41	134
Net Exchequer funding due	2.8	22	(2)
Total current assets		411	295
Less current liabilities			
Accrued expenses		39	35
Other credit balances	2.7	291	187
Total current liabilities		330	222
Net current assets		81	73
Net assets		489	276
Represented by:			
State funding account	2.1	489	276

2.1 State Funding Account	Note	2015	2014
		€000	€000
Balance at 1 January		276	265
Disbursements from the Vote			
Estimate provision	Account	8,738	
Surplus to be surrendered	Account	(1,154)	
Net vote		7,584	6,383
Expenditure (cash) borne elsewhere	1	2,019	1,792
Capital assets under development adjustment		22	—
Net programme cost	1	(9,412)	(8,164)
Balance at 31 December		489	276

2.2 Capital Assets

	Office equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost or valuation at 1 January 2015	684	519	1,203
Additions	214	—	214
Disposals	—	—	—
Cost or valuation at 31 December 2015	898	519	1,417
Accumulated depreciation			
Opening balance at 1 January 2015	546	454	1,000
Depreciation for the year	91	17	108
Depreciation on disposals	—	—	—
Cumulative depreciation at 31 December 2015	637	471	1,108
Net assets at 31 December 2015	261	48	309
Net assets at 31 December 2014	138	65	203

2.3 Capital Assets under Development

	2015 €000
Balance at 1 January 2015	—
Adjustment from 2014	22
Cash payments for the year	77
Transferred to the asset register	—
Balance at 31 December 2015	99

2.4 Bank and Cash

	2015 €000	2014 €000
at 31 December		
PMG balances and cash	228	60
Other balances	—	(5)
	228	55

2.5 Stocks

	2015 €000	2014 €000
Stationery	6	6
IT consumables	7	10
	13	16

2.6 Other Debit Balances

	2015 €000	2014 €000
at 31 December		
Other debit balances	41	60

2.7 Other Credit Balances	2015	2014
at 31 December	€000	€000

Amounts due to the State

Income Tax	147	81
Pay Related Social Insurance	56	31
Professional Services Withholding Tax	14	19
Pension contributions	24	13
	<hr/>	<hr/>
	241	144
Payroll deductions held in suspense	38	28
Other credit suspense items	12	15
	<hr/>	<hr/>
	291	187
	<hr/>	<hr/>

2.8 Net Exchequer funding due	2015	2014
at 31 December	€000	€000

Surplus to be surrendered	1,154	1,360
Exchequer grant undrawn	(1,176)	(1,358)
	<hr/>	<hr/>
Net Exchequer funding due	(22)	2
	<hr/>	<hr/>

Represented by:

Debtors

Bank and cash	228	55
Debit balances: suspense	41	134
	<hr/>	<hr/>
	269	189

Creditors

Due to State	(241)	(144)
Credit balances: suspense	(50)	(43)
	<hr/>	<hr/>
	(291)	(187)
	<hr/>	<hr/>
	(22)	2
	<hr/>	<hr/>

2.9 Commitments

The total of legally enforceable commitments at 31 December 2015 amounted to €111,000.

2.10 Contingent Liabilities

The Commission for Public Service Appointments 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

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A	Ombudsman function/ Office of the Commission for Public Service Appointments			
A.1	Administration – pay	4,541	3,845	3,716
A.2	Administration – non pay	710	613	581
		<u>5,251</u>	<u>4,458</u>	<u>4,297</u>

Significant variations

Overall, the expenditure in relation to Programme A was €793,000 lower than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an underspend of €696,000 due to the number of vacancies arising and the time taken to fill the posts.

Legal Services

There was an underspend of €61,000 in respect of legal services. The amounts provided under this subhead relate mainly to fees for legal and professional advice and litigation related expenditure relating to the work of the Ombudsman and the Commission for Public Service Appointments. It is difficult to predict with accuracy the number of cases and when court related fees and costs will fall due.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Standards in Public Office Commission			
B.1	Administration – pay	851	709	549
B.2	Administration – non pay	1,016	642	316
		<u>1,867</u>	<u>1,351</u>	<u>865</u>

Significant variations

Overall, the gross expenditure in relation to Programme B was €516,000 lower than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an underspend of €142,000 as the budget provision allowed for the full year staffing costs for the regulation of lobbying and some of the posts were filled during 2015.

Incidental Expenses

This subhead contains provision for incidental and other miscellaneous expenses, and therefore an element of the provision must be conjectural. An overrun of €72,000 occurred because of significant expenditure on advertising and other expenditure relating to the launch of the Regulation of Lobbying.

Consultancy Fees

The saving of €487,000 arose because the outlay in 2015 on a 3 year consultancy project relating to the creation of an IT system for the regulation of lobbying was lower than anticipated. In addition, the creation of a new case tracking system was delayed and therefore the anticipated expenditure did not materialise.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Office of the Information Commissioner/ Office of the Commissioner for Environmental Information			
C.1	Administration – pay	1,348	1,487	1,214
C.2	Administration – non pay	674	650	342
		<u>2,022</u>	<u>2,137</u>	<u>1,556</u>

Significant variations

Overall, the gross expenditure in relation to Programme C was €115,000 higher than provided. This was mainly due to the following:

Salaries, Wages and Allowances

There was an overspend of €139,000 on the salaries, wages and allowances of the Office of the Information Commissioner (OIC) and the Office of the Commissioner for Environmental Information (OCEI). This is due to additional staffing resources being assigned to these areas to deal with the increase of 32% and 72% in cases referred to OIC and OCEI respectively in 2015, when compared with 2014.

4 Receipts

4.1 Appropriations-in-aid

	2015		2014
	Estimated	Realised	Realised
	€000	€000	€000
1. Miscellaneous	5	13	7
2. Receipts from pension-related deductions on public service remuneration	397	349	328
	402	362	335

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)	107	89
	2015	2014
	€000	€000
Pay	5,636	5,146
Higher, special or additional duties allowance	34	31
Overtime	36	35
Employer's PRSI	335	267
Total Pay	6,041	5,479

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	9	1	11,333	9,774
Overtime and extra attendance	23	—	7,549	5,296
No of individuals who received extra remuneration in more than one category	6	1	13,216	9,774

5.2. Salary overpayments

Overpayments at the year end were €13,148 (8 cases) (2014 €7,490, 5 cases). Of this €4,030 (3 cases) have recovery plans in place.

6. Miscellaneous

6.1 Legal costs

					2015	2014
	Number of cases	Legal costs paid by Office of the Ombudsman	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by Members of the public						
<i>Judicial Review cases settled</i>						
<i>Re: Ombudsman functions</i>	3	—	37	—	37	—
<i>Re: Office of the Commissioner for Environmental Information functions</i>	1	—	23	—	23	—
<i>Re: Office of the Information Commissioner functions</i>	1	—	77	—	77	—
	5	—	137	—	137	—

