

Appropriation Account 2015

Vote 28

Foreign Affairs and Trade

Introduction

As Accounting Officer for Vote 28, 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 Minister for Foreign Affairs and Trade, and for certain services administered by that Office, including grants and contributions to International Organisations.

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 €7.06 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 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.

Foreign currency transactions

Transactions arising in foreign currencies are translated into Euro at the market rate of exchange prevailing at the beginning of the month.

Accruals, prepayments, commitments and stocks at diplomatic missions

The accruals, prepayments and commitments figures do not include amounts in respect of the Department's diplomatic missions other than those relating to property rental. The value of stock held by missions at year end is also not included.

Commitments

Commitments include only those amounts for which the Department may be liable in the subsequent twelve months.

Capital assets

The value of land and buildings included in capital assets is based on a valuation conducted in 2005 except for

- land and buildings acquired since 2005 which are valued at cost
- three embassy premises that are included on the basis of a professional valuation conducted in 2011.

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 11 contracts to the value of €3.6 million which were listed in my annual return in respect of Circular 40/2002. The contracts were not tendered due to either the contract being awarded to a proprietary supplier or the €25,000 threshold being inadvertently exceeded. These contracts will be reviewed by my Department's procurement team in 2016.

Fixed asset register

The Department has been working on a project to update its capital asset register. As part of this on-going project, €17.67 million of fully depreciated IT assets were disposed of in the year.

Internal Audit and Audit Committee

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

Niall Burgess

Accounting Officer

Department of Foreign Affairs and Trade

27 September 2016

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 28 Foreign Affairs and Trade

I have audited the appropriation account for Vote 28 Foreign Affairs and Trade 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 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 28 Foreign Affairs and Trade 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 Department of Foreign Affairs and Trade. The appropriation account is in agreement with the accounting records.

Seamus McCarthy

Comptroller and Auditor General

28 September 2016

Vote 28 Foreign Affairs and Trade

Appropriation Account 2015

			2015	2014
			Estimate provision	Outturn
			€000	€000
Programme expenditure				
A	Promote Ireland's economic and trade interests in Europe and internationally	48,658	47,824	45,890
B	Consular, passport and Irish abroad services	71,877	71,272	69,749
C	Reconciliation and cooperation on this island	20,024	22,430	22,055
D	International peace, security and human rights	69,447	67,381	63,627
Gross expenditure			210,006	208,907
<i>Deduct</i>				
E	Appropriations-in-aid	45,048	51,482	48,120
Net expenditure			164,958	153,201

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.

	2015	2014
	€	€
Surplus	7,533,377	14,604,579
Deferred surrender	(475,000)	—
Surplus to be surrendered	<u>7,058,377</u>	<u>14,604,579</u>

Analysis of administration expenditure

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	79,603	77,258	75,239
ii	Travel and subsistence	5,144	6,136	5,146
iii	Training and development and incidental expenses	4,048	4,254	3,637
iv	Postal and telecommunications services	5,786	5,795	5,508
v	Office equipment and external IT services	17,379	17,424	18,566
vi	Office premises expenses	25,119	23,723	22,410
vii	Consultancy services and value for money and policy reviews	100	—	—
viii	Foreign representation and accommodation expenses	10,524	11,181	10,495
		147,703	145,771	141,001

Notes to the Appropriation Account

1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Programme cost	63,136	60,320
Pay	77,258	75,239
Non pay	68,513	65,762
Gross expenditure	208,907	201,321
<i>Deduct</i>		
Appropriations-in-aid	51,482	48,120
Net expenditure	157,425	153,201
Changes in capital assets		
Purchases cash	(2,833)	
Gain on disposal	(48)	
Depreciation	3,610	
	729	77
Changes in net current assets		
Increase in closing accruals	6,192	
Increase in stock	(485)	
	5,707	1,994
Direct expenditure	163,861	155,272
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	17,702	16,877
Notional rents	1,716	1,716
Net programme cost	183,279	173,865

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 28 borne elsewhere.

	2015	2014
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 60	60
Vote 12 Superannuation and Retired Allowances	e 11,959	10,716
Vote 13 Office of Public Works	e 5,100	5,578
Vote 20 Garda Síochána	e 91	91
Central Fund – Ministerial pensions	e 492	432
	17,702	16,877

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

2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
Capital assets	2.2	165,269	165,998
Current assets			
Stocks	2.4	4,236	3,751
Prepayments		5,308	11,904
Other debit balances	2.5	3,379	6,076
Bank and cash	2.3	1,904	(4,300)
Total current assets		14,827	17,431
Less current liabilities			
Accrued expenses		1,021	1,425
Other credit balances	2.6	422	115
Net liability to the Exchequer	2.7	4,786	1,556
Cultural relations with other countries (grant in aid)	7.1	75	105
Total current liabilities		6,304	3,201
Net current assets		8,523	14,230
Net assets		173,792	180,228
Represented by:			
State funding account	2.1	173,792	180,228

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		180,228	182,299
Disbursements from the Vote			
Estimate provision	Account	164,958	
Deferred surrender	Account	(475)	
Surplus to be surrendered	Account	(7,058)	
Net vote		157,425	153,201
Expenditure (cash) borne elsewhere	1	17,702	16,877
Non cash expenditure – notional rent	1	1,716	1,716
Net programme cost	1	(183,279)	(173,865)
Balance at 31 December		173,792	180,228

2.2 Capital Assets

	Land and buildings €000	Motor Vehicles €000	Furniture and fittings €000	Office equipment €000	Total €000
Gross assets					
Cost or valuation at 1 January 2015	156,544	3,027	48,715	82,229	290,515
Additions	—	572	51	2,258	2,881
Disposals	—	(295)	—	(17,676)	(17,971)
Cost or valuation at 31 December 2015	156,544	3,304	48,766	66,811	275,425
Accumulated depreciation					
Opening balance at 1 January 2015	—	2,457	45,542	76,518	124,517
Depreciation for the year	—	304	1,001	2,305	3,610
Depreciation on disposals	—	(295)	—	(17,676)	(17,971)
Cumulative depreciation at 31 December 2015	—	2,466	46,543	61,147	110,156
Net assets at 31 December 2015	156,544	838	2,223	5,664	165,269
Net assets at 31 December 2014	156,544	570	3,173	5,711	165,998

2.3 Banks and Cash

	2015 €000	2014 €000
at 31 December		
Mission and headquarter accounts	8,714	9,743
PMG balances and cash	(6,810)	(14,043)
	1,904	(4,300)

2.4 Stocks

	2015 €000	2014 €000
at 31 December		
Passport books and cards	3,495	3,526
Protocol stocks	80	94
Stationery	586	45
Prepaid postage	4	2
IT consumables	71	84
	4,236	3,751

2.5 Other Debit Balances

	2015 €000	2014 €000
at 31 December		
Departmental and agency accounts	1,024	3,860
Imprest and personal suspense accounts	1,068	966
Foreign salary advance accounts	201	269
Miscellaneous	1,086	981
	3,379	6,076

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

Amounts due to the State

Income Tax	1	—
Pay Related Social Insurance	—	(1)
Pension contributions	232	24
Value Added Tax	26	22
Professional Services Withholding Tax	69	32
	<u>328</u>	<u>77</u>
Miscellaneous	94	38
	<u>422</u>	<u>115</u>

2.7 Net Liability to the Exchequer	2015	2014
at 31 December	€000	€000

Surplus to be surrendered	7,058	14,605
Deferred surrender	475	—
Exchequer grant undrawn	(2,747)	(13,049)
Net liability to the Exchequer	<u>4,786</u>	<u>1,556</u>

Represented by:

Debtors

Debit balances: suspense	3,379	6,076
Bank and cash	1,904	(4,300)
	<u>5,283</u>	<u>1,776</u>

Creditors

Due to State	(328)	(77)
Credit balances: suspense	(94)	(38)
Credit balances: grant accounts	(75)	(105)
	<u>(497)</u>	<u>(220)</u>
	<u>4,786</u>	<u>1,556</u>

2.8 Commitments

The commitments figures stated below are the total legally enforceable amounts payable in 2016 and relate to property rental payments abroad, printing of passport booklets and other administrative commitments.

at 31 December	2015	2014
	€000	€000

The amount is analysed as follows

(i) Passport Office and other administrative costs	6,542	8,723
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(ii) Property rental payment abroad

The amount for rental property payments is analysed by expiry of lease as follows:

Within one year	4,947	2,561
Between two and five years	6,069	5,940
Five years and over	2,385	3,007
	13,401	11,508

Total commitments	19,943	20,231
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Property rental commitments made under the terms of the property lease agreements are offset by prepayments. Prepaid rents amounted to €1.12 million (2014: €1.86 million).

3 Programme Expenditure by Subhead

		2015	2014
		Estimate provision	Outturn
		€000	€000
A	Promote Ireland's economic and trade interests in Europe and internationally		
A.1	Administration - pay	23,195	21,945
A.2	Administration - non pay	21,107	20,091
A.3	Information services	502	286
A.4	Cultural relations with other countries (grant in aid)	846	846
A.5	Trade promotion funds	480	307
A.6	Contributions to National and International organisations	2,528	2,240
—	<i>Atlantic Corridor project</i>	—	175
		<u>48,658</u>	<u>45,890</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme A was €834,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration Pay	683	The underspend in pay results from delays in filling vacancies.
Information Services	217	Underspend arose from some projects not proceeding as planned.
Trade Promotions Fund	197	Some anticipated expenditure plans were delayed resulting in an underspend.
Contributions to National and International organisations	(135)	The OECD contributions are assessed contributions and were higher than anticipated.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B	Consular, passport and Irish abroad services			
B.1	Administration – pay	32,136	31,189	30,362
B.2	Administration – non pay	28,067	28,237	27,220
B.3	Repatriation and maintenance of distressed Irish persons abroad	79	3	14
B.4	Support for Irish emigrant services	11,595	11,843	12,153
		<u>71,877</u>	<u>71,272</u>	<u>69,749</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme B was €605,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration pay	947	The underspend in pay results from delays in filling vacancies.
Support for Irish emigrant services	(248)	An over spend in this programme is resultant on adverse movements on foreign exchange.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Reconciliation and cooperation on this island			
C.1	Administration – pay	7,944	7,710	7,505
C.2	Administration – non pay	6,685	6,726	6,539
C.3	North-South and Anglo-Irish co-operation	2,745	5,344	2,861
C.4	International Fund for Ireland	2,650	2,650	5,150
		<u>20,024</u>	<u>22,430</u>	<u>22,055</u>

Explanation of significant variations

Overall, the gross expenditure in relation to Programme C was €2,406,000 higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
North-South and Anglo-Irish co-operation	(2,599)	The main additional spend on programme C.3 North-South and Anglo Irish co-operation was a €2.5 million grant under the new Northern Ireland Stormont Agreement “Fresh Start”.

		2015		2014
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D	International peace, security and human rights			
D.1	Administration – pay	16,328	15,847	15,427
D.2	Administration – non pay	12,241	12,315	11,912
D.3	Contributions to international organisations	40,460	38,803	35,889
D.4	Actions consequent on Title V of the Treaty on European Union	418	416	399
		69,447	67,381	63,627

Explanation of significant variations

Overall, the gross expenditure in relation to Programme D was €2,066,000 lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Administration pay	481	The underspend in pay results from delays in filling vacancies.
Contributions to international organisations	1,657	UN contributions were less than anticipated.

4 Receipts

4.1 Appropriations-in-aid

	2015		2014
	Estimated	Realised	Realised
	€000	€000	€000
1. Passport, visa and other consular services	40,020	47,271	44,001
2. Repayment of repatriation and maintenance advances	30	2	3
3. VAT refunds to diplomatic missions	750	739	723
4. Miscellaneous	500	443	286
5. Receipts from pension-related deduction on public service remuneration	3,748	3,027	3,107
Total	45,048	51,482	48,120

Explanation of significant variations

Overall, the appropriation-in-aid income was €6,434,000 more than provided. This was mainly due to the following:

Description	Less/ (more) than provided €000	Explanation
Passport, visa and other consular services	(7,251)	<p>Passport income was ahead by €5.6 million. As passport processing is a demand led service, it is difficult to project with certainty the level of applications or application mix that will be received in any given year.</p> <p>Visa fees were ahead of forecast by €300,000 due to an increased demand.</p>
Receipts from pension related deduction on public service remuneration	721	Pension related deductions are behind due to lower levels of salaries arising from the Haddington Road and Lansdowne Road Agreements.

4.2 Extra receipts payable to the Exchequer

	2015	2014
	€000	€000
Balance at 1 January	—	—
Receipts from sale of State property	—	758
Transferred to the Exchequer	—	(758)
Balance at 31 December	—	—

5 Employee Numbers and Pay

	2015	2014
Number of staff at year end (full time equivalents)	1,202	1,187
	2015	2014
	€000	€000
Pay	70,785	69,034
Higher, special or additional duties allowance	176	144
Other allowances	164	179
Overtime	727	761
Employer's PRSI	3,260	3,073
Foreign social security/health insurance (missions)	2,146	2,048
Total Pay	77,258	75,239

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	46	3	16,211	16,502
Other allowances	87	—	8,080	8,052
Overtime	341	15	32,781	31,614
Number of individuals who received extra remuneration in more than one category	70	16	36,567	36,676

5.2 Other Remuneration Arrangements

Payments totalling €14,738 (2014: €41,007) were paid to 5 (2014: 4) retired civil servants whose services were employed on specialised tasks.

Severance payments amounting to €118,770 (2014: €127,685) were paid to 11 (2014: 16) locally employed staff at embassies abroad

No severance payments were made to formal Ministerial staff in 2015. €417,787 was paid to 7 staff in 2014.

5.3 Payroll Overpayments

Overpayments at the year end were €7,070 (6 cases) (2014: €11,806, 5 cases). All these cases have recovery plans in place.

6 Legal Costs

Legal Costs paid during the year are categorised as follows:

					2015	2014
	Number of cases	Legal costs paid by the Department	Legal costs awarded	Compensation awarded	Total	Total
		€000	€000	€000	€000	€000
Claims by employees of the Vote						
Personal injury cases	3	10	30	—	40	73
HR cases	1	4	—	—	4	—
Claims by members of the public						
Passport entitlement case	1	—	6	—	6	—
	5	14	36	—	50	73

7 Miscellaneous Accounts

7.1 Cultural Relations with Other Countries (grant-in-aid)

	2015	2014
	€000	€000
Balance on 1 January	105	171
Grant (Subhead A.4)	846	846
	951	1,017
Expenditure	(876)	(912)
Balance at 31 December	75	105

