

Appropriation Account 2017

Vote 16

Valuation Office

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 2017 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 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.86 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.

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 payroll function transferred to the National Shared Service Office in June 2017. The Secretary General of the Department of Public Expenditure and Reform is Accounting Officer for Vote 18, 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 this Office and the National Shared Service Office for the provision of human resource 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 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
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets.

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 in operation
- 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.

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.

Risk and Control Framework

The Valuation Office has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Valuation Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Office has procedures to monitor the effectiveness of its risk management and control procedures. The Office's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the department responsible for the development and maintenance of the internal financial control framework.

Internal Financial Control Issues

No weaknesses in internal financial control were identified in relation to 2017 that resulted in, or may result in, a material loss.

John O'Sullivan
Accounting Officer
Valuation Office

27 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 16 Valuation Office

Opinion on the appropriation account

I have audited the appropriation account for Vote 16 Valuation Office for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 16 Valuation Office for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Valuation Office and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 16 Valuation Office

Appropriation Account 2017

		2017	2016
		Estimate provision	Outturn
		€000	€000
Programme expenditure			
A	Provision of a State valuation service	10,278	8,590
B	Administration services for the Valuation Tribunal	1,090	539
Gross expenditure		11,368	9,129
<i>Deduct</i>			
C	Appropriations-in-aid	1,129	1,139
Net expenditure		10,239	7,990

Surplus

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

	2017	2016
	€	€
Surplus to be surrendered	1,857,762	1,500,830

John O'Sullivan
Accounting Officer
Valuation Office

27 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	Note	2017	2016
		€000	€000
Programme cost		1,277	1,184
Pay		6,725	6,487
Non pay		1,686	1,458
Gross expenditure		9,688	9,129
<i>Deduct</i>			
Appropriations-in-aid		1,307	1,139
Net expenditure		8,381	7,990
Changes in capital assets			
Purchases cash	2.2	(76)	
Depreciation	2.2	210	
Loss on disposals	2.2	1	(73)
Changes in net current assets			
Increase in closing accruals		142	
Increase in stock		(6)	
		136	127
Direct expenditure		8,652	8,044
Net allied services expenditure (note 1.1)		4,648	4,652
Net programme cost		13,300	12,696

1.1 Net Allied Services Expenditure

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

		2017	2016
		€000	€000
Vote 12 Superannuation and Retired Allowances	e	3,818	3,546
Vote 13 Office of Public Works	e	821	1,106
Vote 18 National Shared Services Office	e	9	—
		4,648	4,652

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

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	322	457
Current assets			
Bank and cash	2.3	191	98
Stocks	2.4	40	34
Prepayments		43	124
Accrued income		108	71
Other debit balances	2.5	10	77
Total current assets		392	404
Less current liabilities			
Accrued expenses		133	121
Deferred income		215	129
Other credit balances	2.6	163	245
Net Exchequer funding due	2.7	38	(70)
Total current liabilities		549	425
Net current liabilities		(157)	(21)
Net assets		165	436
Represented by:			
State funding account	2.1	165	436

2.1 State funding account

	Note	2017 €000	2016 €000
Balance at 1 January		436	490
Disbursements from the Vote			
Estimate provision	Account	10,239	
Surplus to be surrendered	Account	(1,858)	
Net vote		8,381	7,990
Expenditure (cash) borne elsewhere	1.1	4,648	4,652
Net programme cost	1	(13,300)	(12,696)
Balance at 31 December		165	436

2.2 Capital assets

	Office & IT Equipment	Furniture and fittings	Total
	€000	€000	€000
Gross assets			
Cost or valuation at 1 January 2017	1,759	1,122	2,881
Additions	57	19	76
Disposals	(87)	(12)	(99)
Cost or valuation at 31 December 2017	1,729	1,129	2,858
Accumulated depreciation			
Opening balance at 1 January 2017	1,357	1,067	2,424
Depreciation for the year	198	12	210
Depreciation on disposals	(87)	(11)	(98)
Cumulative depreciation at 31 December 2017	1,468	1,068	2,536
Net assets at 31 December 2017	261	61	322
Net assets at 31 December 2016	402	55	457

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	12	46
Commercial bank account balance	179	52
	191	98

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Valuation Office consumable stock	40	34
	40	34

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable travel pass scheme	8	77
Other Debit balance suspense items	2	—
	10	77

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	101	137
Pay Related Social Insurance	54	65
Value Added Tax	1	1
Professional Services Withholding Tax	4	39
	<u>160</u>	<u>242</u>
Appeal fees refunds outstanding	3	3
	<u>163</u>	<u>245</u>

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,858	1,501
Exchequer grant undrawn	(1,820)	(1,571)
Net Exchequer funding due	<u>38</u>	<u>(70)</u>
Represented by:		
Debtors		
Bank and cash	191	98
Debit balances: suspense	10	77
	<u>201</u>	<u>175</u>
Creditors		
Due to State	(160)	(242)
Credit balances: suspense	(3)	(3)
	<u>(163)</u>	<u>(245)</u>
	<u>38</u>	<u>(70)</u>

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Total of legally enforceable commitments	<u>696</u>	<u>2,035</u>

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

This note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	8,286	6,725	6,487
ii	Travel and subsistence	271	222	228
iii	Training and development and incidental expenses	885	515	609
iv	Postal and telecommunications services	105	131	106
v	Office equipment and external IT services	527	639	665
vi	Office premises expenses	161	97	142
vii	Consultancy services; value for money and policy reviews	60	82	50
		10,295	8,411	8,287

Note: In order to maintain consistency between the prior year values and 2017 and to follow the change in the 2017 Estimate, the values in respect 2016 have been reclassified to reflect the reallocation of the Valuation Tribunal spend within subhead A2 in the Estimates.

Significant variations

i Salaries, wages and allowances

Estimate provision: €8.286 million, outturn: €6.725 million

The shortfall in expenditure of €1.561 million relative to the estimate provision was due to a slower than expected rate of appointment of new staff coupled with the loss of staff to retirement.

iii Training and development and incidental expenses

Estimate provision: €0.885 million, outturn: €0.515 million

The shortfall of €370,000 on expenditure on training and development and incidental expenses was due mainly to fewer than expected hearings of the Valuation Tribunal. Members' fees are charged to this subhead.

Programme A Provision of a State Valuation Service

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	7,906	6,482	6,290
A.2	Administration – non-pay	1,299	1,348	1,458
A.3	Fees to counsel and other legal expenses	73	1	203
A.4	National revaluation projects	1,000	1,276	639
		10,278	9,107	8,590

Significant variations

Overall, the expenditure in relation to Programme A was €1.17 million lower than originally provided. €1.375 million of this related to administration expenditure and has already been explained, offset by a net overspend in A.3 (Fees to counsel and other legal expenses) and A.4 (National revaluation projects) of €0.204 million explained below.

A.4 National revaluation projects

Estimate provision: €1 million ,outturn: €1.276 million

The increase in expenditure of €0.276 million relative to the estimate provision was due to an additional payment in 2017 to the external service provider due to a delayed milestone delivery which was carried over from the previous year.

Programme B Administration Services for the Valuation Tribunal

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	380	243	197
B.2	Administration – non-pay	710	338	342
		1,090	581	539

Significant variations

Overall, the expenditure in relation to Programme B was €0.509 million lower than originally provided, all of which related to administration expenditure and was mainly due to the following:

B.2 Administration – non-pay

Estimate provision: €0.71 million, outturn: €0.338 million

The shortfall in expenditure of €0.372 million relative to the estimate provision was due to fewer hearings in 2017 than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
1. Valuation Tribunal appeal fees	60	296	31
2. Valuation certificates	120	91	83
3. Valuation revision fees	600	613	700
4. Fees from appeals to the Commissioner	—	—	2
5. Miscellaneous receipts	65	31	24
6. Receipts from pension related deduction on public service remuneration	284	276	299
Total	1,129	1,307	1,139

Significant variations

Overall, appropriations-in-aid were €0.178 million more than the estimate.

Explanations for significant variances are set out below:

1 Valuation Tribunal appeal fees

Estimate provision: €60,000, outturn: €296,000

The increase of €236,000 was due to the receipt of a significant number of appeals relating to the Reval 2017 programme in late 2017.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	124	117

5.2 Pay

	2017	2016
	€000	€000
Pay	6,173	5,966
Higher, special or additional duties allowance	78	93
Other allowances	14	14
Overtime	12	4
Employer's PRSI	448	410
Total Pay	6,725	6,487

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	18	—	8,274	8,274
Other allowances	4	—	4,693	1,855
Overtime	9	—	4,852	3,578
Extra remuneration in more than one category	15	—	9,545	7,823

5.4 Other remuneration arrangements

€52,355 was paid to three retired civil servants who were employed on contract on specialised tasks. The pension abatement rule was applied in accordance with section 52 of the Public Service Pensions (Single Scheme Other Provisions) Act 2012.

Note 6 Miscellaneous Items

6.1 Compensation and legal costs

No costs were incurred in 2017 in respect of claims against the Office or the Valuation Tribunal (2016: €203,000).

6.2 Merger

As part of a programme of rationalisation of State bodies, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. The new organisation arising from the merger will be known as Tailte Éireann. The establishment of the new entity requires primary legislation. Drafting of the Tailte Éireann Bill to provide for the merger is ongoing.

Responsibility for the establishment of Tailte Éireann has transferred to the Department of Housing Planning and Local Government from 1 January 2018 further to the transfer of the Valuation Office, Ordnance Survey Ireland and Property Registration Authority to that Department from Department of Justice and Equality.

In the meantime, the Chief Executive Designate for Tailte Éireann, who was appointed on 1 July 2013 has been working towards the development of a detailed plan for the establishment of the new entity. He will continue to work on the planning and design of the necessary infrastructure for the new organisation and the Valuation Office will continue to provide every support in bringing about its establishment.

When established, Tailte Éireann will be responsible for providing the authoritative property registration system, national mapping and surveying infrastructure and property valuation service for the State. As such, it will be the primary national source of property information and geo-spatial data and will be a leader in the development and delivery of land information services.
