

Appropriation Account 2017

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

A surplus of €2.03 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 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.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting, internal audit and risk management is as follows:

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.
- 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 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 Office was compliant with the guidelines in 2017.

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 2016. 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.

Risk and Control Framework

The 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 Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Team 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 and the management team, 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 Office 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.

Jacqui McCrum

Accounting Officer
Office of the Ombudsman

22 June 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

Opinion on the appropriation account

I have audited the appropriation account for Vote 19 Office of the Ombudsman 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 19 Office of the Ombudsman 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 Office of the Ombudsman 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

12 September 2018

Vote 19 Office of the Ombudsman

Appropriation Account 2017

	2017		2016
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Ombudsman function/ Office of the Commission for Public Service Appointments	5,912	5,109	4,819
B Standards in Public Office Commission	2,061	1,500	1,499
C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	2,887	2,311	2,090
Gross expenditure	10,860	8,920	8,408
<i>Deduct</i>			
D Appropriations-in-aid	325	414	302
Net expenditure	10,535	8,506	8,106

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	2,029,395	1,632,379

Jacqui McCrum
Accounting Officer
Office of the Ombudsman

22 June 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Pay	6,675	6,372
Non pay	2,245	2,036
Gross expenditure	8,920	8,408
<i>Deduct</i>		
Appropriations-in-aid	414	302
Net expenditure	8,506	8,106
Changes in capital assets		
Purchases cash	(604)	
Depreciation	396	
Loss on disposal	—	
	(208)	(427)
Changes in net current assets		
Increase in closing accruals	8	
Decrease in stock	2	
	10	37
Direct expenditure	8,308	7,716
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,329	2,057
Net programme cost	10,637	9,773

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.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	23	23
Vote 12 Superannuation and Retired Allowances	1,137	848
Vote 13 Office of Public Works	1,155	1,174
Vote 18 National Shared Services Office	14	12
	2,329	2,057

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	1,064	840
Current assets			
Bank and cash	2.3	552	207
Stocks		11	13
Prepayments		102	97
Other debit balances	2.4	51	35
Total current assets		716	352
Less current liabilities			
Accrued expenses		79	66
Net Exchequer funding due	2.6	280	(86)
Other credit balances	2.5	323	328
Total current liabilities		682	308
Net current assets		34	44
Net assets		1,098	884
Represented by:			
State funding account	2.1	1,098	884

2.1 State funding account

	Note	2017 €000	2016 €000
Balance at 1 January		884	489
Disbursements from the Vote			
Estimate provision	Account	10,535	
Surplus to be surrendered	Account	(2,029)	
Net vote		8,506	8,106
Expenditure (cash) borne elsewhere	1.1	2,329	2,057
Purchases cash adjustment	2.2	16	5
Net programme cost	1	(10,637)	(9,773)
Balance at 31 December		1,098	884

2.2 Capital assets^a

	IT equipment	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2017	1,344	129	437	92	2,002
Additions	311	4	—	289	604
Adjustment ^b	—	—	—	16	16
Brought into use	222	—	—	(222)	—
Cost or valuation at 31 December 2017	1,877	133	437	175	2,622
Accumulated depreciation					
Opening balance at 1 January 2017	645	108	409	—	1,162
Depreciation for the year	378	6	12	—	396
Cumulative depreciation at 31 December 2017	1,023	114	421	—	1,558
Net assets at 31 December 2017	854	19	16	175	1,064
Net assets at 31 December 2016	699	21	28	92	840

^a There has been ongoing major investment in IT infrastructure including the following:

- The introduction of a new Document Management System for the electronic filing of records.
- A Case Management System which will manage documentation, processes, workflow and reporting requirements for varying types of cases. It is expected that this will assist in delivering better throughput and quality of casework along with a better service for our customers with the aid of a new and enhanced Case Management System.
- Websites - OIC and OCEI websites were completed in 2017, preliminary works carried out on Ombudsman and Health Complaints sites.

^b The adjustment of €16,000 relates to Schedule 4 VAT amounts which were not included in the Capital Assets under Development figures for 2016.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	549	207
Commercial Bank Account Balance	3	—
	552	207

2.4 Other debit balances

at 31 December	2017	2016
	€000	€000
Other debit balances	51	35

2.5 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	151	147
Pay Related Social Insurance	68	65
Professional Services Withholding Tax	32	46
Pension contributions	28	26
	<u>279</u>	<u>284</u>
Payroll deductions held in suspense	39	39
Other credit suspense items	5	5
	<u>323</u>	<u>328</u>

2.6 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	2,029	1,632
Exchequer grant undrawn	(1,749)	(1,718)
Net Exchequer funding due	<u>280</u>	<u>(86)</u>
Represented by:		
Debtors		
Bank and cash	552	207
Debit balances: suspense	51	35
	<u>603</u>	<u>242</u>
Creditors		
Due to State	(279)	(284)
Credit balances: suspense	(44)	(44)
	<u>(323)</u>	<u>(328)</u>
	<u>280</u>	<u>(86)</u>

2.7 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	99	96

2.8 Contingent liabilities

The Commission for Public Service Appointments is liable to pay an element of an individual's legal costs arising from a judicial review case. The Taxing Master is due to hear an appeal of these costs shortly.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following 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	7,956	6,675	6,372
ii	Travel and subsistence	48	50	47
iii	Training and development and incidental expenses	407	357	444
iv	Postal and telecommunications services	39	39	33
v	Office equipment and external IT services	360	761	687
vi	Office premises expenses	132	114	123
vii	Consultancy services and value for money and policy reviews	1,368	409	383
viii	Legal fees	540	515	319
ix	Referendum Commission	10	—	—
		10,860	8,920	8,408

Significant variations

i Salaries, wages and allowances

Estimate provision: €7.956 million, outturn: €6.675 million

The decrease of €1.281million on expenditure on salaries, wages and allowances was due to delays in filling the vacancies created from 17% of the staff leaving the Office in 2017 (mainly through promotion and taking up opportunities in the private sector) and in filling new positions created in 2017.

v Office equipment and external IT services

Estimate provision: €0.360 million, outturn: €0.761 million

The increase of €0.401million in spending on office machinery and other office supplies was due to the accelerated purchase of hardware and software as part of the ongoing modernisation of IT systems including new servers, network equipment and PCs.

vii Consultancy services and value for money and policy reviews

Estimate provision: €1.368 million outturn: €0.409 million

The decrease of €0.959 million on expenditure on consultancy services and value for money and policy reviews was due to:

- delays in the roll out of the case tracking system which was delayed pending the finalisation of the document management system
- ongoing staff vacancies and difficulties in recruitment of IT staff.

Programme A Ombudsman function/ Office of the Commission for Public Service Appointments

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	4,812	4,213	4,061
A.2	Administration – non pay	1,100	896	758
		5,912	5,109	4,819

Programme B Standards in Public Office Commission

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,347	917	766
B.2	Administration – non pay	714	583	733
		2,061	1,500	1,499

Programme C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	1,797	1,545	1,545
C.2	Administration – non pay	1,090	766	545
		2,887	2,311	2,090

Note 4 Receipts

4.1 Appropriations-in-aid

		2017		2016
		Estimated	Realised	Realised
		€000	€000	€000
1	Miscellaneous	5	129	13
2	Receipts from pension-related deductions on public service remuneration	320	285	289
		325	414	302

Significant variations

Overall, appropriations-in-aid were €89,000 more than the estimate.

Explanations for significant variances are set out below:

1 *Miscellaneous receipts*

Estimate provision: €5,000, outturn: €129,000

The additional receipts of €124,000 were due mainly to receipts of €85,600 under section 21 of the Regulation of Lobbying Act 2015. Fixed Payment Notice fines of €200 per quarter are paid by registered lobbyists who fail to make quarterly returns as required.

4.2 Extra exchequer receipts

An amount of €40,000 was received in 2017 in settlement of costs incurred by the Office of the Information Commissioner arising from a High Court case. The full amount was lodged to the Exchequer in 2017.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	120	117

5.2 Pay

	2017	2016
	€000	€000
Pay	6,227	5,949
Higher, special or additional duties allowance	21	22
Overtime	11	23
Employer's PRSI	416	378
Total pay	6,675	6,372

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	4	1	11,573	10,913
Overtime and extra attendance	15	—	4,198	3,452
Extra remuneration in more than one category	3	—	8,891	5,394

5.4 Salary overpayments

Overpayments at the year-end were €10,641 (13 individuals) (2016 : €9,877, 9 individuals). Of this €6,780 (7 individuals) had a recovery plan in place.

Note 6 Miscellaneous

6.1 Recoupment of legal costs

Costs were awarded in favour of the Standards in Public Office Commission with regard to the successful defence of a judicial review case taken by a then county councillor against the Commission concerning an investigation it was undertaking. An amount of €153,144 was agreed by the Taxing Master in this regard. Efforts are ongoing to recover these costs.
