

## **Appropriation Account 2017**

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### **Vote 2**

### **Department of the Taoiseach**

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## **Introduction**

As Accounting Officer for Vote 2, 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 Department of the Taoiseach, including certain services administered by the Department and for payment of grants.

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 €9.16 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.

### ***Transfer of Functions***

Responsibility for diaspora affairs transferred to the Department of Foreign Affairs and Trade on the appointment by the Government (in accordance with the Ministers and Secretaries Acts) of the Minister of State at the Department of Foreign Affairs and Trade with special responsibility for the diaspora and international development on 20 July 2017.

## **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 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 are 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 control is a continuous process and the system and its effectiveness are kept under ongoing review.

### ***Shared Services***

Processing of financial transactions is provided on a shared services basis by Financial Shared Services Centre (FSS) in Killarney, which is part of the Department of Justice and Equality. I have fulfilled my responsibilities in relation to the requirements of the service management agreement between the Department of the Taoiseach and the Financial Shared Services for the provision of this shared service.

Payroll and Human Resource functions are provided on a shared services basis by the National Shared Service Office (Vote18). The Accounting Officer for Vote 18 is responsible for the operation of controls within the Shared Service Centres.

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 firms 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 a readiness assessment to identify risks and related controls and provide a gap analysis, followed by a report on the design and existence of controls, and an annual report on whether controls operated effectively.

The Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality have provided me with letters 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 those letters.

I take assurance from the system of control within Shared Services and the Financial Shared Services Centre as reported to me by the Accounting Officer for Shared Services and the Accounting Officer for the Department of Justice and Equality respectively.

The position in regards to the financial control environment, the framework of administrative procedures, management reporting and internal audit 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.
- 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 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.

### ***Public Procurement***

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 six contracts to the value of €698,754 which were listed in my annual return in respect of Circular 40/2002. The largest contract, with a value of €412,206, had been the subject of an open tender process previously and has been extended. It relates to maintenance, support and license expenditure on a bespoke eCabinet system for users across all Government Departments, as well as expenditure on a necessary upgrade of the system. Another contract, with a value of €115,157 was awarded without a competitive tender. However, a detailed inter-departmental cost benefit analysis was performed to ensure the proposed contract award represented good value for money. Two contracts with a combined value of €107,993 were included because they were rolled over from a previous year, with one of these subject to a request for tender process in 2017.

One contract, with a value of €36,861, relates to the ICT services provided to support the IBRC Commission of Investigation, which is entirely independent of the Department of the Taoiseach. The final contract with a value of €26,537, relates to provision of software to the Moriarty Tribunal.

### ***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.

### ***Risk and Control Framework***

The Department 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 department and these have been evaluated and graded according to their significance. The register is a living document and is updated by the Department's senior management on an ongoing basis. The risk register is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Risk management is also a standing item on the agenda of the Department's Audit Committee.

### ***Ongoing Monitoring and Review***

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Advisory Committee (MAC), 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 Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department'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.

**Martin Fraser**  
Accounting Officer  
Department of the Taoiseach

28 March 2018

## **Comptroller and Auditor General**

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

#### **Vote 2 Department of the Taoiseach**

##### ***Opinion on the appropriation account***

I have audited the appropriation account for Vote 2 Department of the Taoiseach 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 2 Department of the Taoiseach 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 Department of the Taoiseach 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

31 August 2018

## Vote 2 Department of the Taoiseach

### Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Supporting the work of the Taoiseach and Government	37,580	28,345	23,348
<b>Gross expenditure</b>		<b>37,580</b>	<b>28,345</b>	<b>23,348</b>
<i>Deduct</i>				
B	<b>Appropriations-in-aid</b>	<b>833</b>	<b>757</b>	<b>763</b>
<b>Net expenditure</b>		<b>36,747</b>	<b>27,588</b>	<b>22,585</b>

#### Surplus

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

	2017	2016
	€	€
<b>Surplus to be surrendered</b>	<b>9,158,594</b>	<b>6,764,586</b>

**Martin Fraser**  
Accounting Officer  
Department of the Taoiseach

28 March 2018

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost	13,022	8,299
Pay	12,487	11,866
Non pay	2,836	3,183
<b>Gross expenditure</b>	<b>28,345</b>	<b>23,348</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>757</b>	<b>763</b>
<b>Net expenditure</b>	<b>27,588</b>	<b>22,585</b>
<b>Changes in capital assets</b>		
Purchases cash	(342)	
Depreciation	111	
Loss on disposals	17	
	(214)	(108)
<b>Changes in net current assets</b>		
Increase in closing accruals	287	
Increase in stock	(7)	
	280	(228)
<b>Direct expenditure</b>	<b>27,654</b>	<b>22,249</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	4,561	4,269
Notional rents	1,395	1,395
<b>Net programme cost</b>	<b>33,610</b>	<b>27,913</b>

#### 1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 2 borne elsewhere less amounts incurred in relation to other Votes.

	2017	2016
	€000	€000
Vote 9 Office of Revenue Commissioners e	8	8
Vote 12 Superannuation and Retired Allowances e	2,709	2,522
Vote 13 Office of Public Works e	1,099	933
Vote 18 National Shared Services Office e	25	21
Vote 20 Garda Síochána e	201	186
Vote 24 Justice and Equality e	51	57
Vote 36 Defence e	91	72
Central Fund: Taoisigh and Ministerial pensions e	377	470
	<b>4,561</b>	<b>4,269</b>

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



**Note 2 Statement of Financial Position as at 31 December 2017**

	Note	2017 €000	2016 €000
<b>Capital assets</b>	2.2	<b>669</b>	<b>450</b>
<b>Current assets</b>			
Bank and cash	2.3	513	1,215
Stocks	2.4	107	100
Prepayments		282	404
Other debit balances	2.5	29	100
Net Exchequer funding due	2.7	50	(651)
<b>Total current assets</b>		<b>981</b>	<b>1,168</b>
<b>Less current liabilities</b>			
Accrued expenses		332	162
Other credit balances	2.6	592	664
<b>Total current liabilities</b>		<b>924</b>	<b>826</b>
<b>Net current assets</b>		<b>57</b>	<b>342</b>
<b>Net assets</b>		<b>726</b>	<b>792</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>726</b>	<b>792</b>

**2.1 State funding account**

	Note	2017 €000	2016 €000
Balance at 1 January		792	456
Disbursements from the Vote			
Estimate provision	Account	36,747	
Surplus to be surrendered	Account	(9,159)	
Net vote		27,588	22,585
Expenditure (cash) borne elsewhere	1	4,561	4,269
Non cash expenditure – notional rent	1	1,395	1,395
Net programme cost	1	(33,610)	(27,913)
<b>Balance at 31 December</b>		<b>726</b>	<b>792</b>

## 2.2 Capital assets

	IT and office equipment	Furniture and fittings	Capital assets under development <sup>a</sup>	Total
	€000	€000	€000	€000
<b>Gross assets</b>				
Cost or valuation at 1 January 2017	2,289	587	164	3,040
Additions	148	35	164	347
Disposals	(321)	(7)	—	(328)
Cost or valuation at 31 December 2017	2,116	615	328	3,059
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2017	2,068	522	—	2,590
Depreciation for the year	95	16	—	111
Depreciation on disposals	(304)	(7)	—	(311)
Cumulative depreciation at 31 December 2017	1,859	531	—	2,390
<b>Net assets at 31 December 2017</b>	<b>257</b>	<b>84</b>	<b>328</b>	<b>669</b>
Net assets at 31 December 2016	221	65	164	450

<sup>a</sup> The eCabinet system supports and enables the administrative processes associated with the preparation and conduct of Government business and the dissemination of Government decisions. It has over 3,000 users across all government departments. The system is undergoing a major upgrade to ensure its ongoing viability.

## 2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	505	1,183
Commercial bank accounts	8	32
	<b>513</b>	<b>1,215</b>

## 2.4 Stocks

at 31 December	2017	2016
	€000	€000
Gifts	10	13
Stationery	48	41
Publications	42	41
Consumables, etc.	7	5
	<b>107</b>	<b>100</b>

**2.5 Other debit balances**

at 31 December	2017	2016
	€000	€000
Recoupment of travel pass scheme	23	80
Other	6	20
	<u>29</u>	<u>100</u>

**2.6 Other credit balances**

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	246	310
Pay Related Social Insurance	96	110
Value Added Tax	50	59
Professional Services Withholding Tax	98	53
	<u>490</u>	<u>532</u>
Payroll deductions held in suspense	80	99
Other	22	33
	<u>592</u>	<u>664</u>

**2.7 Net Exchequer funding due**

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	9,159	6,764
Exchequer grant undrawn	(9,209)	(6,113)
<b>Net Exchequer funding due</b>	<u>(50)</u>	<u>651</u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	513	1,215
Debit balances: suspense	29	100
	<u>542</u>	<u>1,315</u>
<b>Creditors</b>		
Due to State	(490)	(532)
Credit balances: suspense	(102)	(132)
	<u>(592)</u>	<u>(664)</u>
	<u>(50)</u>	<u>651</u>

**2.8 Commitments**

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	14	22
Capital projects	164	327
<b>Total of legally enforceable commitments</b>	<b>178</b>	<b>349</b>

## 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 any significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	13,926	12,487	11,866
ii	Travel and subsistence	615	618	473
iii	Training and development and incidental expenses	1,505	555	937
iv	Postal and telecommunications services	360	274	252
v	Office equipment and external IT services	1,160	1,041	1,241
vi	Office premises expenses	316	348	280
vii	Consultancy services and value for money and policy reviews	18	—	—
		<b>17,900</b>	<b>15,323</b>	<b>15,049</b>

#### Significant variations

iii *Training and development and incidental expenses*

Estimate provision: €1.5 million, outturn: €0.6 million

The underspend of €0.9 million on expenditure on training and development and incidental expenses was due to less expenditure than anticipated on State events. Savings in this subhead were offset against increased expenditure incurred in two other subheads: subhead ii travel and subsistence and subhead vi office premises expenses.

**Programme A Supporting the work of the Taoiseach and Government**

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	13,926	12,487	11,866
A.2	Administration – non pay	3,974	2,836	3,184
A.3	National Economic and Social Council	2,008	1,889	1,822
A.4	Tribunals of inquiry	10,000	6,552	1,086
A.5	Commissions of Investigation	4,763	2,403	2,489
A.6	Data protection	503	378	248
A.7	Diaspora affairs	500	266	825
A.8	Citizens' Assembly	1,906	1,535	—
	<i>EU engagement</i>	—	—	276
	<i>Irish personnel in EU and international organisations</i>	—	—	1,553
		<b>37,580</b>	<b>28,346</b>	<b>23,349</b>

**Significant variations**

Overall, the expenditure in relation to Programme A was €9.2 million lower than provided. €0.9 million of this related to incidental expenditure and has already been explained and the balance of the variance of €8.3 million was mainly due to the following:

**A.1 Administration - pay**

Estimate provision: €13.9 million, outturn: €12.5 million

The underspend of €1.4 million on salaries, wages and allowances in 2017 was due to a delay in the planned filling of vacancies at some grades due to the lack of availability of panels and security vetting requirements.

**A.3 National Economic and Social Council**

Estimate provision: €2 million, outturn: €1.9 million

Variance in 2017 was mainly due to the non-filling of a post with the remaining difference due to the reduction in work pattern of another employee.

**A.4 Tribunals of inquiry**

Estimate provision: €10 million, outturn: €6.5 million

The variance of €3.5 million relative to the estimate provision was due to the number of legal cost claims settled in 2017 being lower than expected. The Department has no control over third party legal costs awarded by Tribunals of Inquiry and it is impossible to predict the timing of settlement of third party costs or the level of costs falling due at any particular time.

**A.5 Commissions of Investigation**

Estimate provision: €4.8 million, outturn: €2.4 million

Commissions of Investigation are independent of the Department of the Taoiseach and their expenditure levels depend on the needs and requirements of their investigations in the first instance. The underspend of €2.4 million relative to the estimate provision was due to the Commissions' difficulty in accurately forecasting the level and timing of their own expenditure needs, including expenditure arising from decisions to award third party costs.

A.6 *Data Protection*

Estimate provision: €0.5 million, outturn: €0.38 million

Variance due to reduced staff costs and efficient procurement throughout 2017 resulting in lower costs than anticipated at estimates stage.

A.7 *Diaspora affairs*

Estimate provision: €0.5 million, outturn: €0.26 million

Responsibility for this subhead transferred to the Department of Foreign Affairs and Trade, who recouped costs from this Department in 2017.

A.8 *Citizens' Assembly*

Estimate provision: €1.9 million, outturn €1.5 million

Initial expenditure forecasts were prepared based on the experience of similar projects. The underspend in expenditure of €0.4 million mainly resulted from efficient tendering and careful procurement practices through the year.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
1. Appropriations-in-aid	58	49	47
2. Receipts from pension-related deductions on public service remuneration	775	708	716
<b>Total</b>	<b>833</b>	<b>757</b>	<b>763</b>



## Note 5 Employee Numbers and Pay

### 5.1 Employee numbers

	2017	2016
<b>Number of staff at year end</b> (full time equivalents)	<b>228</b>	<b>204</b>

The above analysis includes non-departmental staff charged to other subheads.

### 5.2 Pay

	2017	2016
	€000	€000
Pay	13,123	14,074
Redundancy and severance	414	47
Higher, special or additional duties allowance	297	401
Overtime and extra attendance	387	351
Employer's PRSI	908	957
<b>Total pay</b>	<b>15,129</b>	<b>15,830</b>

This analysis includes pay costs of departmental and agency staff

### 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	37	9	20,614	20,439
Overtime and extra attendance	84	10	20,932	20,899
Extra remuneration in more than one category	17	8	21,568	21,808

### 5.4 Other remuneration arrangements

Ex-gratia payment of €29,681 (2016: €29,681) was made in respect of agreed retirement benefits to one former employee.

### **5.5 Payroll overpayments**

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Overpayments balance outstanding at the year-end was €19,886 relating to 13 individuals. (2016: €23,439 original value of overpayment cases, relating to 9 individuals). Of this, €13,203 (10 individuals) had recovery plans in place at the end of 2017.

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### **5.6 Redundancy and severance**

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Nine employees received redundancy and severance payments in 2017 with cumulative values of €79,500 in respect of redundancy and €336,007 in respect of severance.

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## Note 6 Miscellaneous

### 6.1 Commissions and inquiries

Commission, Committee or Special Inquiry	Year of appointment	2017	2016	Total expenditure to end 2017
		€000	€000	€000
Tribunal of Inquiry (payments to Messrs Haughey and Lowry)	1997	6,552	1,086	61,294
Commission of Investigation (Fennelly Commission)	2014	499	1,289	3,522
Commission of Investigation (Cregan Commission)	2015	1,555	1,039	3,071
Commission of Investigation (Cooke Commission)	2017	350	—	350

There will be further payments associated with the Tribunal of Inquiry (payments to Messrs Haughey and Lowry). Final costs cannot be determined at this point.

The Commission of Investigation (Fennelly) was established to investigate certain matters relative to An Garda Síochána and other persons. This Commission was dissolved in March 2017. No further costs are expected.

The Commission of Investigation (Cregan) relates to certain transactions carried out by Irish Banking Resolution Corporation.

The Commission of Investigation (Cooke) relates to the sale by the National Asset Management Agency of its Project Eagle portfolio.

### 6.2 Official gifts

The account includes the sum of €6,944 which was used for the purchase of gifts for presentation by, or on behalf of, the Taoiseach and Ministers of State in 2017 (2016: €3,203).

### 6.3 Arbitration and conciliation costs

Expenditure in 2017 was NIL (2016 2 cases: €1,516).

### 6.4 Contingent liability

An indemnity provided by the Department may generate costs, depending on the outcome of the litigation. The timing and size of any actual amount are uncertain.

## Appendix A Accounts of bodies and funds under the aegis of the Department of the Taoiseach

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The following table lists the bodies under the aegis of the Department and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

<b>Body/ departmental fund</b>	<b>Last accounting period</b>	<b>Date of audit report</b>	<b>Date received by Department</b>	<b>Date presented to the Oireachtas</b>
National Economic and Social Development Office	2016	14 Dec 2017	21 Dec 2017	31 Jan 2018

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