

Appropriation Account 2017

Vote 23

Property Registration Authority

Introduction

As Accounting Officer for Vote 23, 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 Property Registration Authority.

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 €1.36 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 except for the following:

Statement of capital assets – depreciation

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month placed in service.

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 Authority.

This responsibility is exercised in the context of the resources available to me and my other obligations as Chief Executive of the Authority. 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
- procedures for all key business processes have been documented
- there are systems in place to safeguard the assets

Compensation Claims

In the normal course of its business, the Authority receives compensation claims under Section 120 of the Registration of Deeds and Title Act 1964. Claims may arise due to error, forgery or fraud in relation to registration of title.

In my 2016 Statement of Internal Financial Control, I highlighted a small number of registration cases that had the potential to give rise to claims under section 120 of the 1964 Act. I confirm that no further cases of a similar nature were identified in 2017.

I continue to oversee the enhancement of controls in the processing of applications for registration. The Authority's risk management framework underpins our counter fraud strategy to ensure the risk of further compensation claims is mitigated. The specific measures that have been implemented include:

- A Compliance Officer has been assigned to act independently in the performance of her functions and reports directly to me as Accounting Officer.
- A dedicated unit has been established to process all cases of a similar nature to those which gave rise to these claims. This change in process ensures consistency of practice and enhanced controls in relation to service of notice.
- The Authority's counter fraud framework has been further developed and guides the implementation of our strategy in maintaining the integrity of the registers, safeguarding registered property rights and protecting public resources.

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 Authority
- 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 Authority 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 Authority complied with the guidelines. 5 contracts to the value of €378,000 were listed in my annual return in respect of Circular 40/2002. These are broken down as follows:
 - (a) 3 contracts to the value of €309,000 relate to services available from one source only and
 - (b) 2 contracts to the value of €69,000 are in respect of extensions of existing contracts.

Shared Services

I have fulfilled my responsibilities in relation to the requirements of the service level agreement between this Office and the Department of Justice and Equality for the provision of financial shared services. I rely on a letter of assurance from the Accounting Officer of the Department of Justice and Equality that the appropriate controls are exercised in the provision of shared services to this Office.

I also 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 payroll and human resources shared services to the Department.

Internal Audit and Audit Committee

I confirm that the Authority 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 Authority 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 PRA 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 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 the Management Board, 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 PRA has procedures to monitor the effectiveness of its risk management and control procedures. The PRA'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 management within the PRA 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.

Elizabeth Pope

Accounting Officer
Property Registration Authority

29 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 23 Property Registration Authority

Opinion on the appropriation account

I have audited the appropriation account for Vote 23 Property Registration Authority 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 23 Property Registration Authority 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 Property Registration Authority 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 23 Property Registration Authority Appropriation Account 2017

		2017	2016
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Manage the Land Registry and the Registry of Deeds	28,291	27,112	28,799
Gross expenditure	28,291	27,112	28,799
<i>Deduct</i>			
B Appropriations-in-aid	506	688	750
Net expenditure	27,785	26,424	28,049

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	1,361,298	2,385,273

Elizabeth Pope

Accounting Officer
Property Registration Authority
29 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Pay	22,959	21,953
Non pay	4,153	6,846
Gross expenditure	27,112	28,799
<i>Deduct</i>		
Appropriations-in-aid	688	750
Net expenditure	26,424	28,049
Changes in capital assets		
Purchases cash	(612)	
Depreciation	401	
Loss on disposals	—	
	(211)	54
Changes in net current assets		
Increase in closing accruals	2	
Decrease in stock	37	
	39	105
Direct expenditure	26,252	28,208
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6,823	4,994
Notional rents	2,861	2,861
Net programme cost	35,936	36,063

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following estimated amounts in relation to Vote 23 borne elsewhere.

	2017	2016
	€000	€000
Vote 12 Superannuation and Retired Allowances	e 5,946	4,340
Vote 13 Office of Public Works	e 708	488
Vote 18 National Shared Services Office	e 62	54
Vote 24 Justice and Equality - Financial Shared Services Centre	e 107	112
	6,823	4,994

“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	1,357	1,141
Current assets			
Bank and cash	2.3	2,751	2,315
Stocks	2.4	177	214
Prepayments		504	480
Accrued Income		6	5
Other debit balances	2.5	42	36
Total current assets		3,480	3,050
Less current liabilities			
Accrued expenses		174	142
Other credit balances	2.6	2,752	2,407
Net Exchequer funding due	2.7	41	(56)
Total current liabilities		2,967	2,493
Net current assets		513	557
Net assets		1,870	1,698
Represented by:			
State funding account	2.1	1,870	1,698

2.1 State funding account

	Note	2017 €000	2016 €000
Balance at 1 January		1,698	1,857
Disbursements from the Vote			
Estimate provision	Account	27,785	
Surplus to be surrendered	Account	(1,361)	
Net vote		26,424	28,049
Expenditure (cash) borne elsewhere	1	6,823	4,994
Non cash expenditure – notional rent	1	2,861	2,861
Net programme cost	1	(35,936)	(36,063)
Balance at 31 December		1,870	1,698

2.2 Capital assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
Gross assets			
Cost at 1 January 2017	34,671	3,691	38,362
Additions	582	35	617
Disposals	(206)	(2)	(208)
Reclassification	(5)	5	—
Cost at 31 December 2017	35,042	3,729	38,771
Accumulated depreciation			
Opening depreciation as at 1 January 2017	33,707	3,514	37,221
Depreciation for the year	358	43	401
Depreciation on disposals	(206)	(2)	(208)
Reclassification	(5)	5	—
Cumulative depreciation at 31 December 2017	33,854	3,560	37,414
Net assets at 31 December 2017	1,188	169	1,357
Net assets at 31 December 2016	964	177	1,141

2.3 Bank and cash

at 31 December	2017 €000	2016 €000
PMG balances and cash	638	716
Commercial bank accounts	2,113	1,599
	2,751	2,315

2.4 Stocks

at 31 December	2017 €000	2016 €000
Stationery	125	128
Miscellaneous supplies	10	9
IT consumables	42	77
	177	214

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Building charges recoupable	42	36
	42	36

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	324	409
Pay Related Social Insurance	163	206
Extra receipts payable to the Exchequer	2,113	1,599
	<u>2,600</u>	<u>2,214</u>
Payroll deductions held in suspense	127	168
Owed to OPW	25	25
	<u>2,752</u>	<u>2,407</u>

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	1,361	2,385
Exchequer grant undrawn	(1,320)	(2,441)
Net Exchequer funding due	<u>41</u>	<u>(56)</u>

Represented by:**Debtors**

Bank and cash	2,751	2,315
Debit balances: suspense	42	36
	<u>2,793</u>	<u>2,351</u>

Creditors

Due to State	(2,600)	(2,214)
Credit balances: suspense	(152)	(193)
	<u>(2,752)</u>	<u>(2,407)</u>
	<u>41</u>	<u>(56)</u>

2.8 Commitments

at 31 December	2017	2016
	€000	€000
Procurement of goods and services	<u>49</u>	<u>20</u>

2.9 Matured liabilities

There were matured liabilities in the amount of €3,706 undischarged at year-end 2017 (2016: €8,400).

Note 3 Vote Expenditure by Subhead

Analysis of Administration Expenditure

The Vote has one programme concerning the management of the Land Registry and the Register of Deeds. All expenditure under this programme is administrative in nature. The following note presents an analysis of the expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	23,777	22,959	21,953
ii	Travel and subsistence	110	93	108
iii	Training and development and incidental expenses	1,300	1,012	4,116
iv	Postal and telecommunications services	800	673	681
v	Office equipment and external IT services	1,817	1,941	1,355
vi	Office premises expenses	462	432	571
vii	Consultancy services and value for money and policy reviews	25	2	15
		28,291	27,112	28,799

Significant variations

i *Salaries, wages and allowances*

Estimate provision: €23.78 million, outturn: €22.96 million

The shortfall in expenditure of €0.817 million was due to serving staff level being below the overall projected level for much of the year. This was due to delays in the recruitment process.

iii *Training and developmental and incidental expenses*

Estimate provision: €1.3 million, outturn: €1.012 million

The shortfall in expenditure of €0.288 million was due to the provision for the payment of compensation claims under S120 of the Registration of Deeds and Title Act 1964 not being utilised in full in 2017. Actual amount and timing of such payments is uncertain.

Note 4 Receipts

4.1 Appropriations-in-aid

	2017		2016
	Estimated €000	Realised €000	Realised €000
1. Receipts from pension-related deductions on public service remuneration	506	688	750
Total	506	688	750

Significant variations

Overall, appropriations-in-aid were €182,000 more than the estimate.

Explanations for variances are set out below:

1 *Receipts from pension-related deductions on public service remuneration*

Estimate provision: €0.51 million, outturn: €0.69 million

The variance arose due to greater than estimated intake of pension related deductions. These receipts are difficult to accurately estimate.

4.2 Extra receipts payable to the Exchequer

	2017 €000	2016 €000
Opening balance at 1 January	1,599	1,088
Land Registry fees	60,828	56,782
Registry of Deeds fees	1,371	1,575
Ground rent fees received	71	71
Paid over to Exchequer	(61,756)	(57,917)
Closing balance at 31 December	2,113	1,599

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	<u>500</u>	<u>481</u>

5.2 Pay

	2017	2016
	€000	€000
Pay	21,218	20,415
Higher, special or additional duties allowance	18	5
Other allowances	72	59
Overtime	256	209
Employer's PRSI	1,395	1,265
Total Pay	<u>22,959</u>	<u>21,953</u>

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	13	—	3,020	5,138
Other allowances	23	—	7,700	7,518
Overtime	142	1	12,232	8,914
Extra remuneration in more than one category	11	3	12,993	12,364

5.4 Payroll overpayments

Overpayments at the year end were €236,057 (134 cases) (2016: €192,983, 89 cases). Of this, €107,784, (59 cases) had recovery plans in place.

Note 6 Miscellaneous

6.1 Section 120 Compensation

All titles registered on the Land Register are guaranteed by the State. Section 120 of the Registration of Title Act 1964 provides for the payment of compensation (and relevant costs) to a person who suffers a loss through reliance on the Register where the loss is not caused or substantially contributed to by the act, neglect or default of himself or his agent. Fourteen Section 120 compensation payments (2016: 22) were paid in 2017, the total costs of which are set out below.

Legal costs paid during the year are categorised as follows -

	Number of cases	Legal costs awarded €000	Compensation awarded €000	2017	2016
				Total €000	Total €000
Claims under S.120 of the Registration of Title Act 1964	14	39	40	79	128

6.2 Contingent liability

The Authority is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or timing of potential liabilities is uncertain. This includes the section 120 cases referred to above and the potential cases that are noted in the Statement on Internal Financial Control.

6.3 Merger

As part of the Public Service Reform Programme, a Government decision was made on 31 October 2012 to merge the Valuation Office, Ordnance Survey Ireland and the Property Registration Authority. As a result, a new organisation, to be called Tailte Éireann, will be created. Tailte Éireann will have responsibility for several important functions, including the State property registration system, the State mapping and surveying infrastructure, the State property valuation service and the development and maintenance of State geospatial information.

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 Officer, Ordnance Survey Ireland and Property Registration Authority to that Department from Department of Justice and Equality.

