

Appropriation Account 2017

Vote 40

Children and Youth Affairs

Introduction

As Accounting Officer for Vote 40, I am required to prepare the annual 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 Minister for Children and Youth Affairs, for certain services administered by that Office, and for the payment of grants including certain grants under cash-limited schemes.

The expenditure outturn is compared with the sums:

- (a) 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
- (b) provided for capital supply services in 2017 out of unspent 2016 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €58.70 million is liable for surrender to the Exchequer.

Statement of Accounting Policies and Principles

The Statement of Accounting Policies and Principles form part of the account. The standard accounting policies and principles for the production of appropriation accounts as set out by the Department of Public Expenditure and Reform in Circular 25/2017 have been applied in the preparation of the account except for the following:

Depreciation

The Children Detention Campus at Oberstown is vested in the Minister and is included in capital assets as land and buildings. Buildings are depreciated at a rate of 2% per annum on a straight line basis over their estimated useful life. Land is not depreciated.

Motor vehicles are depreciated over five years at a rate of 20% per annum.

Payments to Pobal

Funds are advanced to Pobal in relation to the provision of certain services on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year (see Note 6.2).

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.

Certain services are provided to Vote 40 on a shared services basis.

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreements between this Department and the Department of Health for the provision of certain financial and ICT shared services and the National Shared Services Office for the provision of HR and Payroll Shared Services. I have also fulfilled my responsibilities under public financial procedures regarding the financial services provided by the Department of Justice and Equality in respect of the Oberstown Children Detention Campus. Regarding the latter, arrangements have been put in place to effect the transition of these services back to my Department during 2018.

The Accounting Officer of the NSSO is responsible for the operation of internal financial controls within the Shared Services Centres.

I rely on a letter of assurance from each of the Accounting Officers of the Vote for the Department of Health, the Vote for the Department of Justice and Equality and the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Department.

Pobal administers a number of programmes on behalf of the Department across a range of early years and young people related programmes. In 2017, funding of €426 million was advanced to Pobal in this regard (Note 6.2).

The relationship between the Department and Pobal is governed by an overarching service level agreement (SLA). The current SLA covers the period from 1 September 2017 to end of 2020 and is subject to annual review.

Each individual programme operated by Pobal on behalf of the Department is subject to a service agreement which is appended to and operates under the framework of the overarching SLA. Over 96% of the payments advanced to Pobal relate to early years and childcare programmes. A service agreement in relation to early years and childcare was signed in September 2016 and revised in November 2017.

Pobal provides quarterly reports to the Department on the results of compliance visits conducted by it. These reports inform internal management discussion and also form the basis of communications between Pobal and the Department regarding compliance. Pobal also conducts a number of verification audits on service providers where risks are identified to ensure the providers are operating in accordance with programme rules and contractual conditions. The Department and Pobal meet monthly to discuss matters relating to compliance.

In addition, Pobal provides a monthly statement of their financial transactions, including bank balances. The Finance Unit analyses these statements each month to ensure that all payments are reconciled against authorisations and that bank balances are aggressively cleared and not allowed to build up.

The position in regard 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 control system.

- The senior management of the Department sign off on a Financial Control Assurance Statement in relation to their individual areas of responsibility. These Statements are available to me as Accounting Officer in finalising the Appropriation Account.
- 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. This includes the following elements:

- 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. I can confirm that during 2017 the Department complied with these guidelines.

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, the Department's risk registers and communications between the Head of Internal Audit and management. 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.

The Internal Audit Unit operates under the direction and control of the Audit Committee and the Secretary General. I meet with the Head of Internal Audit and with the Chair of the Audit Committee periodically. The minutes and annual report of the Audit Committee are the subject of discussion by the Department's Management Board.

The Head of Internal Audit position became vacant in August 2016. Recruitment of a full time professionally qualified Head of Internal Audit commenced in late 2016 and an appointment was made in July 2017. Between January and July 2017, the Internal Audit function was carried out by a professionally qualified auditor operating on a consultancy basis supported by a full time member of staff working in the Internal Audit Unit. An external review will be carried out on the Department's internal audit function in late 2018.

In addition to the permanent staffing of the Internal Audit Unit, the audit function is supported by a contract for internal audit services with an external contractor until the end of 2018.

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 identified, evaluated and graded according to their significance. The Management Board also sits as the Department's Risk Committee. The Secretary General, as Accounting Officer, has ultimate responsibility for risk management as part of the system of internal controls. The register is reviewed and updated by the Risk Committee 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.

It should be noted that an internal audit review of the risk and control framework has been carried out in 2018 and its findings show a positive review.

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 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 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

Reviews conducted by Internal Audit and as part of the audit of the financial statements in 2017 and earlier years identified a number of areas where improvements to the Department's processes are required as set out below.

Control over payments to Education and Training Boards

An internal audit report in March 2017 identified weaknesses in control over payments to ETBs. It noted that in 2015 the Department issued the full year payment to an ETB when it intended to make an interim payment of €600,000. An amount of €2.47 million paid in error was returned to the Department.

The Department has improved its control over payment authorisations to ensure that such an error could not recur.

Control over early years childcare programmes

In 2017, the Department provided funding of €320 million to a variety of early years childcare programmes. In 2017 and in previous years the adequacy of controls over these schemes was a cause of concern. This is due to:

- The results of Pobal's verification checks which assessed 14% of contracts reviewed as being major non compliant where there is a potential/actual negative impact on Exchequer funding. This relates to the period November 2017 to January 2018 after the Department amended its categorisation methodology.
- Recommendations from a review of the Community Childcare Subvention Programme completed in 2017 which identified required improvements in grantee organisations in respect of governance processes, preparation of bank reconciliations and reconciliation of grant amounts from DCYA with income recognised in grantee's financial statements.
- Overpayments of circa €1 million due from childcare providers, identified as part of Pobal's compliance programme where the prospect of recovery is low.

The Department intends to provide additional supports to grantees and has agreed a revised compliance programme which will ensure recovery of any overpayments identified as part of Pobal's compliance programme and exclusion from Department funded schemes where non compliance is not addressed.

The Department is satisfied that the implementation of revised control procedures strengthen controls over childcare payments and reduces the risk of non compliance.

Over the medium term the Department is also planning a strategic review of early years policy and funding model and the introduction of a single streamlined scheme (Affordable Childcare Scheme) to replace the existing targeted childcare subsidy schemes.

Control over funding provided under the Youth Services Grant Scheme

Using Pobal as an intermediary, the Department provides annual funding of just over €50 million to a large number of groups and organisations for youth services and grant programmes. A review of the Youth Services Grant Scheme which accounts for about one fifth of this expenditure identified weaknesses in the operation of the scheme and recommended improvements to the Department's procedures for

- initial granting and annual renewal of funding
- specification of its relationship with Pobal and grantees through the use of Service Level Agreements
- post payment monitoring including more structured annual reviews of grantee expenditure and outputs and verification checks to check compliance with grant conditions.

All recommendations made by Internal Audit have been accepted and are being progressed.

Control over petty cash

The audit of the 2015 financial statements identified weaknesses in the Department's control over petty cash. An unreconciled balance of €18,902 was identified and transferred to a suspense account pending completion of Internal Audit investigations.

During 2017 Internal Audit conducted two reviews and made a number of recommendations for improvements to the Department's control over petty cash. These included revising the Department's petty cash policy, reimbursement only on the basis of a receipt or invoice, limiting access to the petty cash safe and cash counting on a periodic basis.

All recommendations made by Internal Audit have been actioned and the Department is satisfied that its control procedures in relation to petty cash would prevent a recurrence of this issue.

The unreconciled balance of €18,902 was written off in 2017, with DPER sanction (See Note 6.6).

Superannuation issue

The audit of the 2016 financial statements for the Adoption Authority of Ireland noted that since 2013, it had been paying pension costs of seconded staff in error to the Department who then forwarded the contributions to DPER.

Up to 2013, employer contributions were due in relation to seconded employees. However, after that date seconded staff either returned to their parent department or became employees of the Adoption Authority. As a result, pension costs of seconded staff should have ceased. In 2017, the Adoption Authority paid €307,000 to the Department in this regard. The practice has now ceased and the Authority and the Department have opted not to seek recovery of these sums.

Theft of 'honesty box' coffee funds

In late 2017, a departmental official reported to line management that a sum of money paid by staff on a voluntary basis for coffee beverages had gone missing. The Department purchased canteen supplies with staff making voluntary contributions towards these costs.

Internal audit carried out an investigation on the matter and estimated that the amount of the loss involved was around €3,000. Internal audit made a number of recommendations to enhance the accounting and security controls for the coffee beverages cash arrangements which have been accepted by management. The matter is also the subject of investigation by An Garda Síochána.

Fergal Lynch
Accounting Officer
Department of Children and Youth Affairs

20 September 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 40 Children and Youth Affairs

Opinion on the appropriation account

I have audited the appropriation account for Vote 40 Children and Youth Affairs 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 40 Children and Youth Affairs 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 Children and Youth Affairs 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 40 Children and Youth Affairs

Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
Programme expenditure				
A	Children and Family Support Programme	742,688	739,591	704,592
B	Sectoral Programmes for Children and Young People			
	<i>Current year provision</i>	539,596		
	<i>Deferred surrender</i>	1,640		
		541,236	488,352	366,637
C	Policy and Legislation Programme	28,752	22,041	17,199
Gross expenditure				
	<i>Current year provision</i>	1,311,036		
	<i>Deferred surrender</i>	1,640		
		1,312,676	1,249,984	1,088,428
<i>Deduct</i>				
D	Appropriations-in-aid	25,012	21,024	22,007
Net expenditure				
	<i>Current year provision</i>	1,286,024		
	<i>Deferred surrender</i>	1,640		
		1,287,664	1,228,960	1,066,421

Surplus

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.

	2017	2016
	€	€
Surplus	58,704,416	50,105,001
Deferred surrender	—	(1,640,000)
Surplus to be surrendered	58,704,416	48,465,001

Fergal Lynch

Accounting Officer
Department of Children and Youth Affairs
20 September 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost	1,237,392	1,077,770
Pay	11,048	9,361
Non pay	1,544	1,297
Gross expenditure	1,249,984	1,088,428
<i>Deduct</i>		
Appropriations-in-aid	21,024	22,007
Net expenditure	1,228,960	1,066,421
Changes in capital assets		
Purchases cash	(344)	
Depreciation	1,235	
	891	(167)
Changes in net current assets		
Increase in closing accruals	6,340	
Decrease in stock	26	
	6,366	(2,688)
Direct expenditure	1,236,217	1,063,566
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	6,799	2,663
Net programme cost	1,243,016	1,066,229

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 40 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 105	30
Vote 12 Superannuation and Retired Allowances	e 774	342
Vote 13 Office of Public Works	e 5,841	2,242
Vote 18 National Shared Services Office	e 79	49
	6,799	2,663

'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	55,607	56,457
Current assets			
Bank and cash	2.3	492	744
Stocks	2.4	23	49
Prepayments		2,221	8,545
Other debit balances	2.5	845	678
Total current assets		3,581	10,016
Less current liabilities			
Accrued expenses		415	399
Other credit balances	2.6	1,136	88
Net Exchequer funding due	2.7	201	1,334
Total current liabilities		1,752	1,821
Net current assets		1,829	8,195
Net assets		57,436	64,652
Represented by:			
State funding account	2.1	57,436	64,652

2.1 State funding account

	Note	2017 €000	2016 €000
Balance at 1 January		64,652	60,679
Adjustment (see note 2.2)	2.2	41	1,118
Disbursements from the Vote			
Estimate provision	Account	1,287,664	
Deferred surrender	Account	—	
Surplus to be surrendered	Account	(58,704)	
Net vote		1,228,960	1,066,421
Expenditure (cash) borne elsewhere	1	6,799	2,663
Net programme cost	1	(1,243,016)	(1,066,229)
Balance at 31 December		57,436	64,652

2.2 Capital assets

	Land and buildings	Office equipment	Furniture, fittings and motor vehicles	Total
	€000	€000	€000	€000
Gross assets				
Cost or valuation at 1 January 2017	57,414	747	650	58,811
Adjustment ¹	—	—	41	41
Additions	167	103	74	344
Disposals	—	(6)	—	(6)
Cost or valuation at 31 December 2017	57,581	844	765	59,190
Accumulated depreciation				
Opening balance at 1 January 2017	1,126	684	544	2,354
Depreciation for the year	1,152	42	41	1,235
Depreciation on disposals	—	(6)	—	(6)
Cumulative depreciation at 31 December 2017	2,278	720	585	3,583
Net assets at 31 December 2017	55,303	124	180	55,607
Net assets at 31 December 2016	56,288	63	106	56,457

¹ In 2015, the assets in use in the Oberstown Children Detention Campus transferred from the Department of Justice and Equality to the Department of Children and Youth Affairs. Some motor vehicle assets were omitted in error. These have been adjusted in 2017. The value of the adjustment at 1 January 2017 is €41,000.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	484	731
Commercial bank balances	8	13
	492	744

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Stationery	17	29
IT consumables	6	20
	23	49

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Advances to OPW	776	654
Recoupable salaries	61	17
Recoupable travel	6	—
Other debit suspense items	2	7
	845	678

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Professional Services Withholding Tax	42	29
Value Added Tax	436	18
Pensions	4	2
Payroll deductions	477	—
Recoupable travel pass scheme expenditure	14	(34)
	973	15
Other credit suspense items	163	73
	1,136	88

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	58,704	48,465
Deferred surrender	—	1,640
Exchequer grant undrawn	(58,503)	(48,771)
Net Exchequer funding due	201	1,334
Represented by:		
Debtors:		
Bank and cash	492	744
Debit balances	845	678
	1,337	1,422
Creditors:		
Due to State	(973)	(15)
Credit balances: suspense	(163)	(73)
	(1,136)	(88)
	201	1,334

2.8 Commitments

at 31 December	2017	2016			
	€000	€000			
a) Global commitments					
Procurement of goods and services	8,446	12,403			
Grant programmes	48	24			
Total of legally enforceable commitments	8,494	12,427			
b) Capital grant programmes					
	2017	2016			
	€000	€000			
Opening balance	—	—			
Grant paid in year	(20,190)	(8,729)			
New grant commitments	20,190	8,729			
Grant clawback	—	—			
Closing balance	—	—			
c) Major capital commitments					
(projects costing €6,350,000 or more)					
	Cumulative expenditure to 31 December 2016	Expenditure in 2017	Project commitments in subsequent years	Expected total spend lifetime of project	Expected total spend lifetime of project
Project	€000	€000	€000	2017 €000	2016 €000
National Children Detention Campus	54,333	167	1,940	56,440	56,440

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	12,440	11,048	9,361
ii	Travel and subsistence	238	136	112
iii	Training and development and incidental expenses	577	370	288
iv	Postal and telecommunications services	186	160	112
v	Office equipment and external IT services	326	310	188
vi	Office premises expenses	526	419	528
vii	Consultancy and other services	276	149	69
		14,569	12,592	10,658

Significant variations

i Salaries, wages and allowances

Estimate provision: €12.440 million, outturn: €11.048 million

The variance of €1.392 million on expenditure on salaries, wages and allowances was due primarily to timing issues in the recruitment of new posts and the filling of existing vacancies. As general and specialist recruitment is not done directly by the Department, the timing of recruitment is largely beyond the Departments control.

ii Travel and subsistence

Estimate provision: €0.238 million, outturn: €0.136 million

The variance of €0.102 million on expenditure on travel and subsistence was due to a combination of lower than anticipated recruitment activity and the requirement that an adequate provision is made for necessary expenditure. Travel and subsistence estimates are by their nature, difficult to estimate year on year.

iii Training and development and incidental expenses

Estimate provision: €0.577 million, outturn: €0.370 million

The variance of €0.207 million on expenditure on training and development and incidental expenses was due primarily to Incidental Expenses (€165k variance). These are fluid in nature and difficult to plan for and include discovery, advertising, room hire, translation and entertainment related costs. The balance (€42k variance) relates to training and development which was due to slower recruitment than planned for and delays in the roll-out of the 'One Learning' shared service model across the Civil Service.

vii Consultancy and other services

Estimate provision: €0.276 million, outturn: €0.149 million

The variance of €0.127 million on expenditure was due primarily to external consultancy support costs associated with internal audit reviews being lower than planned for. This was as a result of improved internal resources being allocated to Internal Audit in the Department.

Programme A Children and Family Support Programme

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	3,359	2,811	2,448
A.2	Administration – non pay	574	344	279
A.3	Child and Family Agency	712,895	712,693	678,996
A.4	Youth Justice – Children Detention Campus	25,860	23,743	22,869
		742,688	739,591	704,592

Significant variations

Overall, the expenditure in relation to Programme A was €3.09 million lower than originally provided. €0.77 million of this related to administration expenditure and has already been explained and the balance of the variance of €2.32 million was mainly due to the following:

A.4 Youth Justice – Children Detention Campus

Estimate provision: €25.86 million, Outturn: €23.74 million

The shortfall in expenditure of €2.1 million relative to the estimate provision was due principally to a reduced level of capital expenditure than originally anticipated owing to a delay in the finalisation of the Oberstown Campus final account.

Programme B Sectoral Programmes for Children and Young People

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	3,359	3,173	2,581
B.2	Administration – non pay	574	334	286
B.3	ECCE pre-school year programme	329,500	297,136	223,751
B.4	General childcare programmes			
	<i>Current year provision</i>	126,158		
	<i>Deferred surrender</i>	1,640		
		127,798	112,758	74,755
B.5	Childcare initiatives (cash-limited)	8,363	6,339	6,462
B.6	Youth organisations and services (part funded by the National Lottery)	60,395	62,747	53,607
B.7	Area based childhood programme	5,800	4,183	3,650
B.8	Intervention programmes for children and young people (Dormant accounts funded)	5,166	1,098	1,545
B.9	Programme for Peace and Reconciliation	281	584	---
		541,236	488,352	366,637

Significant variations

Overall, the expenditure in relation to Programme B was €52.884 million lower than originally provided. €0.426 million of this related to administration expenditure and has already been explained and the balance of the variance of €52.458 million was mainly due to the following:

B.3 ECCE pre-school year programme

Estimate provision: €329.5 million, outturn: €297.136 million

The shortfall in expenditure of €32.364 million relative to the estimate provision was primarily due to a shortfall on the Early Childhood Care and Education (ECCE) scheme (€21.164 million) and the Better Start Access and Inclusion Model (AIM) scheme (€10.2 million).

Historically provision was made under ECCE for 95% take-up rates. In 2017, changes were made to the scheme, including a three point entry system, and provision was made for a potential 100% take-up rate. The actual take-up rate was only 94% which mirrors previous years. This was further exacerbated by an overestimation of enrolments in the final intake point at April 2017. Provision was made for 15,444 enrolments in April 2017 but only 8,404 took place.

The lower than expected enrolments in the ECCE scheme also had an impact on the expenditure on the AIM scheme. The shortfall in ECCE enrolments led to a decreased engagement in AIM by pre-school providers and parents, with lower than anticipated initial demand for equipment, and a shortfall in expected capitation payments in relation to the Inclusion Coordinators. In addition, due to delays in developing training under AIM level 3, the recruitment of additional training specialists was deferred until 2018. Overall the take up rate was in line with previous years. Changes were made to the entry points in 2017, and this resulted in the take up of places being over-estimated at 100%.

B.4 General childcare programmes

Estimate provision: €127.798 million, outturn: €112.758 million

The shortfall in expenditure of €15.04 million relative to the estimate provision primarily arose on account of lower than expected participation across the demand-led Community Childcare Subvention (CCS) and Community Education Training Supports (CETS) programmes in the period January to July 2017. The targeted number of unique registrations based on the CSO 2016 census data, for CCS was 30,000 with only 25,530 registrations taking place (€13.04 million). Similarly, the targeted number of unique registrations for CETS was 5,100 with 4,032 taking place (€2 million).

B.5 Childcare initiatives (cash limited)

Estimate provision: €8.363 million, outturn: €6.339 million

The shortfall in expenditure of €2.024 million relative to the estimate provision was due to the fact that funding had been allocated to this subhead for the development and introduction of the Affordable Childcare Scheme (ACS). The expenditure variance therefore primarily occurred on account of the delayed introduction of the Single Affordable Childcare Scheme. As the rollout of this introduction of the ACS was delayed, the level of development and support funding allocated to this purpose was not required.

B.7 Area based childhood programme

Estimate provision: €5.8 million, outturn: €4.183 million

The shortfall in expenditure of €1.617 million relative to the estimate provision was due to the ABC sites requiring less Exchequer funding due to access to residual co-funding from Atlantic Philanthropies.

B.8 Intervention programmes for children and young people (dormant accounts funded)

Estimate provision: €5.166 million, outturn: €1.098 million

The shortfall in expenditure of €4.068 million relative to the estimate provision was due primarily to the Quality and Capacity Building Initiative (QCBI).

The QCBI has been developed to take a coordinated approach to enhancing capacity, knowledge and quality in prevention and early intervention for children, young people and their families, with a focus on those at risk of developing poor outcomes. At the core of the initiative is a desire to foster continuous learning amongst those working to improve the lives of children and young people in Ireland. It aims to support key groups working with children, young people and families to know what works, how it works and provide an evidence supported approach to the application of this work

The QCBI is an ambitious initiative to ensure that the learning from the original Area Based Childhood initiative and similar programmes is mainstreamed into established areas of policy and service provision.

There have been mitigating factors in the administration of funding under QCBI due to the time taken to develop from design to delivery. This occurred as a result of the consultation process initiated by the Minister, taking longer to conclude, and subsequently projects and payments under QCBI had to be deferred.

B.9 Programme for Peace and Reconciliation

Estimate provision: €0.281 million, outturn: €0.584 million

The excess expenditure of €0.303 million relative to the estimate provision was due to the unexpected demands placed on the Special EU Programmes Body (SEUPB) by projects in 2017. This was the first year in which SEUPB began making payments under the Children and Young People programme. The additional expenditure was used to support the 'Children and Young People Priority Objective' under the EU Programme.

The excess amount has been secured from underspends arising within the Childcare Programme (Subhead B.4). Accordingly, the revised allocation for the Peace Programme this year amounts to €0.6 million. Finance Unit in DCYA obtained the formal sanction from DPER for the virement of the excess funds.

Programme C Policy and Legislation Programme

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	5,722	5,064	4,332
C.2	Administration – non pay	981	865	732
C.3	Miscellaneous legal fees and settlements	889	59	—
C.4	National Longitudinal Study and other research programmes	4,783	4,135	1,470
C.5	Children's and young people's policy framework and other programmes	4,160	3,691	3,146
C.6	Adoption Authority of Ireland	3,840	3,384	3,401
C.7	Office of the Ombudsman for Children	2,360	2,150	1,800
C.8	Commission of Investigation	6,017	2,693	2,318
		28,752	22,041	17,199

Significant variations

Overall, the expenditure in relation to Programme C was €6.7 million lower than originally provided. €0.8 million of this related to administration expenditure and has already been explained and the balance of the variance of €5.9 million was mainly due to the following:

C.3 Miscellaneous legal fees and settlements

Estimate provision: €0.9 million, outturn: €0.06 million

The shortfall in expenditure of €0.84 million relative to the estimate provision was due to the liability relating to costs associated with the Children's Referendum not yet being determined.

C.4 National Longitudinal Study and other research programmes

Estimate provision: €4.78 million, outturn: €4.14 million

The shortfall in expenditure of €0.6 million relative to the estimate provision was due to a revision in the schedule of payments for fieldwork undertaken by the ESRI under the National Longitudinal Study (€0.4 million) and delays in other studies due to a delay in the filling of a researcher post (€0.2 million).

C.5 Children's and young people's policy framework and other programmes

Estimate provision: €4.2 million, outturn: €3.7 million

The shortfall in expenditure of €0.5 million relative to the estimate provision was due to underspends in a number of areas but principally relating to Children First (€0.2 million), the Centre for Effective Service (CES) (€0.1 million) and eLearning Tusla (€0.1 million).

C.6 Adoption Authority of Ireland

Estimate provision: €3.8 million, outturn: €3.4 million

The shortfall in expenditure of €0.4 million relative to the estimate provision was due to costs associated with information and tracing not materialising as well as slower than anticipated recruitment.

C.7 Office of the Ombudsman for Children

Estimate provision: €2.4 million, outturn: €2.2 million

The shortfall in expenditure of €0.2 million relative to the estimate provision was due principally to slower than anticipated recruitment.

C.8 Commission of Investigation (Mother and Baby Homes and Certain Related Matters)

Estimate provision; €6 million, outturn: €2.7 million

The shortfall in expenditure of €3.3 million relative to the estimate provision was due to lower than anticipated costs in 2017. The Commission, which was established in 2015, has had its term extended.

Note 4 Receipts

4.1 Appropriations-in-aid

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
1 Superannuation scheme – Child and Family Agency	9,070	8,723	8,723
2 Superannuation scheme - non-teaching staff of Oberstown Children Detention Campus	550	551	536
3 Superannuation scheme – Adoption Authority of Ireland	1	—	—
4 Superannuation scheme – Office of the Ombudsman for Children	2	—	—
5 Miscellaneous	874	789	974
6 Dormant accounts funding	5,166	1,098	1,545
7 Receipts from pension-related deduction on public service remuneration	9,349	9,863	10,229
Total	25,012	21,024	22,007

Significant variations

Overall, appropriations-in-aid were €4 million less than forecast.

Explanations for significant variances are:

5 *Miscellaneous*

Estimate provision: €0.874 million, outturn: €0.789 million

The shortfall of €0.085 million was due primarily to Tusla's miscellaneous receipts, which are variable in nature, being lower than anticipated (€0.112 million variance).

6 *Dormant accounts funding*

Estimate provision: €5.166 million, outturn: €1.098 million

The shortfall of €4.068 million was due primarily to the Quality and Capacity Building Initiative (QCBI) (€3 million) consultation process taking longer than expected in 2017, leading to expenditure being lower than expected, which in turn resulted in lower receipts.

7 *Receipts from pension-related deduction on public service remuneration*

Estimate provision: €9.349 million, outturn: €9.863 million

The excess of €0.514 million was due in the main to receipts from Tusla (€0.439 million variance) due to additional staffing levels.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Receipts ¹	2,625	2,419
Transferred to the Exchequer	<u>(2,515)</u>	<u>(2,419)</u>
Balance at 31 December	<u>110</u>	<u>—</u>

¹ €2.515 million was transferred to the Exchequer in December 2017. The amounts related to refunds received from the following bodies:

Tusla	1,498
Pobal	731
Education Training Boards	92
Other – City of Dublin youth board, Irish Research Council & County Councils	194
	<u>2,515</u>

The balance of €0.11 million at year end relates to Pobal pre-2017 refunds and other ETB receipts.

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Department	230	178
Commission of Investigation	23	22
Agencies (note 5.4)	3,976	3,882
	4,229	4,082

5.2 Pay

	2017	2016
	€000	€000
Pay	11,388	9,926
Higher, special or additional duties allowance	104	101
Overtime	19	31
Employer's PRSI	785	622
Total pay¹	12,296	10,680

¹ The total pay figure is distributed across subheads A1, B1, C1 and C8.

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	Highest individual payment
			2017	2016
			€	€
Higher, special or additional duties	17	2	20,613	17,949
Other allowances	4	—	113	112
Overtime	8	—	8,374	7,197
Extra remuneration in more than one category	3	1	11,114	10,130

The pay, allowances and other remuneration detailed above relate to the Department's staff paid directly from the administrative budget under programmes A, B and C of the Vote.

5.4 Agency employees and pay

The pay expenditure of agencies is not a direct financial transaction of the Department. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual financial statements/annual reports or directly from the agencies concerned.

	2017	2016
	€000	€000
Number of staff at year end (full time equivalents)		
Child and Family Agency	3,696	3,597
Oberstown Children Detention Campus	245	247
Adoption Authority of Ireland	22	24
Office of the Ombudsman for Children	13	14
Total	3,976	3,882
	2017	2016
	€000	€000
Pay		
Child and Family Agency	259,043	239,081
Oberstown Children Detention Campus	14,289	18,490
Adoption Authority of Ireland	1,493	1,583
Office of the Ombudsman for Children	911	826
Total pay	275,736	259,980

5.5 Payroll overpayments

Payroll overpayments in respect of Department and Commission of Investigation staff at the year end were €29,645 (17 cases) (2016: €19,522 (17 cases)). Of this, €9,975 (7 cases) have recovery plans in place.

The Department has been advised by PeoplePoint since the year end that recovery plans are in place for the remaining 10 cases.

Note 6 Miscellaneous

6.1 National lottery funding

Sub-head	Description	2017	2016
		€000	€000
B.6	Youth organisations and services (part funded by the National Lottery)	62,747	53,607

Particulars relating to individual recipients of the funding and the amounts paid over are available from the Youth Affairs Unit of the Department of Children and Youth Affairs pending the publication of the information on the Department's website.

6.2 Payments to Pobal

In accordance with the Department's accounting policy, the net amount transferred to Pobal in the year (€426 million) was charged to the relevant subheads as set out below.

In December 2017, Pobal returned funds totaling €10.872 million to the Department. €10.771 million of this related to the current year and was returned to the relevant subheads. The remaining €0.11 million was returned as an EER.

Subhead	2017	2016
	€000	€000
B.3	ECCE pre-school year programme	126,906
B.4	General childcare programmes	73,646
B.5	Childcare initiatives (cash-limited)	6,462
B.6	Youth organisations and services (part funded by the National Lottery)	10,276
B.7	Area based childhood programme	3,650
B.8	Intervention programmes for children and young people (dormant accounts funded)	1,030
C.5	Children's and young people's policy framework and other programmes	640
	Total paid to Pobal	222,610

Pobal administers a large number of grant programmes on behalf of the Department. At 31 December 2017, Pobal had grant commitments totalling €2.1 million relating to programmes administered on behalf of the Department.

6.3 Compensation and legal costs

Legal costs relate solely to the Oberstown Children Detention Campus facility and are included in the overall spend in subhead A4. This facility is funded under the Department's Vote but operates separately from the Department. The particulars in relation to the employees of the Campus are included under note 5.4 Agency Staff.

6.4 Contingent liability

Liabilities will arise as a result of the legal challenge to the outcome of the Children Referendum. The petitioner was awarded one third of her legal costs by the High Court in November 2013 but the actual amount and the timing of the payment remain to be determined. The matter has been appealed to the Supreme Court and the Department currently awaits hearing from the Chief State Solicitors Office on the matter.

6.5 Commission of investigation

The Commission of Investigation into Mother and Baby Homes and certain related matters was established on 17 February 2015 pursuant to the provisions of the Commission of Investigation (Mother and Baby Homes and Certain Related Matters) Order 2015 (S.I. No. 57 of 2015).

Expenditure in C8 includes €1.247 million relating to the pay costs of the Commission of Investigation.

	Year of appointment	Cumulative expenditure to end 2017 €000	2017 Outturn €000	2016 Outturn €000
C8 — Commission of Investigation – Mother and Baby Homes	2015	6,686	2,693	2,318

6.6 Write offs

The following sums were written off in the year:

	2017	2016
	€000	€000
Petty Cash Balance	19	—
Recoupable Travel Balances	6	—
General Suspense Account Balances	1	—

6.7 Arbitration and conciliation costs

No arbitration and conciliation costs were incurred in 2017.

Appendix A State-owned lands and buildings controlled or managed by the Department which do not have valuations

The Department currently does not manage or control any land or buildings which do not have valuations.

Appendix B Accounts of bodies and funds under the aegis of the Department of Children and Youth Affairs

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, at the account signing date, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ Departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
Oberstown Children Detention Campus	2016	22 Dec 2017	17 Jan 2018	7 Mar 2018
Adoption Authority of Ireland	2016	22 Dec 2017	22 Mar 2018	6 Apr 2018
Office of the Ombudsman for Children	2016	8 Dec 2017	10 Jan 2018	6 Mar 2018
Child and Family Agency	2017	29 Jun 2018	3 Jul 2018	16 Jul 2018
