

**Appropriation Account 2017**

---

**Vote 6**

**Office of the Chief State Solicitor**

---

## Introduction

As Accounting Officer for Vote 6, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2017 for the salaries and expenses of the Office of the Chief State Solicitor.

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 €348,872 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:

### ***Accrued expenses***

Accrued expenses include counsel fee notes received from counsel which are subject to an evaluation and assessment process to determine the level of fees due. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year.

## Statement on Internal Financial Control

### ***Responsibility for System of Internal Financial Control***

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office.

This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions 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 controls is a continuous process and the system and its effectiveness are kept under ongoing review.

### ***Assurance on Shared Services***

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Office and the National Shared Service Office for the provision of HR and payroll shared service.

I rely on a letter of assurance from the Accounting Officer of the Vote for Shared Services that the appropriate controls are exercised in the provision of shared services to this Office.

### ***Financial Control Environment***

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- procedures for all key business processes have been documented.
- there are systems in place to safeguard the assets

### ***Administrative Controls and Management Reporting***

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Office
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines are adhered to.

### ***Procurement Compliance***

The Office ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The Office complied with the guidelines with the exception of thirteen contracts to the value of €1,037,693 which were listed in my annual return in respect of Circular 40/2002. Seven contracts to a value of €369,963 related to payments to sole suppliers. In the other six cases with a value of €667,730, local contract arrangements were in place contrary to national procurement guidelines. The Office has completed the tendering process for one of the more significant items of expenditure and contract negotiations are ongoing with the successful tenderer. It is also intended to make use of arrangements, which the Office of Government Procurement (OGP) now has in place, to award a number of contracts during 2018.

### ***Significant Financial Risks***

As outlined above maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

### ***Internal Audit and Audit Committee***

I confirm that, since 2015, the Office retains an internal audit function through a contract agreement with a professional auditing company 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 Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

An internal audit function for the Authority was in place during 2017. However, the contracted provider withdrew from the contract from the end of September 2017. A procurement process was undertaken in late 2017 through the OGP Framework and a new provider was appointed in December 2017 for a 3 year term with the option of a 12 month extension on two occasions.

***Information and Communications Technology Security***

The Office applies good practice controls to mitigate against key security risks associated with information and communications technology (ICT). Review and upgrade, where necessary, of ICT security systems is an ongoing process.

***Administrative and Financial Controls***

The Management Board and the Audit Committee regularly review controls. All internal audit reports are considered by the Audit Committee.

***Risk and Control Framework***

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a semi-annual 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.

An internal audit report (September 2017) identified a weakness in the control over the recovery of legal costs and made a recommendation that there should be a regular reconciliation between the Case Management System and the Financial Management System. In September 2017 the Office implemented this recommendation.

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

***Internal Financial Control Issues***

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

**Maria Browne**  
Accounting Officer  
Office of the Chief State Solicitor

26 March 2018

## **Comptroller and Auditor General**

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

#### **Vote 6 Office of the Chief State Solicitor**

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

I have audited the appropriation account for Vote 6 Office of the Chief State Solicitor 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 6 Office of the Chief State Solicitor for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

##### ***Basis of opinion***

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

##### ***Non compliance with procurement rules***

The Accounting Officer has disclosed in the statement on internal financial control that material instances of non-compliance with procurement rules occurred in respect of contracts that operated in 2017.

**Seamus McCarthy**  
**Comptroller and Auditor General**

24 September 2018

## Vote 6 Office of the Chief State Solicitor

### Appropriation Account 2017

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
<b>Programme expenditure</b>				
A	Provision of legal services	33,668	33,132	30,004
<b>Gross expenditure</b>		<b>33,668</b>	<b>33,132</b>	<b>30,004</b>
Deduct				
B	<b>Appropriations-in-aid</b>	<b>1,328</b>	<b>1,141</b>	<b>1,114</b>
<b>Net expenditure</b>		<b>32,340</b>	<b>31,991</b>	<b>28,890</b>

#### 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	<u>348,872</u>	<u>258,277</u>

**Maria Browne**  
Accounting Officer  
Office of the Chief State Solicitor

26 March 2018

## Notes to the Appropriation Account

### Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost	14,833	13,454
Pay	15,697	13,978
Non pay	2,602	2,572
<b>Gross expenditure</b>	<b>33,132</b>	<b>30,004</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>1,141</b>	<b>1,114</b>
<b>Net expenditure</b>	<b>31,991</b>	<b>28,890</b>
<b>Changes in capital assets</b>		
Purchases cash	(387)	
Depreciation	338	
Loss on disposals	3	(152)
	(46)	
<b>Changes in net current assets</b>		
Decrease in closing accruals	(1,229)	
Increase in stock	(14)	
	(1,243)	177
<b>Direct expenditure</b>	<b>30,702</b>	<b>28,915</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (note 1.1)	2,497	2,077
Notional rents	795	795
<b>Net programme cost</b>	<b>33,994</b>	<b>31,787</b>

#### 1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 6 borne elsewhere.

	2017	2016
	€000	€000
Vote 12 Superannuation and Retired Allowances e	1,653	1,186
Vote 13 Office of Public Works e	814	865
Vote 18 National Shared Services Office e	30	26
	<b>2,497</b>	<b>2,077</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>774</b>	<b>728</b>
<b>Current assets</b>			
Bank and cash	2.3	648	851
Stocks		51	37
Prepayments		286	232
Accrued income	2.4	9,631	9,485
Other debit balances		179	139
Net Exchequer funding due	2.6	227	(6)
<b>Total current assets</b>		<b>11,022</b>	<b>10,738</b>
<b>Less current liabilities</b>			
Accrued expenses		805	1,834
Other credit balances	2.5	1,054	984
<b>Total current liabilities</b>		<b>1,859</b>	<b>2,818</b>
<b>Net current assets</b>		<b>9,163</b>	<b>7,920</b>
<b>Net assets</b>		<b>9,937</b>	<b>8,648</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>9,937</b>	<b>8,648</b>

**2.1 State funding account**

	Note	2017 €000	2016 €000
Balance at 1 January		8,648	8,673
Disbursements from the Vote			
Estimate provision	Account	32,340	
Surplus to be surrendered	Account	(349)	
Net vote		31,991	28,890
Expenditure (cash) borne elsewhere	1.1	2,497	2,077
Non cash expenditure – notional rent	1	795	795
Net programme cost	1	(33,994)	(31,787)
<b>Balance at 31 December</b>		<b>9,937</b>	<b>8,648</b>

## 2.2 Capital assets

	Office equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000
<b>Gross assets</b>				
Cost or valuation at 1 January 2017	4,225	1,741	61	6,027
Additions	372	15	—	387
Disposals	(49)	(27)	—	(76)
Brought into use	61	—	(61)	—
Cost or valuation at 31 December 2017	4,609	1,729	—	6,338
<b>Accumulated depreciation</b>				
Opening balance at 1 January 2017	3,747	1,552	—	5,299
Depreciation for the year	282	56	—	338
Depreciation on disposals	(47)	(26)	—	(73)
Cumulative depreciation at 31 December 2017	3,982	1,582	—	5,564
<b>Net assets at 31 December 2017</b>	<b>627</b>	<b>147</b>	<b>—</b>	<b>774</b>
Net assets at 31 December 2016	478	189	61	728

## 2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balances and cash	642	848
Commercial bank account balances	6	3
	<b>648</b>	<b>851</b>

The CSSO maintains a number of commercial bank accounts. Moneys in these accounts are held in trust on behalf of client departments and offices and third parties who are involved primarily in property transactions. No moneys due to or paid from the CSSO vote are transmitted through these bank accounts. The amount held at the end of 2017 is €1.74 million and is not included in the account (2016: €3.88 million).

## 2.4 Accrued income

Accrued income represents taxed costs due to the State not yet recovered. It is the policy of the Office to pursue the recovery of all taxed costs awarded in favour of the State.

**2.5 Other credit balances**

at 31 December	2017	2016
	€000	€000
<b>Amounts due to the State</b>		
Income Tax	387	360
Pay Related Social Insurance	212	188
Professional Services Withholding Tax	415	290
Value Added Tax	7	6
Local Property Tax	1	2
	<u>1,022</u>	<u>846</u>
State property deposits	32	138
	<u><b>1,054</b></u>	<u><b>984</b></u>

**2.6 Net Exchequer funding due**

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	349	258
Exchequer grant undrawn	(576)	(252)
<b>Net Exchequer funding due</b>	<u><b>(227)</b></u>	<u><b>6</b></u>
<b>Represented by:</b>		
<b>Debtors</b>		
Bank and cash	648	851
Debit balances: suspense	179	139
	<u>827</u>	<u>990</u>
<b>Creditors</b>		
Due to State	(1,022)	(846)
Credit balances: suspense	(32)	(138)
	<u>(1,054)</u>	<u>(984)</u>
	<u><b>(227)</b></u>	<u><b>6</b></u>

**2.7 Commitments**

at 31 December	2017	2016
	€000	€000
Total of legally enforceable commitments	<u><b>1,088</b></u>	<u><b>908</b></u>

**2.8 Matured liabilities**

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at year end	40	45

## 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).

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	16,760	15,697	13,978
ii	Travel and subsistence	70	65	82
iii	Training and development and incidental expenses	813	1,030	972
iv	Postal and telecommunications services	350	343	301
v	Office equipment and external IT services	750	952	1,002
vi	Office premises expenses	275	190	171
vii	Consultancy services and value for money policy reviews	50	22	44
		<b>19,068</b>	<b>18,299</b>	<b>16,550</b>

#### Significant variations

*i Salaries, wages and allowances*

Estimate provision: €16.8 million, outturn: €15.7 million

The saving of €1.06 million on salaries, wages and allowances was due to the timing of the filling of staff vacancies which occurred mainly in the second half of the year. The Office also recovered from other government departments staff costs related to specific legal work.

*iii Training and development and incidental expenses*

Estimate provision: €0.81 million, outturn: €1.03 million

The excess of €0.22 million in this subhead was due principally to (a) higher spend on training and development (including continuing professional development) and (b) the high ongoing costs to run the Office (e.g. security, cleaning).

*v Office equipment and external IT services*

Estimate provision: €0.75 million, outturn: €0.95 million

The excess of €0.2 million in this subhead was due principally to the costs of upgrading the case management system and replacing the records management system.

**Programme A Provision of legal services**

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration - pay	16,760	15,697	13,978
A.2	Administration - non -pay	2,308	2,602	2,572
A.3	External legal services	200	235	217
A.4	Fees to counsel	13,000	13,627	12,137
A.5	General law expenses	1,400	971	1,100
		<b>33,668</b>	<b>33,132</b>	<b>30,004</b>

**Significant variations**

Overall, the expenditure in relation to Programme A was €0.53 million lower than provided. This saving comprised the aggregate of (a) €0.76 million saving related to administration expenditure and has already been explained and (b) a net excess of €0.23 million mainly due to the following:

*A.4 Fees to counsel*

Estimate provision: €13 million, outturn: €13.63 million

The excess of €0.63 million relative to the estimate provision was due to the Office dealing with a number of high profile and complex cases during the year and a faster than expected throughput of some cases by the courts.

*A.5 General law expenses*

Estimate provision: €1.4 million, outturn: €0.97 million

The saving is due to the unpredictability of how legal cases progress through the courts.

## Note 4 Receipts

### 4.1 Appropriations-in-aid

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
1. Costs and fees received by the Office of the Chief State Solicitor	500	397	414
2. Receipts from pension-related deductions on public service remuneration	828	744	700
	<b>1,328</b>	<b>1,141</b>	<b>1,114</b>

#### Significant variations

Overall, appropriations-in-aid were €0.19 million less than the estimate.

Explanations for variances are set out below:

- Costs and fees received by the Office of the Chief State Solicitor*  
 Estimate provision: €0.5 million, outturn: €0.4 million  
 The saving of €0.1 million was due to the fact that it is not possible to forecast accurately what costs will be awarded to the State or what fees will be recovered in any year.
- Receipts from pension-related deductions on public service remuneration*  
 Estimate provision: €0.83 million, outturn: €0.74 million  
 The saving of €84,000 was due to slower than anticipated recruitment.

### 4.2 Extra receipts payable to the Exchequer

A total of €19,429 (2016: €9,652) was lodged to the Exchequer under the State Property Act 1954.

## Note 5 Employee Numbers and Pay

### 5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)	<u>260</u>	<u>237</u>

### 5.2 Pay

	2017	2016
	€000	€000
Pay	14,269	12,743
Higher, special or additional duties allowance	111	106
Other allowances	7	10
Overtime	35	25
Employer's PRSI	1,275	1,094
<b>Total Pay</b>	<b><u>15,697</u></b>	<b><u>13,978</u></b>

### 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	42	2	24,265	16,707
Other allowances	6	—	1,843	3,328
Overtime	17	—	8,502	4,713
Extra remuneration in more than one category	7	1	11,380	9,070

### 5.4 Payroll overpayments

Overpayments at the year end were €43,934 in respect of 41 cases (2016 €77,611, 67 cases). Of this, €20,058, 20 cases, have recovery plans in place.



## Note 6 Miscellaneous

### 6.1 Counsel fee notes

---

The CSSO operates a robust system to determine the appropriate counsel fee level on a case-by-case basis. Following nomination by the Attorney General, counsel undertake the legal work and submit a fee note. The CSSO evaluates each fee note to decide what level of fee is appropriate for the work performed, taking into account a variety of factors, inter alia, case complexity, amount of work done by counsel, and performance of counsel.

<b>Counsels' fee notes</b>	<b>Number</b>	<b>Amount submitted</b>	<b>Mark down value</b>
at 31 December		<b>€000</b>	<b>€000</b>
Amount sought	809	8,099	In progress
Accruals	128	1,021	646

The accruals number above is included in the amount sought total. The end-of-year accrual represents the counsel fees liabilities determined at the conclusion of the evaluation and assessment process which are discharged within two months of the close of the year and this figure is included in the accrued expenses figure in the statement of financial position.

---

