

Appropriation Account 2018

Vote 19

Office of the Ombudsman

Introduction

As Accounting Officer for Vote 19, I am required each year to prepare the appropriation account for the Vote and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2018 for the salaries and expenses of the Office of the Ombudsman, the Office of the Commission for Public Service Appointments, the Standards in Public Office Commission, the Office of the Information Commissioner and the Office of the Commissioner for Environmental Information.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2018, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €1.874 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account.

Statement on Internal Financial Control

Responsibility for system of internal financial control

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

This responsibility is exercised in the context of the resources available to me and my other obligations as Director General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

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 shared services.

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

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

Financial control environment

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

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.
- The Office uses the Performance Management and Development System (PMDS), inter alia, for identifying staff training needs, including financial management and accounting skills. The required training is then organised or sourced as appropriate.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

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

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- a risk management system operates within the Office. Risk management is increasingly integral to the Office's strategic and business processes. This is brought about through risk registers, strategic and business plans and individual PMDS targets.
- there are systems aimed at ensuring the security of the ICT systems. The Office has in place modern computer desktop hardware and software, which is available to all staff. Servers, networks and systems, back-up and firewall facilities are also in place. I am satisfied that our ICT system is fit for purpose and is functioning effectively.
- there are appropriate capital investment control guidelines and formal project management disciplines.

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 one contract to the value of €27,670 which was listed in my annual return in respect of Circular 40/2002. However, this case concerns an instance in which the contract for contract cleaning services had previously been in place, following competitive tendering processes, but this had expired in April 2018. As the lease on our building was due to expire in December 2019, a decision was taken to extend the contract to that date under the same terms and conditions and hold a new tendering process for the new building at the appropriate time.

Internal audit and audit committee

I confirm that the Office has an internal audit function with appropriately trained personnel. The internal audit unit operates under a charter which was approved in 2016. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and control framework

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

A risk register is in place which identifies the key risks facing the Office and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Team on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the management team, where relevant, in a timely way. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of effectiveness

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

Internal financial control issues

No weaknesses in internal financial control were identified in relation to 2018 that resulted in, or may result in, a material loss.

Liam Duffy

Accounting Officer
Office of the Ombudsman

29 March 2019

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 19 Office of the Ombudsman

Opinion on the appropriation account

I have audited the appropriation account for Vote 19 Office of the Ombudsman for the year ended 31 December 2018 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 19 Office of the Ombudsman for the year ended 31 December 2018
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2019

Vote 19 Office of the Ombudsman

Appropriation Account 2018

	2018	2017
	Estimate provision	Outturn
	€000	€000
Programme expenditure		
A Ombudsman function/ Office of the Commission for Public Service Appointments	6,327	5,496
B Standards in Public Office Commission	2,073	1,610
C Office of the Information Commissioner/ Office of the Commissioner for Environmental Information	3,197	2,623
Gross expenditure	11,597	9,729
<i>Deduct</i>		
D Appropriations-in-aid	420	426
Net expenditure	11,177	9,303

Surplus

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

	2018	2017
	€	€
Surplus to be surrendered	1,874,057	2,029,395

Liam Duffy
Accounting Officer
Office of the Ombudsman

29 March 2019

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2018

	2018	2017
	€000	€000
Pay	7,327	6,675
Non pay	2,402	2,245
Gross expenditure	9,729	8,920
<i>Deduct</i>		
Appropriations-in-aid	426	414
Net expenditure	9,303	8,506
Changes in capital assets		
Purchases cash	(490)	
Depreciation	533	
	43	(208)
Changes in net current assets		
Decrease in closing accruals	(62)	
Increase in stock	(1)	
	(63)	10
Direct expenditure	9,283	8,308
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	2,475	2,329
Net programme cost	11,758	10,637

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 19 borne elsewhere.

	2018	2017
	€000	€000
Vote 9 Office of the Revenue Commissioners	23	23
Vote 12 Superannuation and Retired Allowances	1,287	1,137
Vote 13 Office of Public Works	1,153	1,155
Vote 18 National Shared Services Office	12	14
	2,475	2,329

Note 2 Statement of Financial Position as at 31 December 2018

	Note	2018 €000	2017 €000
Capital assets	2.2	1,021	1,064
Current assets			
Bank and cash	2.3	294	552
Stocks		12	11
Prepayments		133	102
Other debit balances		40	51
Net Exchequer funding due	2.5	37	(280)
Total current assets		516	436
Less current liabilities			
Accrued expenses		48	79
Other credit balances	2.4	371	323
Total current liabilities		419	402
Net current assets		97	34
Net assets		1,118	1,098
Represented by:			
State funding account	2.1	1,118	1,098

2.1 State funding account

	Note	2018 €000	2017 €000
Balance at 1 January		1,098	884
Disbursements from the Vote			
Estimate provision	Account	11,177	
Surplus to be surrendered	Account	(1,874)	
Net vote		9,303	8,506
Expenditure (cash) borne elsewhere	1	2,475	2,329
Non cash item – asset adjustment		—	16
Net programme cost	1	(11,758)	(10,637)
Balance at 31 December		1,118	1,098

2.2 Capital assets

	IT equipment	Office equipment	Furniture and fittings	Capital assets under development ^a	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2018	1,877	133	437	175	2,622
Additions	412	4	—	74	490
Disposals	(2)	(24)	(1)	—	(27)
Brought into use	228	—	—	(228)	—
Cost or valuation at 31 December 2018	2,515	113	436	21	3,085
Accumulated depreciation					
Opening balance at 1 January 2018	1,023	114	421	—	1,558
Depreciation for the year	523	7	3	—	533
Depreciation on disposals	(2)	(24)	(1)	—	(27)
Cumulative depreciation at 31 December 2018	1,544	97	423	—	2,064
Net assets at 31 December 2018	971	16	13	21	1,021
Net assets at 31 December 2017	854	19	16	175	1,064

Note ^a There has been ongoing major investment in IT infrastructure including the following:
Phase I of the Case Management System to service the Office of the Ombudsman went live in 2018. It is expected that the system will assist in delivering better throughput and quality of casework along with a better service for our customers. Phase II of the Case Management System, which will manage documentation, processes, workflow and reporting requirements for cases concerning the Office of the Information Commissioners and the Commission for Environmental Information, is due to commence in 2019.

2.3 Bank and cash

at 31 December	2018	2017
	€000	€000
PMG balances and cash	287	549
Other bank account balance	7	3
	294	552

2.4 Other credit balances

at 31 December	2018	2017
	€000	€000
Amounts due to the State		
Income Tax	117	151
Pay Related Social Insurance	58	68
Professional Services Withholding Tax	15	32
Pension contributions	22	28
	<u>212</u>	<u>279</u>
Payroll deductions held in suspense	29	39
Other credit suspense items	130	5
	<u>371</u>	<u>323</u>

2.5 Net Exchequer funding due

at 31 December	2018	2017
	€000	€000
Surplus to be surrendered	1,874	2,029
Exchequer grant undrawn	(1,911)	(1,749)
Net Exchequer funding due	<u>(37)</u>	<u>280</u>
Represented by:		
Debtors		
Bank and cash	294	552
Debit balances: suspense	40	51
	<u>334</u>	<u>603</u>
Creditors		
Due to State	(212)	(279)
Credit balances: suspense	(159)	(44)
	<u>(371)</u>	<u>(323)</u>
	<u>(37)</u>	<u>280</u>

2.6 Commitments

at 31 December	2018	2017
	€000	€000
Procurement of goods and services	<u>322</u>	<u>99</u>

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure has been apportioned across the programmes, to present complete programme costings.

	2018		2017
	Estimate provision	Outturn	Outturn
	€000	€000	€000
i Salaries, wages and allowances	8,693	7,327	6,675
ii Travel and subsistence	53	57	50
iii Training and development and incidental expenses	354	393	357
iv Postal and telecommunications services	39	40	39
v Office equipment and external IT services	452	816	761
vi Office premises expenses	129	107	114
vii Consultancy services and value for money and policy reviews	1,217	314	409
viii Legal fees	650	675	515
ix Referendum Commission	10	—	—
	11,597	9,729	8,920

Significant variations

The following outlines the reasons for significant variations (+/- 25% and +/- €100,000) in administration expenditure.

i Salaries, wages and allowances

Estimate provision: €8.693 million, outturn: €7.327 million

The underspend of €1.366 million arose due to a shortfall in the number of serving staff and the delays in filling vacancies. The average staff number in the year was 122 compared with a staff complement of 136. In addition, 10% of staff left the Office during 2018 and the resultant time period between vacancies arising and being filled gave rise to further savings.

v Office equipment and external IT services

Estimate provision: €452,000, outturn: €816,000

The overspend of €364,000 was due to the reprioritising of projects where hardware and licences needed to be procured for business continuity reasons. This was funded from savings on subhead vii consultancy services and value for money and policy reviews. The virement was sanctioned by the Department of Public Expenditure and Reform.

vii Consultancy services and value for money and policy reviews

Estimate provision: €1.217 million, outturn: €314,000

The underspend of €903,000 was due to the reprioritising of projects which involved moving Phase II of the Case Management Project to 2019 to allow for work on business continuity and other project upgrades. There were also delays in some other projects due to IT resource availability and these will be done in 2019.

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

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
A.1	Administration – pay	5,189	4,579	4,213
A.2	Administration – non pay	1,138	917	896
		6,327	5,496	5,109

Programme B Standards in Public Office Commission

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration – pay	1,347	988	917
B.2	Administration – non pay	726	622	583
		2,073	1,610	1,500

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

		2018		2017
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration – pay	2,157	1,760	1,545
C.2	Administration – non pay	1,040	863	766
		3,197	2,623	2,311

Note 4 Receipts

4.1 Appropriations-in-aid

	2018		2017
	Estimated	Realised	Realised
	€000	€000	€000
1 Miscellaneous	20	17	129
2 Receipts from pension-related deductions on public service remuneration	330	322	285
3 Fixed Payment Fines under section 21 of the Regulation of Lobbying Act 2015	70	87	—
	420	426	414

4.2 Extra receipts payable to the Exchequer

	2018	2017
	€000	€000
Balance at 1 January	—	—
Collected	3	40
Transferred to the Exchequer	(3)	(40)
Balance at 31 December	—	—

Note 5 Staffing and Remuneration

5.1 Employee numbers (full time equivalents)

	2018	2017
Number of staff at year end	125	120

5.2 Pay

	2018	2017
	€000	€000
Pay	6,815	6,227
Higher, special or additional duties allowance	20	21
Overtime and extra attendance	13	11
Employer's PRSI	479	416
Total pay	7,327	6,675

5.3 Allowances and overtime payments

	Number of recipients	Recipients of €10,000 or more	Highest individual payment	
			2018	2017
			€	€
Higher, special or additional duties	3	1	10,913	11,573
Overtime and extra attendance	15	—	4,576	4,198
Extra remuneration in more than one category	2	—	9,269	8,891

5.4 Overpayments

Overpayments at the year-end were €59 (two individuals) (2017: €10,641, 13 individuals). Of this €23 (one individual) had a recovery plan in place.

In addition, there were a further 18 overpayment recovery plans in place, in respect of 15 individuals, to the value of €9,027 that were transferred to the Office of the Ombudsman in the year.

Note 6 Miscellaneous

6.1 Recoupment of legal costs

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

6.2 Compensation and legal costs

	Number of cases	Legal costs paid by Office of the Ombudsman €000	Legal costs awarded €000	Compensation awarded €000	2018	2017
					Total	Total
					€000	€000
Cases by members of the public in respect of						
<i>Commission for Public Service Appointments function</i>	1	20	47	—	67	—
<i>Office of the Commissioner for Environmental Information function</i>	1	—	100	—	100	—
<i>Standards in Public Office Commission</i>	1	31	21	—	52	—
		51	168	—	219	—